

MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

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— *INSIDE HIGHLIGHTS* —

M&O contractor performance across the NNSA’s weapons complex dipped slightly during Fiscal Year 2011 in annual Performance Evaluation Review data released by the agency and contractors this week. 2

With President Obama pledging to “get rid of outdated Cold War-era systems,” the Administration unveiled a new military strategy this week that creates momentum for further reductions to the nation’s stockpile but commits to maintaining what’s left of the nuclear arsenal for the foreseeable future. 4

As Stephen Younger formally left the Nevada National Security Site last week, he suggested that the site was well-positioned to face looming budget challenges facing the weapons complex. 5

***Procurement Tracker* 6**

After previously signaling that it was on track to award an Enterprise Construction Management Services contract by the end of the year, the NNSA said this week that it wasn’t planning to rush a decision to award the contract. 8

Investments at the Y-12 National Security Complex to improve conduct of operations could be jeopardized by another lingering safety issue at the plant, according to a recent letter from the Defense Nuclear Facilities Safety Board to the NNSA. 9

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FOUR NNSA CONTRACTORS EARN TOP RATINGS IN FY11 PERFORMANCE REVIEWS

M&O contractor performance across the National Nuclear Security Administration's weapons complex dipped slightly during Fiscal Year 2011 in annual Performance Evaluation Review data released by the agency and contractors this week. Four of the NNSA's seven contractors earned "outstanding" or "excellent" ratings from the agency, while three received "very good" ratings, down from six contractors receiving top ratings during FY2010. B&W Pantex and Kansas City Plant contractor Honeywell Federal Manufacturing & Technologies led the way for the agency, receiving 95.9 percent of the at-risk fee in their contracts. B&W Pantex received a total of \$33.5 million out of \$34.9 million in available fee to earn its highest rating ever, while Honeywell FM&T earned \$39.8 million in fee, including \$28.8 million out of \$30 million in at-risk fee. Honeywell's additional fee was earned through its Work for Others activities.

In addition, Nevada National Security Site contractor National Security Technologies, LLC, received 95.5 percent of its at-risk fee for a total of \$27.9 million, which includes Work for Others fee, while B&W Y-12 received 92.3 percent of its at-risk fee (\$48.5 million out of \$52.5 million available). B&W Y-12 also earned \$4.8 million for Recovery Act-related work and \$2.7 million for Work for Others for a total fee award of \$56.1 million. Contractors are graded on various requirements by the NNSA, but at-risk fee is typically only a portion of the fee that can be earned. Contractors also typically earn fixed fee, which is not subject to evaluation by the agency, and money for work outside of its NNSA contract.

Lab Contractors Earn 'Very Good' Ratings

The managers of the agency's three weapons laboratories all received "very good" ratings; Lawrence Livermore National Security, LLC, earned 88.6 percent of its at-risk fee (\$26.3 million out of \$29.7 million), according to

contract documents posted to its website, but the lab's total fee was not released. Lockheed Martin-led contractor Sandia Corp. received 85.3 percent of its at-risk fee (\$8.5 million out of \$9.9 million) and a total of \$27.0 million for managing Sandia National Laboratories, while Los Alamos National Security, LLC, earned 82.6 percent of its at-risk fee (\$50.1 million out of a possible \$60.7 million) and a total of \$76.1 million. Livermore and Los Alamos both were awarded one-year contract extensions for meeting specific goals as part of the contract, as was NSTec. NSTec's contract now runs through 2015, while the Livermore contract runs through 2016 and the Los Alamos contract stretches into 2017.

For the third year in a row, the NNSA did not release the full Performance Evaluation Reviews (PERs) for the contractors to the public, only providing summaries with varying levels of content from some of the sites and leaving significant questions unanswered as to where exactly the sites excelled, and where they did not. In 2009, the NNSA clarified its policy on the release of the PERs, citing Federal Acquisition Regulations in a decision to keep the documents out of the public eye for three years. In addition to the summaries provided by NNSA, fee data was compiled by *NW&M Monitor* through a review of contract documents.

NSTec Rebounds in FY2011

The distribution policy led to varying levels of information released. For instance, at the Nevada National Security Site, the NNSA lauded contractor NSTec for bringing the Joint Actinide Shock Physics Experimental Research Facility (JASPER) online and completing the first shot at the facility as well as for supporting NNSA activities in Japan following the earthquake and tsunami in March and handling seven wildfires at the site in the summer. But it provided no details regarding areas where the contractor failed to live up to expectations. In all, NSTec's performance represented a marked improvement from FY2010, when it received only 87.5 percent of the at-risk fee

ExchangeMonitor Publications' Nuclear Team (*WC Monitor*, *NW&M Monitor*, *RW Monitor*)

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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because it did not complete work on three operational readiness reviews involving nuclear projects. It completed that work, and more, in FY2011, which included starting up JASPER, performing several subcritical tests as well as a source physics experiment at the National Center for Nuclear Security. It also brought the Criticality Experiments Facility up. "This was the year of execution," said former NSTec President Stephen Younger, who formally retired and handed over management of the site to Raymond Juzaitis this week. "All the investment we put in, bringing the business practices in, the nuclear culture, came to fruition in 2011. It was a whole year of home runs."

The summary of Honeywell's performance also included lots of what the contractor did well, but no areas where it might improve. For instance, Honeywell FM&T said it received a 91.4 percent rating for its mission work, which included production work on the W76 refurbishment and planning for the B61 refurbishment and planning for its Kansas City Responsive Infrastructure Manufacturing and Sourcing project. It also received a 98.1 percent rating for operations, meeting all of the objectives in its KCRIMS transformation plan, and it earned a 97.7 percent rating in institutional management and business. "FM&T's efforts to support numerous initiatives and share best practices with [nuclear security enterprise]-wide implications, such as KCRIMS, Supply Chain Management Center, Honeywell Operating System, KCP Oversight Model, Congressional Affairs and Contractor Human Resources, demonstrate FM&T's understanding of the KCP posture to drive future improvements throughout the NSE," the summary of Honeywell's performance says.

B&W Pantex, Y-12 Earn High Marks

To earn its best performance review since winning the Pantex contract more than a decade ago, B&W Pantex was credited with completing 112 percent of baseline deliverables during the year, including 109 percent of deliverables involved with the W76 refurbishment, 120 percent of scheduled dismantlements, and 99 percent of surveillance units. It also completed the dismantlement of the B53 bomb nearly a year ahead of schedule. B&W Y-12 was rewarded for exceeding production requirements on the W76 refurbishment by 5 percent, as well as for quadrupling surveillance work from FY2010. B&W Y-12 also deinventoried two nuclear storage locations and moved the material to the Highly Enriched Uranium Materials Facility, and shipped more than 7 metric tons of excess highly enriched uranium for downblending. NNSA, however, noted several areas needing improvement, including formality of operations, implementation of nuclear criticality safety requirements, implementation of a quality nuclear procurement program, calibration pro-

gram implementation, and "lock-out/tag-out" implementation.

Mixed Results for Livermore, Los Alamos

Summaries were not provided for Lawrence Livermore and Los Alamos, but a memo from LLNL Director Parney Albright obtained by *NW&M Monitor* indicated that the lab contractor received an "excellent" rating for mission work and a "very good" rating for operations and institutional management. Albright said that the lab achieved 19 of 21 "stretch" incentive targets (11 in mission, four in operations and four in institutional management), but did not say what targets the lab missed. "All in all, I think this assessment accurately reflects our performance for FY11. Not only does it highlight our key successes and achievements, but it identifies various issues and concerns that we need to, and will, address going forward," Albright said.

In a message to Los Alamos employees, Lab Director Charlie McMillan also applauded the lab's performance, but provided no details of the Performance Evaluation Review. "The award is a tribute to our employees' dedication to delivering on our commitments," lab director Charlie McMillan said in a statement circulated to employees. "2011 was an outstanding year for science and mission execution at the Laboratory." In a separate statement, Deputy Lab Director Beth Sellers said the lab was commended for its response to the Las Conchas Fire. "NNSA said we're paying attention to customer feedback, communicating with them more effectively, and addressing issues quickly," she said. "For fiscal year 2012, we have a more simplified set of goals which include a continued emphasis on Formality of Operations."

At Sandia, the lab earned "excellent" ratings on stretch goals related to NNSA mission work, the removal of material at the lab, and mission support efficiencies, "very good" on stretch goals related to multi-site targets and "good" on stretch goals related to nuclear weapons quality assurance, which likely reflects concerns raised during the year about communication of weapons data to NNSA's production sites. The lab completed 98 percent of its nuclear weapons milestones, including the completion of multiple shots at the Z-Machine. "Sandia continues to deliver technological solutions for a broad spectrum of 21st century global and national security challenges," the site office said. "Moreover, Sandia successfully worked to build strategic partnerships with other federal agencies, industry and academia that have expanded beyond the context of technology transfer."

—Todd Jacobson

NEW MILITARY STRATEGY: MAINTAIN, CUT NUCLEAR WEAPONS STOCKPILE

With President Obama pledging to “get rid of outdated Cold War-era systems,” the Administration unveiled a new military strategy this week that creates momentum for further reductions to the nation’s stockpile but commits to maintaining what’s left of the nuclear arsenal for the foreseeable future. The strategy—designed to guide the military as budgets shrink over the next decade—makes no mention of the Administration’s plan to spend \$88 billion over the next decade on maintaining and restoring the nation’s weapons complex and nuclear arsenal. It does, however, mirror the Obama Administration’s nuclear security agenda, which balances nuclear cuts with maintenance of the existing stockpile. “As long as nuclear weapons remain in existence, the United States will maintain a safe, secure, and effective arsenal,” the strategy document says. “We will field nuclear forces that can under any circumstances confront an adversary with the prospect of unacceptable damage, both to deter potential adversaries and to assure U.S. allies and other security partners that they can count on America’s security commitments. It is possible that our deterrence goals can be achieved with a smaller nuclear force, which would reduce the number of nuclear weapons in our inventory as well as their role in U.S. national security strategy.”

Further reductions to the nation’s nuclear stockpile beyond the 1,550-weapon cap on strategic deployed warheads agreed to as part of the New START Treaty are being considered by the Pentagon through a deterrence requirements review, which has not been completed. But Under Secretary of Defense for Policy Michele Fluornoy suggested to reporters that plans to reduce the size of the arsenal were not incongruent with modernization, which was essential to gaining support from Senate Republicans for the New START Treaty in late 2010. “I think the strategy is very clear, that we will continue to field a safe and secure and effective deterrent, and that we will continue to modernize and recapitalize as necessary,” Fluornoy said.

Nuclear Absent from Investment Talk

Fluornoy declined to discuss specific details including programmatic cuts, choosing instead to wait until the President’s Fiscal Year 2013 budget is released next month, but Tom Collina, the research director at the Arms Control Association, noted that the Administration’s rhetoric clearly signaled a progressive move away from a reliance on nuclear weapons. As President Obama said the Administration continues to move away from “outdated Cold War-era systems,” it will do so to enable investments

in “capabilities we need for the future.” The investments Obama mentioned included intelligence, surveillance and reconnaissance as well as counterterrorism, countering weapons of mass destruction, and the “ability to operate in environments where adversaries try to deny us access.”

Defense Secretary Leon Pannetta also mentioned special operations forces, new unmanned technologies, and space and cyberspace capabilities as areas of investment, but neither he nor Obama mentioned investments in nuclear weapons. “President Obama talked about moving away from outdated Cold War weapons systems. He wasn’t more specific than that, but one could imagine he was thinking about nuclear weapons and nuclear weapons were not mentioned in where we’re going in the future,” Collina said. “Where we’re going in Asia, cyber terrorism, the Middle East—that’s not the U.S.-Russia Cold War rivalry. I’d say all the rhetoric is setting you up for a dynamic where nuclear budgets are reduced and other budgets are increased and priorities will reflect that.”

Where Will Cuts Come?

While it will be weeks before the FY2013 budget is revealed, nuclear weapons experts have suggested that the new strategy could be borne out most clearly in potential cuts to the Pentagon’s plans to modernize its delivery systems. Specifically, that could mean changes to plans to build new ballistic missile submarines and new nuclear-capable bombers. Collina suggested that \$45 billion could be saved by cutting back on both programs. “The bean-counters at the Pentagon are looking to cut big ticket items,” Collina said. With the exception of major multi-billion-dollar construction projects like the Chemistry and Metallurgy Research Replacement-Nuclear Facility planned for Los Alamos National Laboratory and the Uranium Processing Facility planned for the Y-12 National Security Complex, the NNSA’s modernization plans doesn’t have near the targets contained in the Pentagon’s budget. “They’re not going to get too distracted by NNSA at this point,” Collina said. He also noted that Congress has already reacted skeptically to the modernization plan, providing only \$7.2 billion of the Administration’s \$7.6 billion request for the NNSA’s weapons program, and weapons complex officials are bracing for a possible pullback from the Administration’s modernization plan in Fiscal Year 2013 budget projections.

Congress Divided in Response

The strategy drew a mixed response from Congress, largely divided among party lines. Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, suggested that the Administration was moving too quickly to reduce the nation’s

nuclear stockpile. “From the announcement today it is clear that the Administration is planning further reductions in U.S. nuclear forces. At the same time, Russia and China are modernizing and growing their forces and Iran and North Korea’s illegal programs continue to develop unchecked,” Turner said in a statement. “The U.S. cannot be alone in disarming itself of nuclear weapons. Reductions to our nuclear deterrent should only come as a result of proportionate cuts from our adversaries as well.” He said the strategy could backfire, creating more uncertainty in Asia, which Obama mentioned as an area of increased importance. “This review leaves both our nation and our allies unsure of the future of our nuclear deterrent, and our ability to counteract attacks from those who seek to do us harm,” he said.

He said the absence of a commitment to modernize the nation’s nuclear deterrent in the strategy document was even more concerning. “The President pledged this in order to get ratification of the New START treaty through the Senate,” he said. “They are a package deal and I will continue to ensure their linkage.”

Rep. Ed Markey (D-Mass.) last year led a call to cut \$200 billion from the nuclear weapons budget over the next decade, sparring with Turner along the way, and he welcomed the emphasis on a potentially smaller force contained in the strategy. He hinted that he planned to introduce legislation that would address “wasteful” Pentagon and Department of Energy nuclear weapons spending, but his office did not provide any more details about his plans when contacted by *NW&M Monitor*. “America’s nuclear weapons policy is the epitome of overkill, and nuclear weapons and related programs must be on the chopping block like all other defense programs,” Markey said, adding: “The Pentagon has an opportunity to cut the defense budget without undercutting our national security through the elimination of nuclear programs rife with wasteful spending.”

—Todd Jacobson

DEPARTING NSTEC PRESIDENT YOUNGER SAYS SITE WELL POSITIONED FOR FUTURE

During the five years that he spent as the head of Nevada National Security Site contractor National Security Technologies, LLC, Stephen Younger helped oversee a dramatic shift in management, a renewed focus on nuclear operations and a name change that reflected the changing mission of the test site. And as Younger formally left the site last week, retiring and handing over the NSTec reins to former Los Alamos and Lawrence Livermore manager Raymond Juzaitis, he suggested that the site was

well-positioned to face another challenge that is looming: potentially tight budgets that are expected to face the weapons complex in the coming years. “I think we’re headed toward some very challenging fiscal times, that’s not at all a surprise, but I think the site has done everything it can to prepare for those times,” Younger told *NW&M Monitor* this week. “We’ve reinvented ourselves with a new name, we have a significant new mission, the biggest mission since the end of testing, I think, in the National Center for Nuclear Security, and we have reduced costs to the absolute minimum.”

The site formally changed its name in 2010, becoming known as NNSS after decades as the Nevada Test Site. Underground nuclear tests haven’t been conducted at the site for nearly two decades, but subcritical tests that don’t involve a nuclear yield and other experiments remain a part of the site’s main focus. But the name change was necessary, Younger said, to help the site recast itself as an increased home for national security applications. That likely means more work with the Departments of Defense, State, Homeland Security and the nation’s intelligence agencies on developing arms control and verification technologies, and the National Center for Nuclear Security will be focused on arms control and nonproliferation technologies.

Management a Priority at NNSS, Across Complex

That expanded mission should buoy the test site during lean fiscal times, Younger said. But he also noted that the site had undergone a makeover to allow it to streamline its business systems. It also achieved several industry benchmarks since the Northrop Grumman-led team took over management in 2006, including ISO 9000, ISO 14000 and Earned Value Management System certifications as well as DOE’s Voluntary Protection Program superior star status and a contractor assurance system. “I am comfortable that Nevada is now running at slightly below critical,” Younger said. “We’re running at about 98 percent or so of where we need to be in terms of a support budget and we can justify that dollar by dollar.”

He suggested that reducing management costs would be one of the biggest challenges in the coming years for managers in the weapons complex. Not surprisingly, National Nuclear Security Administration Administrator Tom D’Agostino and Principal Deputy Administrator Neile Miller have focused on streamlining management and oversight practices. “The biggest opportunity in the complex, and Tom D’Agostino and Neile Miller certainly understand this, is not the science and the weapons program. We know how to do that,” Younger said. “It’s the management aspects. There is a huge amount of money invested in management systems and I believe those man-

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|---|---|--|---|----------------|--|--|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Recompete | Contract with CH2M-WG Idaho to expire in 2012. | Sources sought notice issued June. 24, 2010. | Undetermined/ Up to 10 years | Undetermined | Environmental Remediation, D&D, Waste Management | DOE to award three-year sole source extension to CWI. |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2012. | DOE has authorized a five-year extension for Battelle to stretch its contract through 2017. | Undetermined | Unrestricted | Laboratory Management | Negotiations between DOE and Battelle are ongoing. |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | One-year extension authorized Dec. 16 to allow time for contract competition to take place. | Undetermined | Unrestricted | Laboratory Management | |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2012. | Energy Secretary Steven Chu has authorized a five year extension. | Undetermined | Unrestricted | Laboratory Management | Negotiations on contract details ongoing. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Sept. 30, 2012, with two three-month options; SRS tritium currently part of Savannah River Nuclear Solutions contract. | Final RFP released Dec. 14. Proposals due March 13. | Undetermined | Full and Open | Management and Operation | NNSA abandoned plans for complex-wide construction management contract, choosing to seek construction management services instead. |
| Enterprise Construction Management Services | N/A | At least four teams believed to have submitted bids Nov. 4. | Up to 5 years/ \$125 million | Full and Open | Construction Management Services | Open to companies holding GSA MOBIS and PES schedules. |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expires March 28, 2012. | Comments to Nov. 14 draft solicitation due Dec. 2. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | WSI team includes Lockheed Martin, Longenecker and Associates and Pro2Serve. |
| Nevada National Security Site Security Services | WSI's contract extended through Dec. 31, 2011, with a one-month option. | WSI-led team awarded contract Dec. 21. | Up to 5 years/ \$234 million | Full and Open | Security Services | |

*A New START: Sustaining a Credible
Deterrent Through Modernization*

February 14-17, 2012

Marriott Renaissance Arlington Capital View
Arlington, Virginia

Keynote presentations from...

- The Honorable Jon Kyl**, *U.S. Senator, Arizona*
The Honorable Michael Turner, *U.S. Congressman, Ohio*
The Honorable Daniel Poneman, *Deputy Secretary,
U.S. Department of Energy*
The Honorable Ellen Tauscher, *Under Secretary
Arms Control and International Security
U.S. Department of State*
The Honorable James Miller, *Principal Deputy
Under Secretary for Policy, U.S. Dept. of Defense*
The Honorable Neile Miller, *Principal Dep. Administrator
U.S. National Nuclear Security Administration*
The Honorable Rose Gottemoeller, *Assistant Secretary
Arms Control, Verification and Compliance
U.S. Department of State*
The Honorable Andrew Weber, *Asst. Secretary for
Nuclear, Chemical and Biological Defense Programs,
U.S. Dept. of Defense*
Graham Allison, *Director, Belfer Center for Science and
International Affairs, Harvard University*

Also featuring...

- The Honorable Don Cook**, *Dep. Administrator
Defense Programs, NNSA*
The Honorable Anne Harrington, *Dep. Administrator for
Defense Nuclear Nonproliferation, NNSA*
Paul Hommert, *Director, Sandia National Laboratories*
Johnny Foster, *Member of the Strategic Posture Commission
and former Director, Lawrence Livermore Nat'l. Lab*
Adm. Richard Mies (Ret.), *former commander, U.S.
Strategic Command*
Charles Shank, *Co-chairman of the National Academy of
Sciences Study on Lab Management*

Additional Speakers... (as of 1/06/12)

John Harvey, *Principal Deputy to
the Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense*

Brig. Gen. Sandra Finan, *Principal
Deputy Asst. Administrator for
Military Application, NNSA*

Robert Nassif, *Director, Office of
Financial Management, NNSA*

Robert Raines, *Associate
Administrator for Acquisition and
Project Management, NNSA*

Joe Waddell, *Director, Acquisition
and Supply Mgmt. NNSA*

Geoffrey Beausoleil, *Deputy
Manager, NNSA Pantex Site Office*

Amb. Linton Brooks, *former
Administrator, NNSA*

Amb. Paul Robinson, *former Dir.
Sandia Nat'l Laboratories*

Chris Gentile, *President, Kansas
City Plant, Honeywell FM&T*

Ray Juzaitis, *President, NSTec,
Nevada Test Site*

Darrel Kohlhorst, *President B&W
Y-12*

Kelly Trice, *President, Shaw-
AREVA MOX Services*

John Woolery, *President, B&W
Pantex*

Taunja Berquam, *Minority Staff,
House Energy and Water
Appropriations Subcommittee*

Leland Cogliani, *Majority Staff,
Senate Energy & Water
Appropriations Subcommittee*

Rob Soofer, *Professional Staff
Member, Office of Sen. Jon Kyl*

Tyler Przybylek, *former General
Counsel, NNSA*

— THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT —

AGENDA

Tuesday, February 14

3:00 **REGISTRATION OPENS**

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Wednesday, February 15

7:30 **CONTINENTAL BREAKFAST**

8:00 **WELCOME/OPENING REMARKS**

Edward Helminski, President
EM Publications & Forums

8:05 **Beyond ‘New START’—the Path Forward to Maintain a Credible Nuclear Deterrent and Arms Control**

The Honorable Ellen Tauscher,
Under Secretary for Arms Control
and International Security, U.S. Dept.
of State

OPEN DISCUSSION

8:35 **The Honorable James Miller**,
Principal Deputy Under Secretary for
Policy, U.S. Dept. of Defense

OPEN DISCUSSION

9:05 **NNSA: Doing What Needs to be Done in a Climate of Fiscal Austerity**

The Honorable Neile Miller,
Principal Deputy Administrator,
National Nuclear Security
Administration

OPEN DISCUSSION

9:35 **A Geopolitical Perspective: What We Need to Do to Assure Global Nuclear Deterrence**

Ambassador Linton Brooks,
Independent Consultant (*former
Administrator, National Nuclear
Security Administration*)

OPEN DISCUSSION

10:05 **COFFEE BREAK**

10:25 **Putting in Place a Command and Control Structure to Meet New Challenges**

Adm. Richard Mies (Ret.),
Chairman, STRATCOM Strategic
Advisory Group (*former Commander,
U.S. Strategic Command*)

OPEN DISCUSSION

10:55 **Reformulating National Nuclear Deterrence Policy to Meet the Challenge of the Post-Cold War Era**

Graham Allison, Director, Belfer
Center for Science and International
Affairs, Harvard University

OPEN DISCUSSION

11:30 **International Perspectives on Maintaining the U.S. Nuclear Deterrent**

Speakers TBD

12:30 **LUNCH**

1:30 **The Management of the Weapons Labs—Insight from the National Academy of Sciences Assessment**

Charles Shank, Chairman
National Academy of Sciences Study
Committee

OPEN DISCUSSION

2:00 **The NNSA Weapons Labs: Perspectives on Current Practices and Opportunities for Operational Enhancements**

MODERATOR: **Johnny Foster**,
Member of the Strategic Posture
Commission (*former Director
Lawrence Livermore National
Laboratory*)

Steve Guidice, Independent
Consultant (*former head of
Operations and Weapons,
Albuquerque Field Office, U.S.
DOE*)

Ambassador Paul Robinson,
President Emeritus, Sandia
National Laboratories

Ambassador Linton Brooks,
Independent Consultant (*former
Administrator, National Nuclear
Security Administration*)

Tyler Przybylek, Independent
Consultant (*former General
Counsel, National Nuclear Security
Administration*)

OPEN DISCUSSION

3:30 **COFFEE BREAK**

3:50 **An Integrated Path Forward to Assure a Credible Nuclear Deterrent**

The Honorable Andrew Weber,
Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense

OPEN DISCUSSION

4:25 **Stockpile Management Challenges Across the Complex**

Darrel Kolhorst, President
B&W Y-12

John Woolery, President
B&W Pantex

(*Additional Speakers TBD*)

OPEN DISCUSSION

5:30 **ADJOURN**

5:45 **COCKTAIL RECEPTION**

Thursday, February 16

7:30 **CONTINENTAL BREAKFAST**

8:00 **OPENING KEYNOTE PLENARY**

The Necessity to Modernize the Weapons Complex

The Honorable John Kyl,
U.S. Senator, Arizona

OPEN DISCUSSION

8:30 **Transparency and Verification: The Administration’s Strategy for Nuclear Deterrence and Arms Control**

The Honorable Don Cook, Deputy
Administrator for Defense Programs,
National Nuclear Security
Administration

— Strengthening Capabilities to Prevent the Use of Nuclear Weapons —

The Honorable Anne Harrington,
Deputy Administrator for Defense
Nuclear Nonproliferation, National
Nuclear Security Administration

Allison Bawden,
Government Accountability Office

The Honorable Daniel Poneman,
Deputy Secretary, U.S. Department
of Energy

OPEN DISCUSSION

OPEN DISCUSSION

The Honorable Rose Gottemoeller,
Assistant Secretary for Arms Control,
Verification and Compliance
U.S. Department of State

3:00 **COFFEE BREAK**

9:00 **A Congressional Perspective on the
U.S. Nuclear Deterrent**

3:20 **Improving Integration Between
NNSA, DoD and STRATCOM**

The Honorable Michael Turner,
U.S. Congressman, Ohio

OPEN DISCUSSION

Brig. Gen. Sandra Finan, Principal
Deputy Asst. Administrator for
Military Application, National
Nuclear Security Administration

OPEN DISCUSSION

10:00 **COFFEE BREAK**

10:20 **A Russian Perspective on the Future
of Arms Control and Mutual
Deterrence**

(Additional Speaker from DoD TBD)

9:30 **Improving Site Management and
Integration**

Vladimir Rybachenkov,
*(former Nuclear Counselor, Russian
Embassy to the United States)*

OPEN DISCUSSION

Ray Juzaitis, President
NSTec, Nevada Test Site

4:20 **Improving Construction and Project
Management Across the Complex**

Chris Gentile, President
Kansas City Plant, Honeywell FM&T

OPEN DISCUSSION

Robert Raines, Associate
Administrator for Acquisition and
Project Management, NNSA

Geoffrey Beausoleil, Deputy
Manager, NNSA Pantex Site Office

11:00 **Progress on Assuring Global Nuclear
Material Security and Meeting the
Challenge of Nuclear Terrorism**

Ryan Coles, Assistant Director
Government Accountability Office

OPEN DISCUSSION

John Harvey, Principal Deputy to
the Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense

(UPF Speaker TBD)

10:30 **COFFEE BREAK**

(CMRR Speaker TBD)

10:50 **Are We Rebuilding a Nuclear
Stockpile for a World That Doesn't
Exist?**

Additional Speakers TBD

Kelly Trice, President
Shaw-AREVA MOX Services

Ambassador Paul Robinson
President Emeritus, Sandia National
Laboratories

OPEN DISCUSSION

OPEN DISCUSSION

12:00 **LUNCH**

1:00 **The Challenges Facing the National
Weapons Laboratories to Assure the
Credibility of the Nuclear Deterrent**

5:30 **The Future of NNSA Contracting**

Joe Waddell, Director
Office of Acquisition and Supply
Chain Management, National Nuclear
Security Administration

11:20 **Perspective from Congress on the
Direction and Financial Support for
U.S. Nuclear Deterrence Strategy**

Paul Hommert, Director
Sandia National Laboratories

(Additional Speakers TBD)

MODERATOR: **Todd Jacobson**
Reporter, *Nuclear Weapons &
Materials Monitor*

Rob Soofer, Professional Staff
Member, Office of Sen. Jon Kyl

2:00 **Maintaining Modernization Within a
Constrained Budget**

6:15 **COCKTAIL RECEPTION**

Friday, February 17

Robert Nassif, Director
Office of Financial Management,
National Nuclear Security
Administration

7:30 **CONTINENTAL BREAKFAST**

Tim Morrison, Majority Staff,
House Armed Services Strategic
Forces Subcommittee

Leland Cogliani, Majority Staff,
Senate Energy and Water
Appropriations Subcommittee

8:00 **OPENING KEYNOTE PLENARY**

**A Nonproliferation Approach to
Support the Expansion of Civilian
Nuclear Power**

Taunja Berquam, Minority Staff,
House Energy and Water
Appropriations Subcommittee

OPEN DISCUSSION

12:30 **SUMMIT ADJOURNS**

— TOPICS TO BE ADDRESSED... —

- **Aligning the Size of the Nuclear Stockpile and Delivery Systems** to Meet the Requirements of a Nuclear Deterrent “Umbrella” and New START;
- Domestic and International Perspectives in the U.S. and Russia on the **Top Priorities for the Next Phase of Arms Control Negotiations**;
- The **Division of Responsibility between DoD, STRATCOM, NNSA and DOE** on Maintaining the Nuclear Deterrent;
- **Assuring Implementation of NNSA’s Modernization Plan** Under Government Spending Restraints in 2013 and Beyond;
- **Aligning NNSA Management Contracts** with Modernization and the NNSA Mission;
- **Establishing Confidence** in the U.S. Nuclear Umbrella through **Transparency**;
- Maintaining the **Scientific Stature of the NNSA Laboratories** to Assure Credibility of the Nuclear Security Enterprise;
- Actions Needed to Meet the Goals of the **Global Nuclear Security Plan** Endorsed by Presidents Obama and Medvedev and **Address the Potential of Nuclear Terrorism**;
- **Implementation of New START requirements** to reduce U.S. and Russian Stockpiles;
- **Addressing Excess Facilities and Materials** Resulting from the Dismantlement of Nuclear Weapons and Delivery Systems;
- What Would be Necessary to Provide a **Credible Deterrent** if the **Current TRIAD is Reduced to a DYAD or MONAD**.

About the Summit...

For more than 20 years, ExchangeMonitor Publications & Forums has been bringing together national and global decisionmakers to address critical issues surrounding the production and reduction of nuclear weapons. The Nuclear Deterrence Summit, started in 2008, follows in the footsteps of the Nuclear Security Decisionmakers Forum convened just after the creation of NNSA and 10 years of forums on the U.S.-Russian Plutonium Disposition program.

The Nuclear Deterrence Summit is the only international conference devoted specifically to addressing the U.S. nuclear weapons program and the responsibilities of the key government agencies—**The National Nuclear Security Administration, the Dept. of State and the Dept of Defense, including STRATCOM**. For the past two years, opening keynote addresses were given by Under Secretary of State Ellen Tauscher and Russian Ambassador Sergei Kislyak. The list of past speakers and participants reads like a who’s who of the global nuclear weapons and nonproliferation community.

Past Summits attracted more than 300 participants and achieved recognition by major national and international media.

— PARTNERSHIP OPPORTUNITIES... —

Want to enhance recognition of your organization’s involvement or interest in getting involved with NNSA or DoD programs with responsibilities for nuclear operations?

Become a ***Nuclear Deterrence Summit Partner*** and publicize your company to the community directly involved in working in the NNSA and related DoD marketplace. This 2½ day event will attract participants from a broad spectrum of companies and organizations. The benefits include:

- Partner recognition on conference agenda and resource book;
- Inclusion of a 2 or 4 page ‘marketing’ flyer in the conference resource book;
- Moderating or speaking*;
- Free or discounted registrations*;
- Free or reduced fee for exhibit space; and
- Recognition during the conference via signage publicizing the company logo/trademark, etc.

(*Depends on level of partnership)

For details contact the Forums office at 1-877-303-7367 ext. 109 or email forums@exchangemonitor.com

— PAST ATTENDING ORGANIZATIONS —

| | | |
|---|--|--|
| AECOM | House Strategic Forces Subcommittee | Platts |
| Agence France-Presse | IBM | Pro2Serve |
| Akerman | Idaho National Laboratory | Project On Government Oversight |
| Alion Science & Technology | Innovative Environmental Technologies | Resource Alternatives, Inc. |
| Allan Consulting | Inside Missile Defense | RIA Novosti |
| ARES Corporation | InsideDefense.com | Russian Embassy |
| Arms Control Association | Interfax | SAIC |
| Associated Press | ISA | Sandia National Laboratories |
| ATK Space Systems | ITAR-TASS News Agency | Savannah River National Laboratory |
| Atlantic Council of the United States | Jacobs Engineering | School of Advanced Air & Space Studies |
| AWE plc | James Martin Center for Nonproliferation Studies | SEC |
| B&W Technical Services Y-12, LLC | Janis-Bradburne Executive Recruiting LLC | Senate Energy & Water Approps Subcommittee |
| B&W Technical Services Group, Inc | Johns Hopkins University | SGT, Inc. |
| Babcock Services, Inc | Journal of College Science | Shaw AREVA MOX Services |
| Battelle Memorial Institute | K.A.Carlson, Inc. | Southeastern Universities Research Assn. |
| Bechtel National, Inc. | Kansas City Plant | Stanford University |
| BG4 Inc. | Kiewit | State of South Carolina |
| BGITM | Lawrence Livermore National Laboratory | Stockpile Stewardship |
| Black & Veatch | Lockheed Martin | STRATCOM |
| Booz Allen Hamilton | Logan Research | Strategic Marketing Consultants |
| Bradburne Consulting | Longenecker & Associates | Strategic Posture Commission |
| British Embassy | Los Alamos National Laboratory | Sullivan International Group, Inc. |
| Brookhaven National Laboratory | Merrick & Company | Systematic Management Services |
| Burns & McDonnell | National Institute for Public Policy | TechSource, Inc |
| Carnegie Endowment for Int'l Peace | National Journal Group | TerranearPMC |
| CEA - France | National Nuclear Security Administration | Tetra Tech HEI |
| Center for Strategic & Int'l Studies | National Secure Manufacturing Center | Tetra Tech, Inc |
| CH2M HILL | National Security Technologies, LLC | The Asahi Shimbun |
| Chenega Security & Protection Services | Nevada Alliance for Defense, Energy & Business | The Babcock & Wilcox Company |
| C-SPAN | Nevada Security Technologies, LLC | The Boeing Company |
| Culmen International | News Sentinel | The Duffy Group |
| Decision Factors | NHK Japan Broadcasting | The KeySource Group, Inc. |
| Embassy of Australia | Northrop Grumman Corporation | The S.M. Stoller Corporation |
| Embassy of France | Northrop Grumman Shipbuilding | The Scowcroft Group |
| EnergySolutions | Northrop Grumman Technical Services | The Shaw Group |
| ETEBA | NSTec, Nevada Test Site | The Yomiuri |
| Federation of American Scientists | Nuclear Safety Associates | Trinity University |
| Financial Times | Nuclear Threat Institute | U.S. Air Force |
| Fluor Government Group | Nuclear Weapon Surety and Quality Office | U.S. Department of Defense |
| FOX News Channel | Oak Ridge National Laboratory | U.S. Department of Energy |
| Friends Committee on National Legislation | Office of U.S. Senator Jon Kyl | U.S. Department of Homeland Security |
| Global Security Newswire | Pacific Northwest National Laboratory | U.S. Department of State |
| Great Basin Technology, Inc. | Pantex Site Office | U.S. Government Accountability Office |
| GS&S - The Boeing Company | PaR Systems, Inc. / Environmental | U.S. House of Representatives |
| GW's Elliott School of International Affairs | Parsons | Union of Concerned Scientists |
| Honeywell Federal Manufacturing & Technologies | Partnership for Global Security | Universities Research Association |
| House Appropriations Committee Subcommittee on Energy & Water | Patrick R Davidson & Associates LLC | University of Nevada, Las Vegas |
| House Armed Services Committee | Perma Fix Environmental Services | University of Texas at Austin |
| House Committee on Foreign Affairs | Physics Today | URS Corporation |

Partnering Organizations (as of 1/06/2012)...



ACCOMMODATIONS

The rate for Summit attendees at the Renaissance Arlington Capital View is \$181.00 for single and double occupancy. These rates do not include a daily hotel services fee, along with applicable city and states taxes (which are currently 10.5%).

To guarantee a reservation, **PLEASE USE THE LINK** https://resweb.passkey.com/Resweb.do?mode=welcom_ei_new&eventID=6660490 to book directly into our room block.

If you would prefer to reserve your room by telephone, please contact the Group Housing office of the hotel at 1-877-212-5752, and identify yourself as a 4th Annual Nuclear Deterrence Summit attendee. If space is available, the above

rate will apply for attendees three days prior and three days after our program dates. We recommend making your reservations EARLY to secure a guest room (**no later than Feb. 9, 2012**).

GROUND TRANSPORTATION

From Ronald Reagan Washington National Airport: The Renaissance Arlington Capital View is 1 mile east of Reagan National Airport. A courtesy phone is available, and airport shuttle service (scheduled) is complimentary. Alternatively, subway service is available from the airport (\$1.65 one way). A private taxi is also a reasonable choice, with an estimated fare of \$10.00 (one way). **From Baltimore Airport:** Call Super Shuttle and make reservations for the most economical rate. **From Dulles Airport:** Taxi will be around \$50.00.

MARRIOTT RENAISSANCE ARLINGTON CAPITAL VIEW

The Conference site is the Marriott Renaissance Arlington Capital View, 2800 South Potomac Ave, Arlington, VA 22202; Phone 703-413-1300. It is located just minutes away from Washington, D.C. Adjacent to the Crystal City Metro Station, the entire Washington D.C. metropolitan area is at your disposal, with the Smithsonian Museum, Holocaust Museum, National Zoo, and the national monuments just a metro ride away. Plus, it is just one mile from the Ronald Reagan National Airport.

The Hotel operates a 24-hours a day exercise room and heated indoor pool. Additionally, high speed internet service is available, along with copy, fax, and messenger service.

Registration opens at 3:00 p.m. Tuesday, Feb. 14 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary begins at 8:00 a.m., Wednesday, Feb. 15. The Summit ends at 1:00 p.m., Fri., Feb. 17.

THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT

A New START: Sustaining a Credible Deterrent Through Modernization

February 14-17, 2012

Marriott Renaissance Arlington Capital View
Arlington, Virginia

Registration Fees:

| | |
|---|------------|
| Federal Employees (non-speakers): | \$695.00 |
| Academic, Non-industry Not-for-Profit | \$695.00 |
| Subscribers to the <i>Nuclear Weapons & Materials Monitor</i> | \$1,195.00 |
| General Admission (includes <i>Federal Contractors</i>) | \$1,395.00 |

*(Special Discounted Fees for Multiple Registrations available. Call the Forums office at 1-877-303-7367 ext. 109)
(Add \$200 to registration after Jan. 20, 2012)*

(Registration includes: three continental breakfasts, two lunches, three receptions, one dinner, a copy of the Resource Book and conference proceedings).

Cancellation Policy: *There is a \$200.00 service charge on cancellations after Jan. 27, 2012. No refunds will be made after Feb. 3, 2012 but substitutions are welcome.*

Register at www.deterrencesummit.com

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER (Continued)

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|--|---|-------------------------------------|--------------------------------|---------------------------|---|
| NNSA (Continued) Y-12, Pantex and Oak Ridge Security | Y-12 and Oak Ridge contracts held by WSI expire in June of 2012. Pantex security currently provided by B&W Pantex. | NNSA decided Nov. 15 to strip protective forces out of final RFP for consolidated Y-12/Pantex M&O contract. Sources Sought Notice gauging small business interest new contract issued Dec. 6. | More than \$1 billion a year | Undetermined | Security Services | Statements of Capability for small businesses accepted through Dec. 23. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | |
| MISC. SITES/PROJECTS Hanford Occupational Medical Services | Contract held by CSC Hanford Occupational Health Services set to expire in 2014. | Request for Proposals issued Nov. 14, 2011. Bids due by Jan. 18, 2012. | 6 years/ \$102 million | Small Business Set-Aside | Support Services | |
| Legacy Management Support Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Jan. 25, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | |
| Moab Mill Tailings | Contract held by EnergySolutions set to expire mid-2011. | New contract awarded to Portage Nov. 4, 2011. | 5 years/ \$121 million | ID/IQ Small Business Set-Aside | Environmental Remediation | Award under protest by Gonzales-Stoller and TerranearPMC-EnergySolutions. |
| WIPP Management and Operations | Contract held by Washington TRU Solutions set to expire Sept. 30, 2012. | Request for Proposals issued June 20, 2011. Bids submitted Aug. 17, 2011. | 10 years/ \$135 million per year | Full and Open | Facility Management | |
| WIPP Transportation Services | Contracts held by CAST Specialty Transportation and Visionary Solutions set to expire mid-March 2012. | Request for Proposals issued March 30, 2011. Bids submitted May 17, 2011. | 5 years/ \$80-\$100 million | Small Business Set-Aside | Waste Transportation | Revised proposals from bidders now due by Oct. 12, 2011. |

agement systems can be made considerably more efficient. There are difficult decisions to be made about employment levels, but that's what a business does. If you talk to airlines or any other American business, they're doing the same thing."

Cost-Benefit Analyses Needed for Complex

Younger said that the agency should analyze what it asks of contractors, and decide whether it's worth it. That suggestion runs in parallel with ongoing efforts at the Department of Energy and NNSA to streamline the directives system that governs operations at sites, which is aimed at eliminating burdensome regulations that industry officials say increase costs and sap productivity. "An enormous amount of paper is generated, an enormous amount of reviews are done. Are they worth it?" Younger said. "If you look at how DoD manages its contracts, it's a different type of situation, it's not a government-owned, contractor-operated, but nevertheless the DoD oversight is substantially lower than the NNSA management oversight, so can we learn from that?"

He also suggested that the agency should look at how contractors are incentivized to do work, and he praised the fee model proposed in the agency's plans to consolidate the Y-12 National Security Complex and Pantex Plant contracts that attaches a large portion of the fee earned by contractors to how much money is able to be saved through the consolidation. "Right now we tend to give contractors more money the more money they spend," he said. "With the Y-12-Pantex contract, it's, 'We'll give you more money if you save more money.' So we can think about that too. There are a variety of tools that can be used but I think it would behoove the complex to get out ahead of what is going to be a very difficult fiscal power curve."

He said the complex could also benefit from better integration between contractors that run the various sites. "We've made a lot of progress but there are a couple of areas we need to work on," he said. "We need to better integrate tasks across the complex. We do that pretty well now, but multi-year planning across the sites isn't where it needs to be. For example, we in Nevada need to understand what the labs want us to do several years out so we can structure our workforce and facilities to meet those needs." He said that a more common approach to management at the various sites would also benefit the complex. "Everyone has their own contractor assurance system, everyone has their own safety training program, everyone has this that and the other thing," he said. "Well, we're all training to the same safety standards. How about if we have just one safety training program. That may not sound like a lot, but let me tell you, the way we reduced costs so dramatically in Nevada is there are no big wins where you can cut out

something and save a lot of money. We collected a lot of nickels and dimes and it added up to a lot of dollars."

Younger: No Current Plans for Management

As for his own future plans, Younger is expected to remain with Northrop Grumman as a technical consultant, helping the company with business opportunities in DOE and DoD, and he will remain on the Board of Directors at NSTec. Northrop Grumman has been rumored to be among a large list of companies interested in managing Sandia National Laboratories, whose contract expires in 2013, but Younger declined to comment on his potential involvement in a bid for that contract. He also suggested that he didn't see himself in a management role at another site, but didn't completely close the door on the possibility. "As of today, been there done that," he said. "I never want to say never because I frankly never thought of myself as being director of DTRA [the Defense Threat Reduction Agency] or president of NSTec. ... I have a lot of projects I want to pursue in retirement and of course help Northrop Grumman a third time, but I don't anticipate any other positions right now."

—Todd Jacobson

NNSA 'NOT GOING TO RUSH' DECISION ON ECMS CONTRACT

After previously signaling that it was on track to award an Enterprise Construction Management Services contract by the end of the year, the National Nuclear Security Administration said this week that it wasn't planning to rush a decision to award the contract. The agency has moved quickly since announcing plans for the contract in September, and Associate Administrator for Acquisition and Project Management Bob Raines expressed optimism that the agency would award the contract by the end of the year. That informal deadline came and passed last week and bidders for the contract have remained waiting for a decision. In a response to questions from *NW&M Monitor*, NNSA spokesman Josh McConaha suggested that there were no issues delaying the decision. "The ECMS contracting process is proceeding just fine," McConaha said. "NNSA is evaluating the various proposals that have been received to ensure that the best value contractor is selected. We're not going to rush anything if it's not ready. We'll make an announcement as soon as there is something to report."

To help accelerate the procurement, the agency used the General Services Administration Professional Engineering Services schedule. The NNSA unveiled the ECMS contract last month as a way to strengthen its project management

approach, though the five-year opportunity with a ceiling of \$125 million is much less lucrative than the multi-billion-dollar complex-wide construction management contract originally envisioned by the agency. Competition for the contract has been strong, with at least four teams submitting bids for the contract Nov. 4, including teams led by Project Time and Cost, Booz Allen Hamilton, Parsons, and Logistics Management Institute.

—*Todd Jacobson*

DNFSB: PLANNING WEAKNESSES AT Y-12 COULD UNDERCUT OPERATIONAL GAINS

Investments at the Y-12 National Security Complex to improve conduct of operations could be jeopardized by another lingering safety issue at the plant, according to a recent letter from the Defense Nuclear Facilities Safety Board to the National Nuclear Security Administration. In a Dec. 29 letter made public this week, DNFSB Chairman Peter Winokur criticized contractor B&W Y-12 and the Y-12 Site Office (YSO) for “weaknesses in work planning and control” that he suggested could undermine operational improvements at the plant made over the last year. The work planning and control documents provide the framework for operations at the plant, which have also emerged as a source of concern for the DNFSB over the last year. Winokur noted that improvements were being made in the area of conduct of operations at the plant, but he said the work planning and control weaknesses “if unaddressed, will adversely impact” those plans. “These recurring weaknesses indicate that oversight of work planning and control by both the contractor and the Y-12 Site Office has been less than effective,” Winokur said in his letter to D’Agostino. “The board believes that effective operational oversight by both the contractor and YSO is necessary to reinforce the proper execution of work planning and control principles and to ensure sustained improvement in this area.”

The weaknesses included work packages that were too broad, instructions and procedures that were unclear, and

hazard analyses that were vague, according to the Board. Winokur said the Board requested a report and briefing detailing actions by the NNSA to address the weaknesses within 120 days. “These weaknesses affect the quality and content of the procedures and work packages used to direct activity-level work and ultimately affect the conduct of work in the field,” the Board said in a staff issue report accompanying the letter. “During the review, the staff noted cases in which work was not executed according to procedure. These weaknesses indicated that B&W’s and YSO’s oversight of work planning and control is less than effective.”

B&W: Improvements Underway

According to Winokur, an August review at the plant turned up the most recent problems, and he said DNFSB staff observed work that was not executed according to procedures. A spokesman for contractor B&W Y-12 said that the company responded to the Board’s concerns in a Work Planning and Control Performance Improvement plan submitted last year. “The plan is consistent with the principles of the Conduct of Operations Plan issued by B&W Y-12 in 2011,” spokesman David Keim said in a statement, “and the two plans work in concert to address the issues found through our own assessments and those cited by the DNFSB.”

Keim said the work planning report addressed three areas:

- Revising technical procedures, job hazard analysis processes and other supporting site procedures;
- Ensuring practical training to all parties creating or using work packages; and
- Reinvigorating oversight, lessons learned and feedback systems.

“As the plan is executed, the NNSA Y-12 Site Office and B&W Y-12 will fully assess and evaluate these activities to ensure the improvement measures are achieving the desired results,” Keim said.

—*Todd Jacobson*

At the Weapons Labs/DOE Sites

AT LIVERMORE LAB STICKS WITH ALAMEDA COUNTY FIRE DEPT.

The Alameda County Fire Department has been retained by Lawrence Livermore National Security, LLC, to continue providing emergency services to the laboratory despite a push to privatize management of the contract. Alameda County has served as the lab’s fire, medical and hazardous material emergency services provider since

Bechtel and University of California-led LLNS began managing the lab in 2007, but the lab opened the door to privatizing the management of the emergency services when it put the contract up for bid last year. The contract drew the interest of Department of Energy protective force mainstay WSI, but despite a bid from WSI, the lab ulti-

mately chose to stick with Alameda County. A five-year contract with the lab will begin in July, and will provide emergency services to the lab's main site, its experimental Site 300, and Sandia National Laboratories' Livermore campus, which is adjacent to Livermore's main campus. "This contract allows the Laboratory and the county to continue to provide the high level of public service not only to LLNL but to surrounding communities," Alameda County Fire Chief Sheldon Gilbert said in a statement.

The push to privatize management of the lab's emergency services was opposed by local fire unions, who lobbied the lab to continue using Alameda County rather than shifting to a private company like WSI. "This decision by Lawrence Livermore Labs is the right choice, not only for the facility itself but for those who live in the region," Alameda County Firefighters Local 55 President John

Torres said in a statement. "Privatizing through Wackenhut [WSI] could have crippled regional mutual aid and put one of our most sensitive institutions at greater risk." In addition to providing protective forces at DOE and National Nuclear Security Administration sites, WSI also provides emergency services, but California Professional Firefighters President Lou Paulson blasted the private company in a statement. "The protection of LLNL is too important to be left to private providers, who often staff with under-trained, low-paid individuals," Paulson said. "This award sends a message that California's fire service stands united in rejecting sub-standard privatized fire protection." The Alameda County Fire Department serves more than 506 square miles of territory near the San Francisco Bay Area, including Lawrence Berkeley National Laboratory. The department comprises 33 fire companies and 28 stations.

AT NEVADA NSTEC SEEKING PROJECT MANAGEMENT SUBCONTRACTOR

Nevada National Security Site contractor National Security Technologies, LLC, is seeking a small business to provide project management, project control and project control systems on an as-needed basis, according to a Sources Sought notice released on *fedbizopps.com* late last week. According to the notice, the contract is anticipated to be a five-year Indefinite Delivery-Indefinite Quantity contract, but the estimated value has not been determined. The scope of work includes "project management, risk management, project facilitation, training, project assessments, project reviews, and development and maintenance of activity-based schedules in support of various company missions, programs, and projects," according to the notice, which adds: "An understanding of project management, risk management, nuclear and non-nuclear facility design

and construction, nuclear operations, nuclear safety, project control and Earned Value Management concepts is required."

The majority of the work will take place at the NNSA's North Las Vegas Complex or at the Nevada National Security Site, but additional work may take place at the site's Remote Sensing Laboratories at Nellis and Andrew Air Force bases as well as NNSA's Los Alamos and Lawrence Livermore operations offices and the Special Technologies Laboratory in Santa Barbara, Calif. Interested parties have until Jan. 17 to submit information documenting pertinent experience. For more information, contact Jeanette Matthews at matthejl@nv.doe.gov or (702) 295-2700.

AT KANSAS CITY PEACE GROUP REACHES BALLOT MILESTONE

A Kansas City peace group says it has enough signatures to get two new referendums on the ballot in Kansas City that would give local voters a say in the financing and the future of the National Nuclear Security Administration's non-nuclear parts production facility being built on the outskirts of the city. The Kansas City Peace Planters, which failed to get a referendum on the ballot in Kansas City last year that would have altered the mission of the new plant, said more than 3,572 signatures needed to get the two new referendums on the ballot have been collected and verified by the Kansas City Board of Elections.

agency plans in case the NNSA ever leaves the new facility. Rachel MacNair, the petition coordinator for the activist group, said questioning the financial involvement of the Kansas City government in the new plant is a much easier argument to make than trying to alter the mission of the new plant.

Do Referendums Have a Chance?

In a complicated financial agreement, the plant is being built by private developer CenterPoint-Zimmer, but the Kansas City Council and the city's Planned Industrial Expansion Authority helped fund the deal through the sale of \$815 million worth of municipal bonds. It will be leased to the General Services Administration and sub-leased to the NNSA for \$61.6 million in annual rent—approximately

\$1.23 billion over the term of the 20-year lease. Construction is ongoing on the facility, and the plant is expected to be fully occupied by 2014.

While the referendum is likely to run into legal challenges and political opposition—the Kansas City Council voted overwhelmingly to approve funding for the plant—activists have pushed the referendum as a way to

demonstrate opposition to the plant, and, in a best case scenario, they hope that NNSA would be forced to fund the facility itself rather than through the unique third-party arrangement, subjecting it to the annual appropriations process in Congress. They also hope that the second referendum could succeed and give local voters a say on potential future missions at the plant if it was ever not needed by the NNSA.

AT SAVANNAH RIVER MOX SERVICES EARNS \$7 MILLION IN AWARD FEE

Shaw AREVA MOX Services earned \$7 million in award fee in 2011 out of \$8.7 million available for construction of the National Nuclear Security Administration's Mixed Oxide Fuel Fabrication Facility at the Savannah River Site, according to the contractor. On top of that, MOX Services also earned \$2 million for meeting 2012 milestones ahead of schedule and an additional \$700,000 base fee, for a total of \$9.7 million earned for Fiscal Year 2011. "We in general felt like the award fee was good given the amount of work we've done. I certainly would like it to be perfect and I certainly think there is room for improvement. But we think DOE treated us fairly," Kelly Trice, president and chief operating officer of Shaw AREVA MOX Services, told *NW&M Monitor*.

The contractor met or exceeded standards in all areas evaluated by DOE, Trice said. MOX services substantially exceeded standards in three areas; effective interaction and timely response, environmental stewardship and worker health and safety. It exceeded standards in security. And it met standards in project management, business system and implementation of the robust quality assurance program. Trice added, "Generally it says the project is running well. They would say there are areas where they would like us to be more efficient, which certainly is no surprise. They recognize the challenges we are facing through the nuclear renaissance and they offer some advice for areas and ways to improve that where they feel that a more graded approach can be taken and we certainly take those into account."

AT SAVANNAH RIVER ACCELERATED TRITIUM SHIPMENTS COMPLETED

The Savannah River Site has completed accelerated tritium shipments to the National Nuclear Security Administration in advance of a three-month break from shipments as NNSA upgrades its aircraft fleet. The project, which was finished at the end of November 2011, completed all the tritium shipping and production that had been scheduled through February 2012. Officials praised the effort between NNSA and site contractor Savannah River Nuclear Solutions, which quadrupled the site's standard tritium production output. "This is a significant accomplishment for the Savannah River Site that demonstrates the responsiveness and flexibility of this team," NNSA Savannah River Site Office Manager Doug Dearolph said in a statement. In March 2012, SRNS expects to resume shipments at the standard production output.

The acceleration was accomplished through a number of practices, including "maximizing facility availability, leveraging workforce flexibility and providing appropriate levels of management oversight. To maximize facility and system availability, the management team postponed non-critical activities for the project duration. Tritium Programs employees were trained and qualified on the systems and process within various stages of the production and delivery, and were reassigned as needed to support project completion," SRNS said in a written response to questions. To ensure safety and security, the contractor also increased line management and senior management oversight in the field. During the three-month hiatus from shipments now underway, SRNS also plans to "address electrical infrastructure and other system component needs," according to an SRNS release. ■

Calendar

January

9 Discussion: "Nuclear Weapons and Prospects for Disarmament," former Russian Ambassador Thomas Pickering, former StratCom Commander Eugene Habiger, and Janne Nolan of the American Security Project, sponsored

by the Bulletin of Atomic Scientists, at Jones Day, 51 Louisiana Ave., NW, Washington, D.C., 10-11 a.m.

10 **Announcement: Bulletin of Atomic Scientists decides whether to alter its "Doomsday Clock," at the American Association for the Advancement of Science, 1200 New York Ave. NW, Washington, D.C., 1 p.m.**

11 **Announcement: Nuclear Threat Initiative releases Nuclear Materials Security Index, with former Sen. Sam Nunn, at the National Press Club, 529 14th St. NW, 13th Floor, Washington, D.C., 10 a.m.**

11 Discussion: "After New START: Next Round?" with Henry Cooper, the former director of the Strategic Defense Initiative Organization, and Mark Schneider of the National Institute for Public Policy, at the Heritage Foundation, Lehrman Auditorium, 214 Massachusetts Ave., NE, Washington, D.C., noon-1 p.m.

16 EM PUBS CLOSED FOR MLK DAY

18 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.

20 Discussion: "The Future of the U.S. Nuclear Arsenal: Issues and Policy Options," Strategic Posture Commission member Mort Halperin, Hans Kristensen of the Federation of American Scientists, and Amy Woolf of the Congressional Research Service, sponsored by the Arms Control Association, at the Carnegie Endowment, 1779 Massachusetts Ave., NW, Washington, D.C., 9:30-11 a.m.

24 **President Obama gives State of the Union Address.**

25 **Meeting: Northern New Mexico Citizens Advisory Board; NNM CAB Office, Pojoaque, New Mexico.**

February

6 **Federal FY2013 Budget release (anticipated).**

9-10 **Meeting: Hanford Advisory Board.**

14-17

THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT

A New START: Sustaining a Credible Deterrent Through Modernization

Renaissance Arlington Capital View Hotel
Arlington, Virginia

For Information Call 1-877-303-7367 ext. 109 or email: forums@exchangemonitor.com

15 **Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.**

20 EM PUBS CLOSED FOR PRESIDENT DAY

March

14 **Meeting: Idaho Citizens Advisory Board; Hilton Garden, 700 Lindsay Boulevard, Idaho Falls, Idaho.**

21 **Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, NV 89030.**

April

3-4: **Meeting: 2012 DOE Project Management Workshop; the Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, VA., 22311.**

(Changes from previous Calendar in Bold)

MONITOR
NUCLEAR WEAPONS & MATERIALS

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 2

January 13, 2012

— *INSIDE HIGHLIGHTS* —

The NNSA is moving ahead with plans to establish a pit disassembly and conversion capability using mainly existing facilities, publishing a Notice of Intent this week to modify the scope of the project’s Environmental Impact Statement. 2

The continuing refusal by the NNSA and DOE’s Office of Environmental Management to release fee determinations for its contractors has led to a renewed call from watchdog groups, former officials and media outlets to release information detailing exactly how the millions of dollars paid out by the government is derived. 3

The NNSA has set the dates for site tours of the Pantex Plant, Y-12 National Security Complex and Savannah River’s tritium operations as part of the agency’s effort to consolidate management of the sites. 5

A newly created NNSA headquarters position is expected to shore up the agency’s relationship with the United Kingdom’s weapons complex. 5

Despite a high-level push from the Obama Administration, too much of the weapons-usable nuclear material around the world remains poorly secured, according to a new index released yesterday by the Nuclear Threat Initiative that ranks 32 countries on their commitment to nuclear security. . . . 6

Operations at Nuclear Fuel Services’ Erwin, Tenn., plant were temporarily shut down due to a nitric acid leak. 7

The optimism sparked by President Obama’s vision for a nuclear weapons-free world has faded, and a group of renowned nuclear scientists has moved the symbolic ‘Doomsday Clock’ one minute closer to midnight two years after nudging it back a tick. 7

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NNSA TAKES STEP FORWARD IN PIT DISASSEMBLY AND CONVERSION PLANS

The National Nuclear Security Administration is moving ahead with plans to establish a pit disassembly and conversion capability using mainly existing facilities, publishing a Notice of Intent this week to modify the scope of the project's Environmental Impact Statement. While cost and other details on the updated approach remain unclear, the move is expected to provide significant cost savings over previous plans, which originally included a standalone facility that was scrapped in 2009 due to cost concerns. More recently, plans shifted to a renovation of the Savannah River Site's K Area reactor facilities, but estimates for the refurbishment between \$4.5 and 4.8 billion again came in much more expensive than officials hoped. Use of K Area has been scaled back to include "possibly a small cutting capability" to disassemble the pits, NNSA spokeswoman Courtney Greenwald told *NW&M Monitor*. The notice published Jan. 12 comes as little surprise, and outlines the use of an expected mix of facilities that have in recent months been mentioned in NNSA plans for pit disassembly and conversion.

The process is a necessary step in preparing feedstock for the Mixed Oxide Fuel Fabrication Facility, currently under construction at the Savannah River Site and the main component in NNSA's plans to disposition 34 metric tons of surplus plutonium. Disassembly involves taking apart the plutonium pits, while deconversion changes the plutonium metal into an oxide form suitable for MOX feed. NNSA is now looking at expanding or initiating pit disassembly or conversion capabilities at four facilities: H-Canyon, K Area and the MOX facility at the Savannah River Site and Technical Area 55 at Los Alamos National Laboratory. "DOE considers those alternatives that would avoid extensive construction and/or facility modification for the pit disassembly and conversion capability and non-pit plutonium preparation capability as having particular merit and, thus, has identified its preferred alternative for this proposed action," according to the notice.

MOX Hopes For Direction on Changes Soon

Direction on whether or not to add the capability to MOX would ideally come soon, Kelly Trice, president of the facility's construction contractor Shaw AREVA MOX Services, told *NW&M Monitor* last month. "If DOE could make some key decisions in the next few months it would be easier, but if they waited a couple of years it would be hard for us," Trice said. "At the end of 2012 fiscal year, we'll be closing up all the construction openings. Once the construction openings are closed getting big equipment like furnaces in the building is much more difficult." Those furnaces are an "integral part" of the PDC capability, Trice said, converting plutonium metal to plutonium oxide. He added that most of the other changes are not that substantial. "There are a couple of walls that we would need to change a little bit, and we would mainly have to add some transfer systems, add some glove boxes, add some furnaces, eventually do some licensing work with the NRC to make sure the mission is acceptable within the license parameter," Trice said.

H-Canyon to Produce 3.7 Metric Tons of MOX Feed

The inclusion of H-Canyon in PDC plans came after DOE said last year it would seek new missions for the reprocessing facility and backed away from plans to largely curtail operations. NNSA announced last fall that it plans to use H-Canyon to provide about 3.7 metric tons of MOX feed by processing metal into oxide at the facility (*NW&M Monitor*, Vol. 15 No. 43). H-Canyon and its associated HB-Line will begin "initial startup preparations" for plutonium oxide production this fiscal year, according to the NNSA. In its next "full year of operation," H-Canyon is expected to produce approximately 200 kilograms of plutonium oxide and will ramp up to a full production rate of 1 metric ton per year in FY 2015, NNSA said. DOE said that no modifications will be needed to H-Canyon, though some minor installations will be necessary on HB-Line. The NNSA said its Office of Defense Nuclear Nonproliferation will fund "the incremental operating cost" for the

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Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

new project and has identified the approximately \$20.5 million needed this fiscal year.

Los Alamos has also already started working on PDC, and the NNSA announced last fall that 240 kilograms of plutonium oxide from disassembled pits produced by the Advanced Recovery and Integrated Extraction System was certified for use in the MOX Facility (*NW&M Monitor*, Vol. 15 No. 39). Those 240 kilograms will provide the bulk of the 300 kilograms of feedstock needed to produce eight fuel assemblies during hot startup testing. NNSA said at the time that the ARIES line is expected to convert at least two metric tons of plutonium oxide by 2018. This week's notice said that DOE is looking to "expand existing capabilities" at LANL's plutonium facility to disassemble pits and convert plutonium. DOE will hold a public scoping meeting on the notice on Feb. 2 in Pojoaque, N.M., and the scoping period will end on March 12. NNSA expects a Record of Decision on the matter in 2013.

DOE to Look at Generic Reactor Fuel Tests

While NNSA is making progress on providing feed for the MOX facility, there still is no dedicated buyer for the fuel, though the Tennessee Valley Authority has expressed interest and work is ongoing to analyze potential environmental impacts of the fuel at up to five TVA reactors. However, this week's notice states that "DOE will analyze the potential environmental impacts of irradiating MOX fuel in a generic reactor in the United States to provide analysis for any additional future potential utility customers." As MOX Services says it is in talks with other utilities for use of the fuel, the approach in this week's notice shows that the Department is looking at utilities beyond TVA to burn MOX in their reactors.

—*Kenneth Fletcher*

CALL FOR RELEASE OF PERFORMANCE FEE DATA GETS RENEWED URGENCY

The continuing refusal by the National Nuclear Security Administration and the Department of Energy's Office of Environmental Management to release fee determinations for its contractors has led to a renewed call from watchdog groups, former officials and media outlets to release information detailing exactly how the millions of dollars paid out by the government is derived. With even more of a spotlight on how the government spends its money in tough economic times, watchdog groups like the Project on Government Oversight and the Alliance for Nuclear Accountability have been joined by newspapers like the *Knoxville News Sentinel* and the *Albuquerque Journal* in calling for the full release of the fee evaluations. "No

information has been released that shows how the federal government justified the fees awarded to the Oak Ridge contractor or made the decisions," *News Sentinel* reporter Frank Munger wrote in a Jan. 4 blog post. "That's not transparency. That's not openness." The *Albuquerque Journal* followed up with an editorial Jan. 6, urging the government in a headline to "Let the Public Know What Its Lab Money Paid For." It said: "The public remains in the dark about how bureaucrats determined the agency is being a good steward of the dollars taxpayers provide. It's a case of the feds saying, 'trust us.' Ronald Reagan had a better approach for the nuclear world. Trust but verify."

Thus far, however, the NNSA has stood by a 2009 decision governing the release of the fee determinations. The Performance Evaluation Reviews document the performance of contractors in meeting numerous goals and are used to determine the fee paid by the government, providing a rare glimpse into the goals the government sets for contractors and its evaluation procedures. Before 2009, the reviews, as well as correspondence summarizing the reviews, were released approximately two to three months after the close of the fiscal year and were often posted as part of procurements as background documents. But an October 2009 memo from then-NNSA Acquisition and Supply Management chief David Boyd documented a new policy. The full reviews won't be available from the NNSA for three years, when they are "no longer useful for past performance evaluation purposes," Boyd wrote, citing Federal Acquisition Regulation 4.1503(b), which prohibits disclosure of the reviews because they "could cause harm both to the commercial interest of the Government and to the competitive position of the contractor being evaluated as well as impede the efficiency of Government operations."

For its part, EM has no formal policy guiding how fee determination information is released. It can vary site-by-site, and contractor-by-contractor as to whether fee determination letters are made public. However, EM has also largely withheld releasing Performance Evaluation Reviews.

NNSA: Balancing Openness, Protecting Sensitive Info

While Boyd has left the NNSA, his decision continues to stand. As contractor fees were awarded for Fiscal Year 2011 (*see related chart*), the agency and its contractors prepared brief one-page statements that included the amount of fee paid and a summary of the contractor's performance. Unlike its counterparts, DOE's Office of Science releases the PERs upon request, DOE spokesman Jeff Sherwood said. In a statement, NNSA spokesman Josh McConaha defended the NNSA's decision, noting that the

NNSA M&O CONTRACTOR PERFORMANCE - FY 2011

(Figures in Millions)

| Contractor | Rating | Percentage | Total At-Risk Fee Earned | Total At-Risk Fee Possible | Total Fixed Fee Earned | Total Non-NNSA Fee Earned | Total Fee Earned | Total Fee Possible | Award Terms? |
|---|-------------|------------|--------------------------|----------------------------|------------------------|---------------------------|------------------|--------------------|--------------|
| B&W Pantex, LLC | Outstanding | 95.9% | \$33.5 | \$34.9 | N/A | \$0.1 | \$33.6 | \$35.0 | N/A |
| B&W Y-12, LLC | Outstanding | 92.3% | \$48.5 | \$52.5 | N/A | \$7.6* | \$56.1 | \$60.9 | N/A |
| Honeywell FM&T | Outstanding | 95.9% | \$28.8 | \$30.0 | N/A | \$11.1 | \$39.8 | \$41.1 | N/A |
| Lawrence Livermore National Security, LLC | Very Good | 88.6% | \$26.3 | \$29.7 | \$12.7 | \$7.9 | \$46.9 | \$50.5 | Yes |
| Los Alamos National Security, LLC | Very Good | 82.6% | \$50.1 | \$60.7 | \$26.0 | \$7.6 | \$83.7 | \$94.3 | Yes |
| National Security Technologies, LLC | Outstanding | 95.5% | Unavailable | Unavailable | Unavailable | Unavailable | \$27.9 | \$29.0 | Yes |
| Sandia Corporation (Lockheed Martin) | Very Good | 85.3% | \$8.5 | \$9.9 | \$18.5 | ** | \$27.0 | \$28.4 | N/A |

*B&W Y-12 Total Fee Includes \$4.8 million for ARRA work and \$2.7 million for Work for Others activities

** Sandia Corporation fixed fee includes work for others fee.

agency has released documents like the Quarterly Summary of Stockpile Stewardship Experiments, enhanced its website and blog, and has provided information about its procurement processes and contractor performance evaluations in an effort to be open and transparent. “While we are committed to being open and transparent, we must also balance that with our responsibility to protect procurement sensitive information,” McConaha said. “We believe we have balanced those competing interests by providing summaries of contractor performance evaluations to the news media. Nevertheless, the M&O contractors are free to release their own contract performance review information and we encourage them to do so.”

EM provided a similar defense of its practices. “EM endeavors to provide as much information as possible to the public about fee determinations while respecting business and procurement sensitive information,” EM spokeswoman Shari Davenport said. “As previously stated, public release of fee determinations is made by the fee determining official based on any business or procurement sensitivities contained within the documents.” Davenport also noted that EM has established a website that provides “historic and currently [available] information about fee awards.” That website, though, only has information on the maximum fee a cleanup contractor can earn in a given fiscal year and how much that contractor was paid, and provides no additional detail as to how the fee payment was calculated.

New OPAM Head Doesn't Take a Stance

When asked if DOE should do more to make contractor fee information public, Paul Bosco, the new head of DOE's Office of Procurement and Assistance Management, declined to take a stance. That's a “work in progress,” he told *NW&M Monitor* this week. “I have already started to be included in the dialogue on the NNSA position and then the other camp's position ... so I'd be reticent to state an opinion.” When asked if there should be more openness and transparency regarding contractor performance

evaluations, he said: “It varies on a case-by-case basis. I would be reticent to say ‘open and transparent,’ because obviously there are things that are proprietary and there are things that are procurement-sensitive. So I would be very reticent to make a general statement in that regard.”

Notably, former NNSA General Counsel Tyler Przybylek, now the General Counsel for Office of Science contractor Universities Research Association, said while the decision may be legally defensible, it damages the credibility of the agency. “To award in excess of a quarter of a billion dollars in earned fee to contractors and then refuse to release the basis for the award (the PERs) of that sum of taxpayer money is just wrong,” Przybylek said. “I am not quibbling with the strictly legal analysis underlying NNSA's decision, nor am I criticizing the fee determination process which was established while I was in government. Not releasing the contractor evaluations denies the public the ability to scrutinize the evaluation and decide whether the fee is worth it. The credibility of the process is established by its openness.”

Groups: ‘Why Should We Not Know?’

Thus far, no contractor has released its own Performance Evaluation Review, and the summaries that are released largely emphasize the good things done by the contractors. In the case of Nevada National Security Site contractor National Security Technologies, LLC, and Kansas City Plant contractor Honeywell Federal Manufacturing & Technologies—albeit two of the complex's highest performing contractors during FY2011—there was no mention of why the contractor did not earn the full fee. The contractors at Lawrence Livermore and Los Alamos National Laboratories only released memos that had been sent to employees outlining performance. “In times of tight fiscal restraints, DOE must provide the information to the public that are watchdogging DOE programs,” said Susan Gordon, the executive director of the Alliance for Nuclear Accountability. “This is taxpayer money and communities around these facilities are impacted by what happens and

what doesn't happen at the sites. The public is told about the fines and penalties to the sites and contractors. We know exactly what is going wrong and why the fine or penalty was assessed. Why should we not know exactly what they are doing right in order to earn a performance bonus?"

Tom Clements, the Nonproliferation Policy Director for the Alliance for Nuclear Accountability, suggested that Congress should intervene and force the release of the information. "In the spirit of government transparency, the fee determination documentation should be a matter of public record," he said. "There is absolutely no reason to shield information concerning payout of taxpayer money to private DOE contractors from public scrutiny. DOE's refusal to release the information reveals a cozy relationship with contractors, which is detrimental to openness, transparency and accountability. DOE should voluntarily release the fee information in question and if not, Congress should direct DOE to do so." The Project on Government Oversight challenged the NNSA's decision in 2010, writing President Obama in an appeal for a change to the policy. The White House, however, refused to intervene. "It's just an outrage," POGO Senior Investigator Peter Stockton said. "Tens of millions of dollars go out the door and you have no idea for what. They do say in three years, we'll let you know, but that does a hell of a good."

—*Todd Jacobson and Mike Nartker*

NNSA SETS DATES FOR SITE VISITS FOR CONSOLIDATED PRODUCTION CONTRACT

The National Nuclear Security Administration has set the dates for site tours of the Pantex Plant, Y-12 National Security Complex and Savannah River's tritium operations as part of the agency's effort to consolidate management of the sites. The tours are designed to provide information about the mission and various programs at the sites. The Pantex tour will take place Feb. 6, the Y-12 tour will take place Feb. 8, and the Savannah River tritium tour will take place Feb. 10. According to the agency, each of the tours will include two segments: a general site briefing and unclassified tour for up to four individuals from each company interested in the opportunity, and a classified tour of secured areas for two individuals. Bidders will also get a brief overview of the Uranium Processing Facility planned for Y-12 during the second segment of the Y-12 tour, the agency said. The agency also released a new batch of questions and answers this week pertaining to the final Request for Proposals released last month.

The site visits are not open to the public, according to information provided by the agency. The agency said only

individuals representing bidders that have submitted information notifying the agency that it intends to bid for the contract may attend the briefings and tours. The visits also are only open to U.S. citizens, and the agency said foreign nationals will not be allowed access to the sites for the tours, though the NNSA for the first time is allowing security-cleared foreign nationals to be bid as key personnel on the contract. Individuals must register for the site visits by Jan. 23.

—*From staff reports*

NNSA ESTABLISHES LIAISON BETWEEN PRODUCTION PLANTS, UNITED KINGDOM

A newly created National Nuclear Security Administration headquarters position is expected to shore up the agency's relationship with the United Kingdom's weapons complex. The NNSA said this week that it was establishing a liaison between the agency's production plants and the UK's Atomic Weapons Establishment, mirroring the relationship between the NNSA's weapons laboratories and their UK counterparts. Y-12 National Security Complex and headquarters official Brenda Hunter was tapped to fill the position, providing oversight of technical exchanges between AWE and the NNSA weapons complex as an advisor to the Office of Defense Programs' Assistant Deputy Administrator for Stockpile Management.

Don Cook served as the head of the Atomic Weapons Establishment before becoming the NNSA's Defense Programs chief in 2010, and in a statement, he said the new position would "help strengthen the relationship between the plants and will help ensure that the plants are participating in various reviews and programs. It is important the U.S. maintains positive relationships with the U.K. while implementing President Obama's nuclear security agenda." The nuclear weapons programs of the United States and the United Kingdom have for decades maintained a strong relationship, and several U.S. companies help manage the Atomic Weapons Establishment, which encompasses the UK's labs and production facilities. AWE is jointly managed by Lockheed Martin and Jacobs as well as British firm Serco. Bidders for the NNSA's combined Y-12 National Security Complex/Pantex Plant management and operating contract—which could include teams involving Lockheed Martin and Jacobs—are expected to lean heavily on the experience of senior managers at AWE, and several companies successfully petitioned NNSA last year to allow foreign nationals to be bid as key personnel for the contract.

Hunter, a B&W Y-12 employee, previously served as a science advisor within the Office of Defense Programs,

helping direct the Stockpile Stewardship Program, and also was Y-12's headquarters liaison. She was also the director of internal audit at Y-12 and the vice president of internal audit and ethics for the Yucca Mountain Project. Before that, she worked as a project manager and auditor in the Tennessee Valley Authority's Office of Inspector General and as an auditor/evaluator for the U.S. General Accounting Office in Huntsville, Ala.

—*Todd Jacobson*

NUCLEAR THREAT INITIATIVE RELEASES NUCLEAR SECURITY INDEX

Despite a high-level push from the Obama Administration, too much of the weapons-usable nuclear material around the world remains poorly secured, according to a new index released yesterday by the Nuclear Threat Initiative that ranks 32 countries on their commitment to nuclear security. The group's Nuclear Materials Security Index predictably singles out Iran, Pakistan and North Korea as having the worst commitment to nuclear security, and recognizes Australia, Hungary and the Czech Republic at the top of its list. But the findings further reveal that large amounts of material that could be used by terrorists in a nuclear weapon remain poorly secured two decades after the end of the Cold War and nearly three years since President Obama vowed to secure all vulnerable nuclear materials. "Today it is clear the elements of a perfect storm are gathering," former Sen. Sam Nunn, the co-chairman of NTI, said at a Jan. 11 event at the National Press Club. He noted that terrorists will go "where the material is most vulnerable. We have a global challenge and we are in a race toward cooperation and catastrophe."

In examining 32 countries that each have more than 1 kilogram of weapons-usable nuclear material, the index's compilers accounted for a variety of factors in coming up with the list, including the amount of nuclear material possessed by a country, physical security, adherence to international treaties, and political stability and potential for corruption. The result was a list with some surprising—and not-so-surprising—results. "It's not a piece of cake for terrorists and we don't want to pretend that it is but it's far from impossible and nuclear material security is the number one defense we have to prevent nuclear terrorism," Nunn said.

U.S. Ranked 13th

The United States graded out well in categories measuring security and political stability, but was hurt by its large quantities of nuclear weapons and weapons sites and for not ratifying the Comprehensive Test-Ban Treaty, ranking

13th—tied with Belgium. Of countries with declared nuclear weapons, the United Kingdom ranked the highest, coming in at 10th on the list. France was ranked 19th, while Russia was ranked 24th and China was ranked 27th. "Encouragingly, one of our key findings is governments have become far more aware of the threat and the need for urgent action to combat it," said Deepti Choubey, NTI's Senior Director for Nuclear and Bio-Security. But she noted the index also highlights that much more work is necessary, and that there needs to be more international agreement on how to tackle the problem. "Our hope is that the NTI index is a starting point for framing the breadth of the problem," she said.

Choubey said it was the hope of the organizers of the index that the effort would spark debate about establishing international norms for the security of nuclear materials, which would help set priorities and provide a baseline that countries could reference. That approach could be put to the test when countries convene in South Korea in March for the second Nuclear Security Summit following the inaugural event in Washington in 2010. "I think we do need a global standard eventually," Choubey said. "States are looking for guidance on what matters most and if we had a global standard we'd be able to do a far better job of holding states accountable."

Organizers Hope to Spark Cooperation

Despite the dire findings of the index, Nunn said there are signs that countries around the world are becoming more serious about nuclear security, evidenced by the fact that 19 countries plus Taiwan have completely eliminated their stocks of weapons usable material. President Obama's 2009 pledge to secure all vulnerable nuclear material around the world in four years has helped spark that effort even further, but Nunn suggested that it was unlikely that Obama's 2013 deadline to secure the material would be met. He said one of the biggest obstacles to Obama's effort was that some countries choose not to cooperate. "It is my hope that this index will alert countries that have not cooperated in the international community in terms of sharing and protecting material and best practices and so forth, they will understand they have threats themselves, that this is not simply doing a favor to the world; this is protecting your own security," Nunn said. "Because countries that don't have good practices are probably the most likely victims of material that would get in the hands of terrorists. ... I'm hoping those light bulbs will go off."

Nunn said the goal of the index was not to chastise some countries or congratulate others. The list, he said, "should be used as a tool for initiating discussions, analysis, and debate as well as beginning to help build a consensus on the priorities and the imperatives. If the world is to succeed

*A New START: Sustaining a Credible
Deterrent Through Modernization*

February 14-17, 2012

Marriott Renaissance Arlington Capital View
Arlington, Virginia

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The Honorable Michael Turner, *U.S. Congressman, Ohio*
The Honorable Daniel Poneman, *Deputy Secretary,
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The Honorable Ellen Tauscher, *Under Secretary, Arms
Control and International Security,
U.S. Department of State*
Major General William Chambers, *Asst. Chief of Staff,
Strategic Deterrence and Nuclear Integration, USAF*
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Graham Allison, *Director, Belfer Center for Science and
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Adm. Richard Mies (Ret.), *former commander, U.S.
Strategic Command*
Charles Shank, *Co-chairman of the National Academy of
Sciences Study on Lab Management*

Additional Speakers... (as of 1/13/12)

Kenneth A. Myers, *Director, Defense
Threat Reduction Agency; U.S.
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Rob Soofer, *Professional Staff
Member, Office of Sen. Jon Kyl*

Tyler Przybylek, *former General
Counsel, NNSA*

— THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT —

AGENDA

Tuesday, February 14

3:00 **REGISTRATION OPENS
SUMMIT SUPPORT MATERIALS**

*Partners:
Booz Allen Hamilton; Tetra Tech;
WSI - G4S; Black & Veatch; and
Longenecker & Associates*

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

*Tonight Recognizing...
Babcock & Wilcox*

Wednesday, February 15

*Today Recognizing...
Shaw Group; TechSource; and
Northrop Grumman*

7:30 **CONTINENTAL BREAKFAST**

8:00 **WELCOME/OPENING REMARKS**

Edward Helminski, President
EM Publications & Forums

8:05 **Beyond ‘New START’—the Path
Forward to Maintain a Credible
Nuclear Deterrent and Arms Control**

The Honorable Ellen Tauscher,
Under Secretary for Arms Control and
International Security, U.S. Dept. of
State

OPEN DISCUSSION

8:35 **The Honorable James Miller**,
Principal Deputy Under Secretary for
Policy, U.S. Dept. of Defense

OPEN DISCUSSION

9:05 **NNSA: Doing What Needs to be Done
in a Climate of Fiscal Austerity**

The Honorable Neile Miller, Principal
Deputy Administrator, National
Nuclear Security Administration

OPEN DISCUSSION

9:35 **A Geopolitical Perspective: What We
Need to Do to Assure Global Nuclear
Deterrence**

Ambassador Linton Brooks,
Independent Consultant (*former
Administrator, National Nuclear
Security Administration*)

OPEN DISCUSSION

10:05 **COFFEE BREAK**

*National Nuclear Security
Administration*

10:25 **Putting in Place a Command and
Control Structure to Meet New
Challenges**

Adm. Richard Mies (Ret.), Chairman,
STRATCOM Strategic Advisory Group
(*former Commander, U.S. Strategic
Command*)

OPEN DISCUSSION

3:30 **COFFEE BREAK**

3:50 **An Integrated Path Forward to Assure
a Credible Nuclear Deterrent**

John Harvey, Principal Deputy
Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense

OPEN DISCUSSION

10:55 **Reformulating National Nuclear
Deterrence Policy to Meet the
Challenge of the Post-Cold War Era**

Graham Allison, Director, Belfer
Center for Science and International
Affairs, Harvard University

OPEN DISCUSSION

4:25 **Stockpile Management Challenges
Across the Complex**

Darrel Kohlhorst, President and
General Manager, B&W Y-12

John Woolery, President
B&W Pantex

(*Additional Speakers TBD*)

11:30 **International Perspectives on
Maintaining the U.S. Nuclear Deterrent**

Speakers TBD

12:30 **LUNCH**

1:30 **The Management of the Weapons
Labs—Insight from the National
Academy of Sciences Assessment**

Charles Shank, Chairman
National Academy of Sciences Study
Committee

OPEN DISCUSSION

OPEN DISCUSSION

5:30 **ADJOURN**

5:45 **COCKTAIL RECEPTION**

Thursday, February 16

*Today Recognizing...
URS; Parsons; Bechtel National Inc.;
and Fluor Corporation*

7:30 **CONTINENTAL BREAKFAST**

8:00 **OPENING KEYNOTE PLENARY**

**The Necessity to Modernize the
Weapons Complex**

The Honorable John Kyl,
U.S. Senator, Arizona

OPEN DISCUSSION

8:30 **Transparency and Verification: The
Administration’s Strategy for Nuclear
Deterrence and Arms Control**

The Honorable Don Cook, Deputy
Administrator for Defense Programs,
National Nuclear Security
Administration

The Honorable Anne Harrington,
Deputy Administrator for Defense
Nuclear Nonproliferation, National
Nuclear Security Administration

— Strengthening Capabilities to Prevent the Use of Nuclear Weapons —

The Honorable Rose Gottemoeller
Assistant Secretary for Arms Control,
Verification and Compliance
U.S. Department of State

Allison Bawden, Assistant Director
Government Accountability Office

8:30 **Assuring Effective Delivery Systems for
the Nuclear Deterrent**

OPEN DISCUSSION

Major General William Chambers,
Assistant Chief of Staff, Strategic
Deterrence and Nuclear Integration,
U.S. Air Force

Kenneth A. Myers, Director
Defense Threat Reduction Agency
& U.S. Strategic Command Center
for Combating Weapons of Mass
Destruction (SCC-WMD), DoD

3:00 **COFFEE BREAK**

3:20 **Improving Integration Between NNSA,
DoD and STRATCOM**

OPEN DISCUSSION

OPEN DISCUSSION

Brig. Gen. Sandra Finan, Principal
Asst. Deputy Administrator for Military
Application, National Nuclear Security
Administration

9:00 **A Congressional Perspective on the
U.S. Nuclear Deterrent**

10:00 **COFFEE BREAK**

The Honorable Michael Turner,
U.S. Representative, Ohio

10:20 **A Russian Perspective on the Future of
Arms Control and Mutual Deterrence**

(Additional Speaker from DoD TBD)

OPEN DISCUSSION

Vladimir Rybachenkov, Senior
Scientist at the Moscow Center for
Arms Control Studies; *(former Nuclear
Counselor, Russian Embassy in
Washington)*

OPEN DISCUSSION

4:20 **Improving Construction and Project
Management Across the Complex**

9:30 **Improving Site Management and
Integration**

OPEN DISCUSSION

Robert Raines, Associate
Administrator for Acquisition and
Project Management, NNSA

Ray Juzaitis, President
NSTec, Nevada Test Site

11:00 **Progress on Assuring Global Nuclear
Material Security and Meeting the
Challenge of Nuclear Terrorism**

Ryan Coles, Assistant Director
Government Accountability Office

Chris Gentile, President
Kansas City Plant
Honeywell FM&T

Laura Holgate, Senior Director
Weapons of Mass Destruction
Terrorism and Threat Reduction, White
House National Security Council
(NSC)

John Gertsen, Vice President
UPF Programs, B&W Y-12

Geoffrey Beausoleil, Deputy Manager
NNSA Pantex Site Office

Dan Hoag, Acting Manager
NNSA Y-12 Site Office

(CMRR Speaker TBD)

OPEN DISCUSSION

Kelly Trice, President
Shaw-AREVA MOX Services

10:30 **COFFEE BREAK**

The Honorable Andrew Weber,
Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense

OPEN DISCUSSION

5:30 **The Future of NNSA Contracting**

10:50 **Are We Rebuilding a Nuclear Stockpile
for a World That Doesn't Exist?**

Additional Speakers TBD

Joe Waddell, Director
Office of Acquisition and Supply Chain
Management, National Nuclear
Security Administration

Ambassador Paul Robinson President
Emeritus, Sandia National Laboratories

OPEN DISCUSSION

12:00 **LUNCH**

1:00 **The Challenges Facing the National
Weapons Laboratories to Assure the
Credibility of the Nuclear Deterrent**

6:00 **ADJOURN**

6:15 **COCKTAIL RECEPTION**

11:20 **Perspective from Congress on the
Direction and Financial Support for
U.S. Nuclear Deterrence Strategy**

Paul Hommert, Director
Sandia National Laboratories

(Additional Speakers TBD)

MODERATOR: **Todd Jacobson**
Reporter, *Nuclear Weapons &
Materials Monitor*

Rob Soofer, Professional Staff
Member, Office of Sen. Jon Kyl

2:00 **Maintaining Modernization Within a
Constrained Budget**

Friday, February 17

*Today Recognizing...
Honeywell*

7:00 **CONTINENTAL BREAKFAST**

Tim Morrison, Majority Staff, House
Armed Services Strategic Forces
Subcommittee

8:00 **OPENING KEYNOTE PLENARY**

Robert Nassif, Director, Office of
Financial Management, National
Nuclear Security Administration

**A Nonproliferation Approach to
Support the Expansion of Civilian
Nuclear Power**

Taunja Berquam, Minority Staff,
House Energy and Water
Appropriations Subcommittee

Leland Cogliani, Majority Staff,
Senate Energy and Water
Appropriations Subcommittee

The Honorable Daniel Poneman,
Deputy Secretary, U.S. Dept. of Energy

12:30 **SUMMIT ADJOURNS**

OPEN DISCUSSION

In Cooperation With...



Partnering Organizations...
(as of 1/12/2012)



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About the Summit...

For more than 20 years, ExchangeMonitor Publications & Forums has been bringing together national and global decisionmakers to address critical issues surrounding the production and reduction of nuclear weapons. The Nuclear Deterrence Summit, started in 2008, follows in the footsteps of the Nuclear Security Decisionmakers Forum convened just after the creation of NNSA and 10 years of forums on the U.S.-Russian Plutonium Disposition program.

The Nuclear Deterrence Summit is the only international conference devoted specifically to addressing the U.S. nuclear weapons program and the responsibilities of the key government agencies—**The National Nuclear Security Administration, the Dept. of State and the Dept of Defense, including STRATCOM.** For the past two years, opening keynote addresses were given by Under Secretary of State Ellen Tauscher and Russian Ambassador Sergei Kislyak. The list of past speakers and participants reads like a who's who of the global nuclear weapons and nonproliferation community.

Past Summits attracted more than 300 participants and achieved recognition by major national and international media.

— **PARTNERSHIP OPPORTUNITIES...** —

Want to enhance recognition of your organization's involvement or interest in getting involved with NNSA or DoD programs with responsibilities for nuclear operations?

Become a **Nuclear Deterrence Summit Partner** and publicize your company to the community directly involved in working in the NNSA and related DoD marketplace. This 2½ day event will attract participants from a broad spectrum of companies and organizations. The benefits include:

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- Moderating or speaking*;
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- Recognition during the conference via signage publicizing the company logo/trademark, etc.

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For details contact the Forums office at 1-877-303-7367 ext. 109 or email forums@exchangemonitor.com

— PAST ATTENDING ORGANIZATIONS —

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ATK Space Systems
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CEA - France
Center for Strategic & Int'l Studies
CH2M HILL
Chenega Security & Protection Services
C-SPAN
Culmen International
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Financial Times
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Great Basin Technology, Inc.
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Honeywell Federal Manufacturing & Technologies
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House Armed Services Committee
House Committee on Foreign Affairs
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Nuclear Safety Associates
Nuclear Threat Institute
Nuclear Weapon Surety and Quality Office
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PaR Systems, Inc. / Environmental
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ACCOMMODATIONS

The rate for Summit attendees at the Renaissance Arlington Capital View is \$181.00 for single and double occupancy. These rates do not include a daily hotel services fee, along with applicable city and states taxes (which are currently 10.5%).

To guarantee a reservation, **PLEASE USE THE LINK** https://resweb.passkey.com/Resweb.do?mode=welcme_ei_new&eventID=6660490 to book directly into our room block.

If you would prefer to reserve your room by telephone, please contact the Group Housing office of the hotel at 1-877-212-5752, and identify yourself as a 4th Annual Nuclear Deterrence Summit attendee. If space is available, the above

rate will apply for attendees three days prior and three days after our program dates. We recommend making your reservations EARLY to secure a guest room (**no later than Feb. 9, 2012**).

GROUND TRANSPORTATION

From Ronald Reagan Washington National Airport: The Renaissance Arlington Capital View is 1 mile east of Reagan National Airport. A courtesy phone is available, and airport shuttle service (scheduled) is complimentary. Alternatively, subway service is available from the airport (\$1.65 one way). A private taxi is also a reasonable choice, with an estimated fare of \$10.00 (one way). **From Baltimore Airport:** Call Super Shuttle and make reservations for the most economical rate. **From Dulles Airport:** Taxi will be around \$50.00.

MARRIOTT RENAISSANCE ARLINGTON CAPITAL VIEW

The Conference site is the Marriott Renaissance Arlington Capital View, 2800 South Potomac Ave, Arlington, VA 22202; Phone 703-413-1300. It is located just minutes away from Washington, D.C. Adjacent to the Crystal City Metro Station, the entire Washington D.C. metropolitan area is at your disposal, with the Smithsonian Museum, Holocaust Museum, National Zoo, and the national monuments just a metro ride away. Plus, it is just one mile from the Ronald Reagan National Airport.

The Hotel operates a 24-hours a day exercise room and heated indoor pool. Additionally, high speed internet service is available, along with copy, fax, and messenger service.

Registration opens at 3:00 p.m. Tuesday, Feb. 14 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary begins at 8:00 a.m., Wednesday, Feb. 15. The Summit ends at 1:00 p.m., Fri., Feb. 17.

THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT

A New START: Sustaining a Credible Deterrent Through Modernization

February 14-17, 2012

Marriott Renaissance Arlington Capital View
Arlington, Virginia

Registration Fees:

| | |
|---|------------|
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Cancellation Policy: *There is a \$200.00 service charge on cancellations after Jan. 27, 2012. No refunds will be made after Feb. 3, 2012 but substitutions are welcome.*

Register at www.deterrencesummit.com

in preventing nuclear terrorism ... all countries can and must do more to strengthen security.”

—Todd Jacobson

ACID SPILL TEMPORARILY SHUTS DOWN OPERATIONS AT NUCLEAR FUEL SERVICES

Operations at Nuclear Fuel Services’ Erwin, Tenn., plant were temporarily shut down this week due to a nitric acid leak. The leak occurred on the afternoon of Jan. 9, forcing NFS officials to put the plant into a “safe shutdown” mode and move employees working in nearby areas to other parts of the facility. NFS spokeswoman Lauri Turpin said the spill at an outdoor bulk chemical storage area was contained by a dike designed to prevent spills from spreading and the facility was authorized by the company’s director of Quality, Safety and Safeguards to restart operations that evening.

Turpin said the nitric acid was removed from the dike area and transferred to recovery containers. The spill involved 300 gallons of nitric acid, according to Nuclear Regulatory Commission spokesman Roger Hannah. When nitric acid mixes with water, it can create fumes that can be hazardous and often fatal if inhaled. “NFS safety systems performed as designed, successfully containing the leak in a dike surrounding the bulk chemical storage area,” Turpin said in a statement. She said no injuries occurred as a result of the leak. Two NFS employees were evaluated by NFS medical staff and released. Turpin did not say how the spill occurred.

The Unicoi County Emergency Management Officer and an Emergency Response Specialist from the Tennessee Emergency Management Agency came to the plant during the incident, and the Nuclear Regulatory Commission was notified of the spill. The NRC said it will not investigate the incident on its own. “The event did not involve any radiological material nor NRC-licensed processes and did not meet emergency declaration criteria,” Hannah said. “There was no offsite impact and we are following up on the event with our resident inspector staff. We are interested in their investigation into the cause or causes of the event but plan no further actions at this point.”

—Todd Jacobson

REFLECTING SLOW PROGRESS ON CUTS, BULLETIN ‘DOOMSDAY’ CLOCK MOVED UP

The optimism sparked by President Obama’s vision for a nuclear weapons-free world has faded, and a group of renowned nuclear scientists has moved the symbolic

‘Doomsday Clock’ one minute closer to midnight two years after nudging it back a tick. The *Bulletin of the Atomic Scientists* shifted the minute hand on the clock from six minutes to five minutes to midnight, moving it back to its position from 2007 to 2010. The central reason for the move was declining momentum for cuts to the worldwide stockpiles of nuclear weapons and slow progress in addressing climate change, scientists from the group said in a Jan. 10 announcement. “Two years ago, it appeared that world leaders might address the truly global threats that we face,” the group said in a statement. “In many cases, that trend has not continued or been reversed.”

The decision to change the clock came from the *Bulletin*’s board of sponsors, a group of scientists and policymakers that includes 18 Nobel laureates, and was reflective of the frustration surrounding the slow pace of actions to reduce worldwide nuclear weapons stockpiles. Obama seemed to spark the effort in 2009, outlining a vision for a world free of nuclear weapons and committing the United States to an ambitious nuclear security agenda. But with less than a year left in his first term, the Obama Administration can claim only one true victory in the nuclear weapons arena, the completion of the New START Treaty with Russia, while work on the four-year effort to secure all vulnerable nuclear material around the world continues. The Administration has not generated enough support for Senate ratification of the Comprehensive Test-Ban Treaty, one of the pillars of Obama’s nuclear security agenda, and the prospects for a Fissile Material Cutoff Treaty continue to flounder in the Conference on Disarmament, blocked by Pakistan.

‘Leadership is Failing’

The clock, created in 1947, has been changed only 19 times before this week. The hands of the clock were last at 5 minutes from 2007 to 2010 due to increased nuclear tensions around the world created in part by North Korea’s first nuclear weapons test and Iran’s push for nuclear weapons. Like in 2007, challenges involving North Korea and Iran also remain. “The path toward a world free of nuclear weapons is not at all clear, and leadership is failing,” said Jayantha Dhanapala, a member of the group’s Board of Sponsors and the former Sri Lankan ambassador to the United States.

Another member of the group’s Board of Sponsors, Princeton professor Robert Socolow, suggested that despite the success of the New START Treaty, future arms control efforts between the U.S. and Russia—and the rest of the world’s nuclear weapons states—were very much in doubt. He noted that any future negotiations between the U.S. and Russia are likely to be stymied by disagreements over missile defense and there is “insufficient transpar-

ency, planning, and cooperation among the nine nuclear weapons states to support a continuing drawdown.” He said the “resulting distrust” forces countries to continue to maintain and modernize their nuclear arsenal. “While governments claim they are only ensuring the safety of their warheads through replacement of bomb components and launch systems, as the deliberate process of arms reduction proceeds, such developments appear to other states to be signs of substantial military build-ups,” Socolow said.

The *Bulletin* also noted that there has been little progress on several other key recommendations, including:

- Implementation of a multinational framework for managing the nuclear fuel cycle;
- Strengthening the International Atomic Energy Agency’s ability to oversee nuclear materials, technology development and its transfer; and
- Adopting climate change agreements to reduce carbon dioxide emissions, private sector investments in alternatives to carbon-emitting energy sources, and the transformation of the coal power sector of the world.

—*Todd Jacobson*

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IT'S TIME TO END SECRECY ON CONTRACTOR EVALUATIONS

Two years ago, we took to these pages to highlight the unnecessary, misguided decision by the National Nuclear Security Administration to no longer release the annual report cards assessing the performance of weapons complex contractors and providing the basis for the fee the contractors are paid. NNSA argued in a 2009 memo that information contained in the Performance Evaluation Reviews (PERs) are procurement sensitive and should remain hidden for no less than three years when, according to the memo, the information is “no longer useful for past performance evaluation purposes.” For its part, the DOE cleanup program then, as now, has no formal policy, with the release of information varying widely site by site and contractor by contractor. Formal policy or no, the results for both NNSA and the Office of Environmental Management is the same: the public is left in the dark about how the contractors are performing.

Despite the outcry, the situation remains the same today, either formally or simply in practice, for both NNSA and the DOE cleanup program. It is largely left up to the contractors themselves how much information gets released each year, resulting in a fair amount of detail about what is going well, but virtually nothing about what needs to be improved. Most decide to release their fee—eventually. Some don't. A few provide the fee determination letter, most don't. And the real information, namely the Performance Evaluation Reviews themselves, always remain under wraps, even though other parts of DOE like the Office of Science release such information for their contractors. This practice is self-defeating and needs to end. Now.

But don't just take our word for it. On top of recent editorials and columns in such newspapers as the *Albuquerque Journal* and the *Knoxville News Sentinel* and criticism from a host of public watchdog groups, here's what former NNSA General Counsel Tyler Przybylek had to say when asked about the policy this week: “To award in excess of a quarter of a billion dollars in earned fee to contractors and then refuse to release the basis for the award (the PERs) of that sum of taxpayer money is just wrong. I am not quibbling with the strictly legal analysis underlying NNSA's decision, nor am I criticizing the fee determination process which was established while I was in government. Not releasing the contractor evaluations denies the public the ability to scrutinize the evaluation and decide whether the fee is worth it. The credibility of the process is established by its openness.”

Let that sink in. The former general counsel of the National Nuclear Security Administration—who by the way knows a thing or two about what should be procurement sensitive after running the incredibly complex re-competition of the Los Alamos National Laboratory contract—says keeping the evaluations under wraps is flat out wrong. He's right under any circumstances. But as budgets get tighter for both the NNSA and the DOE cleanup program, there is more reason than ever that the evaluations of the contractors performing this vital work and the justification for the fees paid to them be available for all to see.

It is time to take this decision out of the Department of Energy's hands. For two years, the agency has had the chance to revisit the policy, do the right thing and make the evaluations available. For two years, despite numerous calls to back up its claims of transparency, the agency has done nothing. This year, as the FY 2013 appropriations process begins, we are calling on Congress to force the issue with language barring DOE from obligating funds to these contracts unless these performance evaluations and fee determinations are released on an annual basis. The work is too important and the price of failure is too high to keep taxpayers in the dark about how these funds are being spent. The time for change is now.



Martin A. Schneider
Editor-in-Chief
ExchangeMonitor Publications, Inc.

At the Weapons Labs/DOE Sites

AT LIVERMORE BREAKTHROUGH OPENS DOOR TO NEW DETECTION TECHNOLOGY

A team of scientists at Lawrence Livermore National Laboratory have for the first time developed a plastic material that can differentiate between neutrons and gamma rays, and the developers of the technology believe the breakthrough could lead to a low-cost alternative to current radiation detection technology. Previously, plastics had been able to detect neutrons and gamma rays, but scientists had not been able to use plastics to tell them apart, which is essential to discerning whether a material is plutonium, uranium or a more benign radioactive source.

The lab noted that the plastic material it has developed could eventually serve as a viable alternative to current technologies. Among the current technologies, it said organic crystals act as some of the best neutron detectors, but the crystals can be tough to cultivate and amass in large quantities. Liquid scintillators offer their own hazards, and gas detectors that use helium-3 have fallen victim to a nationwide helium-3 shortage tied to decreased tritium production. Helium-3 is a byproduct of tritium's radioactive decay. "On balance, the plastic scintillators may turn out to be best for detecting neutrons once the factors of usage in the field, cost, and performance are taken into consideration," materials scientist Steve Payne said.

Lab Touts 'More Flexible' Detection Technology

The lab suggested that the plastic scintillators could be manufactured in large sheets and formed into even larger

sheets, providing a broader surface area than other neutron detectors. The lab said it could be used in the protection of ports, stadiums and other large facilities. "Plastics have more flexibility in their composition and structure than crystals, as well as having none of the hazards associated with liquid scintillators," the lab said in a statement.

Livermore scientists were able to achieve the breakthrough by increasing the concentration of a scintillating dye, 2,5-diphenyloxazole (PPO), by at least tenfold in a plastic mix with an organic crystal known as stilbene that is already used in neutron detection technologies. "As we mixed DPAC with stilbene at 5 percent, 10 percent and 15 percent, there was nothing," Payne said. "Suddenly at 18 percent, we were able to distinguish neutrons from gamma rays. Once we hit 40 percent, we had the full function."

The scientists' findings were presented in an article that appeared in December in the journal *Nuclear Instruments and Methods in Physics Research A*. The team's work was funded by the National Nuclear Security Administration's Office of Nonproliferation and Verification Research and Development. The lab said it is currently negotiating with two companies to license the technology on a commercial scale. "We're very good at inventing technologies, but we need commercial partners to bring our innovations to market," Payne said.

AT LIVERMORE FIRST SEQUOIA RACKS ARRIVE AT LIVERMORE

Officials at Lawrence Livermore National Laboratory have begun installing the first pieces of the National Nuclear Security Administration's Sequoia supercomputer, a next generation high performance computing machine that officials expect to break the 20 petaflops barrier (a quadrillion floating operations per second). The first four racks of the supercomputer arrived at the lab this week from IBM, and deliveries of the system will continue through April of 2012. The racks will be integrated in phases, with the final acceptance of the 96-rack system scheduled for September of 2012. The supercomputer is based on IBM's BlueGene technology and is designed to help the NNSA maintain the nation's nuclear stockpile. When it's fully up and running,

Sequoia is expected to be the world's most powerful supercomputer, nearly twice as fast as the most powerful systems currently running.

IBM was awarded the contract to provide Sequoia to LLNL in 2010. A precursor supercomputer to Sequoia, known as "Dawn," was already installed at the lab and will establish a foundation for the much more powerful Sequoia. The NNSA has not disclosed the price tag for the supercomputers, but the estimated cost and maintenance of Sequoia and Dawn was expected to be \$214.5 million through 2015.

AT OAK RIDGE Y-12 CUTS 65 SUBCONTRACTOR JOBS

Y-12 National Security Complex contractor B&W Y-12 confirmed that about 65 subcontractor jobs have been cut at the plant in Fiscal Year 2012 as part of efforts to maintain operations in an increasingly tight budget environ-

ment. So far, B&W has been able to avoid layoffs in its workforce, which accounts for about 4,600 jobs at Y-12, but General Manager Darrel Kohlhorst has acknowledged that the a number of measures—a hiring freeze, limits on

travel, and reduced overtime for employees—have been used to keep costs under control.

While B&W hasn't laid off its workers, contractor spokesman David Keim said there have been cutbacks in the supporting staff. Those layoffs came from a total workforce of about 400 workers through the plant's staff augmentation contracts, Keim said. "We continue to focus

on assuring that we can execute mission-critical work within budget constraints," Keim said in an email statement. "As part of that effort, since the start of the fiscal year, we have released about 65 workers employed through our staff augmentation contracts. These positions were in a variety of areas including technical, business support and engineering functions. Many also were supporting Recovery Act work."

AT OAK RIDGE AFTER RETIREMENT, SHERRY HONORED

There have been a number of events held in recent days in Oak Ridge for Ted Sherry, who retired from government service at the end of 2011 and stepped down from his post as manager of NNSA's site office at the Y-12 National Security Complex. On Jan. 11, NNSA Deputy Administrator Don Cook came to Oak Ridge for ceremonies at Y-12's New Hope Center, where he presented Sherry with multiple awards. They included the DOE Distinguished Career Service Award, the NNSA Administrator's Gold Medal Award, and the Defense Programs Award of Excellence.

In addition to those awards, Sherry was presented a U.S. Flag that had been flown over every site in the weapons complex as well as at NNSA Headquarters in Washington, D.C. A few days earlier, Sherry was honored by the East Tennessee Economic Council, the Energy Technology and Environmental Business Association and the Oak Ridge Chamber of Commerce and given several gifts for his community service. Sherry has said he plans to stay in Oak Ridge and work for a government contractor, but indicated he hasn't yet made a job decision.

AT OAK RIDGE HERRERA NAMED ACTING Y-12 SITE OFFICE DEPUTY

Robert "Dino" Herrera has been assigned to the NNSA's Y-12 Site Office, where he'll serve a detail as acting deputy manager of the office until a Consolidated Production Site Office is opened—reportedly before year's end at an undisclosed location—for the Y-12/Pantex combined contract. Herrera is replacing Dan Hoag, who last month was named acting YSO manager following Ted Sherry's decision to retire from government service and step down

from the top federal post at the Oak Ridge warhead manufacturing plant. Herrera has been a member of the Senior Executive Service since 2006, holding posts at NNSA HQ, Sandia Site Office, Los Alamos Site Office, and the Albuquerque Operations Office. He's a native of New Mexico and holds an engineering degree from New Mexico State University. ■

Wrap Up

IN DOE

Oak Ridge National Laboratory's High Flux Isotope Reactor, which was shut down Dec. 16 for refueling and maintenance work, was restarted Jan. 9, according to Ron Crone, the lab's reactor chief. Crone said the 85-megawatt research reactor will run the current cycle—the 440th in its history—until Feb. 4. "This will be followed by our long spring outage which is planned for 51 days," Crone said by email. The Oak Ridge reactor is used as a research tool for scientists exploring materials with neutron-scattering experiments. It also is a primary source for production of radioisotopes for medicine, research and industry.

ON THE INTERNATIONAL FRONT

Guatemala ratified the Comprehensive Test-Ban Treaty this week, becoming the 156th country to affirm its approval of the agreement. Guatemala's ratification brings to 31 the number of Latin American countries that have ratified the treaty; only Cuba and Dominica have not signed or ratified the treaty. "Guatemala's ratification of the CTBT is an important building block towards a world free of nuclear weapons," Tibor Tóth, the Executive Secretary of the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization, said in a statement. "It underlines Guatemala's commitment to outlaw nuclear testing and to enhance non-proliferation and disarmament worldwide." Though Guatemala's ratification was a welcome boost for the treaty, the pact will not take effect until eight remaining "Annex 2" countries sign off. That list includes the United States, China, Egypt, India, Iran, Israel, North Korea, and Pakistan. ■

Calendar

January

- 16 EM PUBLS CLOSED FOR MLK DAY
- 18 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.
- 20 Discussion: "The Future of the U.S. Nuclear Arsenal: Issues and Policy Options," Strategic Posture Commission member Mort Halperin, Hans Kristensen of the Federation of American Scientists, and Amy Woolf of the Congressional Research Service, sponsored by the Arms Control Association, at the Carnegie Endowment, 1779 Massachusetts Ave., NW, Washington, D.C., 9:30-11 a.m.
- 24 President Obama gives State of the Union Address.
- 25 Meeting: Northern New Mexico Citizens Advisory Board; NNM CAB Office, Pojoaque, New Mexico.
- 31 **Speech: "New START: A Year Later—How New START has Increased Our National Security and Next Steps with Russia," Rose Gottemoeller, Assistant Secretary of State for Arms Control, Verification, and Compliance, at the American Security Project, 1100 New York Ave., NW, Suite 710W, Conference Room E, Washington, D.C., noon-2 p.m.**

February

- 2 **Scoping Meeting: Amended Notice of Intent to Modify the Scope of the Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Cities of Gold Hotel, 10-A Cities of Gold Road, Pojoaque, N.M., 5:30-8 p.m.**

14-17

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- 15 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.

- 20 EM PUBLS CLOSED FOR PRESIDENT DAY

(Changes from previous Calendar in Bold)

MONITOR

NUCLEAR WEAPONS & MATERIALS

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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NUCLEAR WEAPONS & MATERIALS

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Volume 16 No. 3

January 20, 2012

— *INSIDE HIGHLIGHTS* —

Patty Wagner, the chair of the Source Evaluation Board for the NNSA’s combined Y-12/Pantex M&O contract procurement, does not believe her retirement in February will significantly impact the ongoing procurement. . . . 2

With less than a month remaining before the Administration’s FY 2013 budget release, Los Alamos National Laboratory officials are bracing for what is expected to be a massive cut to its biggest project: the Chemistry and Metallurgy Research Replacement-Nuclear Facility. . . 3

The NNSA’s new plan for plutonium pit disassembly and conversion is expected to be both less expensive and able to establish the capability sooner than other alternatives that have been under consideration, the NNSA official in charge of the program said. 5

Faced with a need for low-enriched uranium to use to produce tritium, DOE is planning to turn to USEC to provide the material. 6

DOE’s Savannah River Operations Office has submitted a recommendation to DOE headquarters to partially extend Savannah River Nuclear Solutions’ contract to manage the Savannah River Site. 7

The Obama Administration’s decision to not force countries to forego enrichment and reprocessing technologies as part of future civil nuclear cooperation deals is drawing criticism from Sen. Richard Lugar and others in Congress. 7

A new class of employees at the Knolls Atomic Power Laboratory are preparing to unionize, unhappy with their treatment under management and operating contractor Bechtel Marine Propulsion Corporation. 8

A group of public health, medical, and nuclear nonproliferation experts sent a letter to U.S. lawmakers this week urging them to amend pending legislation to restrict the use of the medical isotope molybdenum-99 produced by Russia. 9

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PANTEX’S ERHART TO HEAD UP NUCLEAR SECURITY PRODUCTION OFFICE

Pantex Site Office Manager Steve Erhart has been picked to head up the National Nuclear Security Administration’s new Nuclear Security Production Office, *NW&M Monitor* has learned. Erhart has served as the head of the Pantex Site Office since 2008, and in his new position, he’ll shift to oversee the NNSA’s new combined nuclear production contract that includes the Y-12 National Security Complex, the Pantex Plant and an option to include Savannah River Site tritium operations. It’s unclear where the new federal

office will be located, or when the Pantex and Y-12 site offices will be merged. Prior to becoming the manager of the Pantex Site Office, Erhart served as the office’s senior scientific and technical advisor. He also served as the deputy director of the NNSA’s Weapons Surety Division and the program manager for several weapons program in Albuquerque, N.M. A formal announcement is expected next week.

—Todd Jacobson

Y-12/PANTEX SEB CHAIR PATTY WAGNER TO RETIRE IN FEBRUARY

Patty Wagner, the chair of the Source Evaluation Board for the National Nuclear Security Administration's combined Y-12/Pantex management and operating contract procurement, does not believe her retirement in February will significantly impact the ongoing procurement, telling *NW&M Monitor* this week that she is confident in the source evaluation team that remains in place. With bids for the procurement due in less than two months, Wagner announced this week that she was retiring effective Feb. 3, calling her decision a "personal" matter that had been in the works for some time. The NNSA said that Robert Scott, the deputy chair of the SEB, will take over as the SEB chair, while Rich Sena will replace Wagner in her other position—Sandia Site Office manager—on an acting basis until a permanent replacement is selected. "I've worked with lots of teams over the course of my career and that is just an outstanding team," Wagner said. "If I was really worried about the team being able to finish I might've made a different decision but I am not worried about the team being able to finish. I know they will do an outstanding job."

Though the timing of her retirement raised eyebrows around industry, Wagner told *NW&M Monitor* that the decision was a long time coming. She said she had hoped to retire when she reached 30 years of government service in November 2010, but when delays in the Y-12/Pantex procurement pushed those plans back, she said she committed to NNSA senior management to stay through the release of the final Request for Proposals in December. That document was released Dec. 14, and bids are due March 13. She started work on the contract in September of 2008 when she began leading the agency's Acquisition Strategy Team. "I had a personal goal to retire at 30 years and when I took this project on with the Acquisition Strategy Team that timing would've been about right," she said. "With the complexities of the contract it's taken a

little longer than expected. I agreed to finish the RFP and get that out on the street, which I've done, and I'm pretty happy with the product. I think it's going to be a very successful product. I met that commitment and it was a good time personally."

'I'll Stay Engaged'

Wagner did not reveal her future plans, but said in a Jan. 17 message to Sandia Site Office employees that she planned to remain in the Albuquerque, N.M., area after her retirement. Wagner took over as the Sandia Site Office manager in 2004 and is the longest tenured of the NNSA's field chiefs. "I'm young, and there is a whole life ahead still," Wagner said. "I'm not sure [what's next] and I'm not making any formal comments on that." She suggested that she wanted to remain connected to the Department of Energy/NNSA marketplace. "I'll stay engaged wherever I see there's a good fit for me or a good need," she said.

With direct connections to the NNSA's two largest procurements—the Y-12/Pantex competition and a looming competition to run Sandia National Laboratories—Wagner is certain to have some employment restrictions facing her upon retirement. She said she wasn't sure what those restrictions would be, and NNSA spokesman Josh McConaha did not provide any details on the restrictions, referring questions to Wagner. "I'm under the same restrictions as anyone else as far as being a part of the Senior Executive Service and the same restrictions under the FAR [Federal Acquisition Regulations]," Wagner said, noting that she hadn't discussed the restrictions with NNSA officials. "But I will comply with any of those restrictions," she added.

Wagner: Contract Will Be 'Transformational'

As it worked to draft language in the Request for Proposals, Wagner's team dealt with concerns from a variety of fronts. Lawmakers, specifically in Tennessee, questioned

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the rationale behind combining the contracts, while the Government Accountability Office questioned the \$1.15 billion that the NNSA projected could be saved through the merger. Union officials also criticized the contract for not doing enough to protect incumbent employees, and industry officials took aim at a variety of issues, most notably the fee available as part of the contract. In a first for the NNSA, a portion of the fee for the contract will be tied to how much money is saved through the merger, and potential bidders for the contract were pleased with the SEB's responsiveness to industry feedback, which led to several changes in the final RFP, including changes to the fee structure and the removal of protective force services from the contract.

Wagner said that while it took longer than she had planned, she was ultimately pleased at how the final RFP turned out. "I think my legacy will be that I put together a contract that is really transformational for NNSA and helps transform NNSA for where they're trying to go," Wagner said. She suggested that the hardest part of drafting the RFP was navigating a tricky political landscape. "We are doing some transformational things, we did a good job doing that," Wagner said. "I don't think the delays were necessarily getting that product done, I mean certainly there is a political landscape."

Wagner Happy With Competition

One of the other questions that has hovered over the procurement has been whether or not there would be more than one company bidding for the contract. Wagner steadfastly remained confident over the last two years that the NNSA would receive more than one proposal, and in recent months, it's become clear that the agency is likely to receive three bids: from a team of B&W, URS, Northrop Grumman and Honeywell, as well as separate entries from Lockheed Martin, Bechtel and defense contractor ATK and Fluor and Jacobs Engineering. "That's very satisfying," Wagner said. "On these big M&O contracts, you're typically going to get one, two, three, four offers so I'm very satisfied with that. I think it's a good product. I think the industry is going to respond well, and overall I think the contract is going to be very successful."

—Todd Jacobson

LOS ALAMOS BRACING FOR BIG CUT TO CMRR-NF IN FY2013 BUDGET REQUEST

Project on Government Oversight Recommends Killing Funding for Multi-Billion-Dollar Project

With less than a month remaining before the Obama Administration's Fiscal Year 2013 budget release, Los Alamos National Laboratory officials are bracing for what

is expected to be a massive cut to its biggest project: the Chemistry and Metallurgy Research Replacement-Nuclear Facility. The multi-billion-dollar project that will replace the lab's aging Chemistry and Metallurgy Research facility has come under fire in recent months, both from Congress and from government watchdog groups like the Project on Government Oversight and the Los Alamos Study Group. Although lab and NNSA officials haven't said anything publicly about the project, lab officials are privately expecting the worst when it comes to funding for the project, which is estimated to cost between \$3.7 and \$5.8 billion. "We're not expecting funding for CMRR," one official told *NW&M Monitor*. "Right now, we're planning to go without."

Though the Administration's intentions are unclear, a decision to cut funding for the planned facility could allow the National Nuclear Security Administration to stagger its two biggest projects, the CMRR-NF and the Uranium Processing Facility planned for the Y-12 National Security Complex, or do away with the CMRR-NF project altogether. Either way, as a key piece of the Obama Administration's plan to modernize the nation's weapons complex and nuclear stockpile, any pullback on funding for CMRR-NF would certainly draw protests from Congressional Republicans. The Administration pledged \$88 billion from FY2012 to FY2021 to maintain and modernize the complex, with construction of the CMRR-NF and UPF the centerpieces of the plan. In FY2012 budget projections, the Administration said it expected to spend \$300 million on CMRR-NF in FY2012 and FY2013, but Congress had already begun to balk at the price tag, providing just \$200 million in FY2012 with explicit instructions prohibiting the start of preliminary construction activities. Previously, the Senate Appropriations Committee had directed the NNSA to consider staggering construction of CMRR-NF and UPF. "The eventual demise of CMRR-NF has been inevitable, given its lack of justification and astronomical cost," said Greg Mello, the director of the Los Alamos Study Group. Mello's organization has parallel lawsuits that contend that NNSA hasn't fully analyzed alternatives to building CMRR-NF. "The initial costs were low-balled and unrealistic," Mello said.

With Limited Funds, a Choice

Initially estimated to cost \$375 million, the current projected price tag for the project is between \$3.7 and \$5.8 billion. A firm cost estimate for the project isn't expected until the end of this year at the earliest, and Congress recently declined to provide funding for the project to begin preliminary construction activities in Fiscal Year 2012; the facility is expected to be fully operational in 2023. The facility would provide space for analytical chemistry and vault space for plutonium storage, which

would free up space in the lab's Plutonium Facility to increase the production of plutonium pits. One industry official suggested that CMRR-NF's relatively limited mission could be its downfall. "When you're talking about UPF and CMRR-NF, there's no comparison," the official told *NW&M Monitor*. "UPF, almost all of it is operations space and you've got to replace the 9212 complex. With CMRR-NF, there's only two programmatic operational functions—an analytical lab and vault space for plutonium. Everything else is support space, so it's not hard to see why there are questions about it."

It's unclear how the Administration will choose to pursue the project, but some industry officials have suggested that design of the facility could be completed during FY2012 with funds that have already been appropriated—and potentially used when the budget environment is more friendly. That strategy would also appear to fall in line with a "staggering" approach involving major NNSA construction work, allowing construction to begin on UPF while delaying work on CMRR-NF. Mello suggested, however, that work on the project be stopped immediately. "Assuming the current rumors are true, the main thing now is to stop additional expenditures immediately, mid-year, rather than winding down the project gradually and wasting even more money," he said. "NNSA should focus on making the existing LANL plutonium facility safe, without adding capabilities, at the same time continuing its process of abandoning CMR, which now has no remaining long-term missions."

NNSA Bracing for Budget Woes

While NNSA officials haven't said anything publicly about the project, there has been a clear indication that the FY2013 budget request would be lower than previous projections. In comments to *NW&M Monitor* last month, NNSA Principal Deputy Administrator Neile Miller suggested that the agency would have to make do with less money than expected; \$7.95 billion had been projected for the weapons program a year ago. "Lots of consideration has been given now to a lot of things to try and formulate a budget at lower amounts than we planned a year ago," Miller told *NW&M Monitor* after her speech. "That's the Budget Control Act reality. Everyone from DoD to you name the 'D' has needed to and has been reexamining assumptions and priorities and program of work."

POGO Calls for CMRR-NF to End

Such a decision would be just what the Project on Government Oversight is recommending. Calling the project a "behemoth of overspending," the watchdog group this week urged the Administration and Congress to kill the project over concerns about its price tag and what it said

were questions about its need in the current fiscal and national security environments. "This facility is a poster child for government waste," POGO Senior Investigator Peter Stockton said in a statement. "Why are we designing a multi-billion dollar facility that has no clear mission?" While breaking no new ground, POGO's report ticks off a variety of issues facing the project that have made it a potential target of budget cuts, including its ballooning cost and NNSA's spotty project management record, reductions to the nation's nuclear weapons stockpile, as well as seismic concerns related to its design. "Moving forward with CMRR-NF completely defies logic and our current budgetary realities," POGO Investigator Mia Steinle said. "It also runs contrary to U.S. nuclear strategy."

POGO suggested that given the current needs of the nation's nuclear deterrent, it was not necessary to increase pit production, which is one of the main arguments supporting the facility, and it suggested that the facility's planned mission could be performed at other facilities around the weapons complex at a much lower cost. "The fact that CMRR-NF is counter to current nuclear strategy should have been enough to halt design and construction of the facility some time ago," POGO said in the report. "Now that the U.S. budget is in such dire straits, it only makes sense to cut such an expensive project before more money is wasted."

POGO said alternatives involving the existing CMR facility, the first phase of the CMRR project—known as the Radiological Laboratory/Utility/Office Building or RLUOB—and the lab's Plutonium Facility could accommodate the missions currently planned for the Nuclear Facility, suggesting that room in the Plutonium Facility could be freed up by moving the facility's Plutonium-238 refining mission to the Savannah River Site or Idaho National Laboratory. "Given the likelihood of design and construction problems at CMRR-NF because of DOE's past problems, it is highly risky for construction to go forward," POGO said. "It is apparent that less costly alternative plans that do not involve a new building could satisfy DOE's and NNSA's needs, if only the agencies would give those plans serious consideration."

A Precedent for Abandoning Projects?

POGO also noted that there is precedent for canceling projects, noting that Congress cancelled the Clinch River Breeder Reactor, Gas Centrifuge Enrichment Plant, the New Production Reactor, and the Superconducting Super Collider, each after construction had begun. "Given the billion-dollar waste of these and other past projects, CMRR-NF doesn't seem like a promising investment," POGO said. "But, construction has not yet begun on

CMRR-NF, so there is still time to avoid similar sunk costs. RLUOB's existence is not an argument for the construction of CMRR-NF. Hopefully, Congress will speak out against CMRR-NF sooner than later and save billions of dollars."

—Todd Jacobson

NNSA CONFIDENT NEW PLUTONIUM PIT DISASSEMBLY PLAN IS MORE EFFICIENT

The National Nuclear Security Administration's new plan for plutonium pit disassembly and conversion is expected to be both less expensive and able to establish the capability sooner than other alternatives that have been under consideration, the NNSA official in charge of the program said this week. NNSA last week outlined a new preferred approach using a mix of existing facilities at the Savannah River Site and Los Alamos National Laboratory, while previous plans had called for a standalone facility or the establishment of a capability at Savannah River's K Area facilities. "The current financial climate is such that as stewards of taxpayers' dollars we have to come up with the most efficient and cost effective method to meet the mission. Over the last year or two, some developments occurred that allowed us to rethink this mission. Those things that changed were H-Canyon is now available, and up at [Los Alamos] there is now an opportunity for more mission up there. So all of these possibilities allowed us to rethink it," NNSA Assistant Deputy Administrator for the Office of Fissile Materials Disposition Peter Hanlon told *NW&M Monitor*.

The PDC process is a necessary step in preparing feedstock for the Mixed Oxide Fuel Fabrication Facility, which is currently under construction at the Savannah River Site and is the main component of NNSA's plans to disposition 34 metric tons of surplus plutonium. The new "preferred alternative" was detailed in a Jan. 12 Notice of Intent to modify the scope of the project's Environmental Impact Statement, which noted that NNSA is now looking at expanding or initiating PDC capabilities at four facilities: H-Canyon, K Area and the MOX facility at Savannah River and Technical Area 55 at Los Alamos National Laboratory. However, Hanlon stressed that no final determination has been made on a path forward and in the coming year NNSA will continue to fine tune its approach and release a Record of Decision in early 2013.

A Less Expensive Approach

NNSA's original approach had been for a standalone Pit Disassembly and Conversion facility on a new site, but high cost estimates forced a shift in focus to creating a

facility through major renovations at K Area. However, those plans also ended up being costly, with initial estimates coming in between \$4.5 billion and \$4.8 billion. The new approach is expected to be less expensive, though Hanlon declined to release cost estimates for the new project. "The initial studies were promising, but until, the devil is always in the details," he said. Hanlon added, "As we go forward this year we are refining that to come up with what is our final solution, looking at what we can do in H-Canyon, what we can modify the MOX facility to do, what is possible up at the LANL facility, can we put the bisector in K Area. We look at all those, we go and validate our cost and schedule estimates and then we are going to come up with what our final estimate is.... Once we reach a record of decision, then we can move forward on what our ultimate decision will be."

While all options are still on the table until a Record of Decision is reached, Hanlon emphasized a number of advantages to the new approach. "It allows us to establish the capability sooner. It allows us to use existing facilities, which is positive in and of itself. It avoids capital construction, which is a big cost driver and has all these issues that come with it. So you wrap all this together and you come to that this preferred alternative is viable, it's cost effective and it meets mission needs," he said. NNSA has so far spent about \$700 million on planning and design for previous approaches to PDC, and Hanlon said some of that work could be applied to the new approach. He estimated that between \$200 million and \$300 million has been spent on design and equipment that is relevant to the new approach, including direct metal oxidation furnaces, gloveboxes and the hydride-dehydride process.

Coordinating With MOX Schedule a Challenge

Preliminary design work is expected to take place in the coming year, but under the National Environmental Policy Act process no "irreversible" actions can be undertaken until NNSA releases a record of decision in 2013, Hanlon said. Because the MOX facility is actively under construction, that timeline could pose a challenge to an option on the table to allow MOX to convert plutonium metal to plutonium oxide. Construction contractor Shaw AREVA MOX Services plans to close construction openings at the facility by the end of Fiscal Year 2012, at which point it will be difficult to add large equipment such as the furnaces necessary for the process, MOX Services President Kelly Trice told *NW&M Monitor* last month.

Hanlon noted that coordination with the MOX facility in particular will be a challenge."The significant time constraint is with the MOX facility because it's under construction. During this NEPA process we are going to preserve our options. We are constrained through the

NEPA process. ... There is a time sensitivity with respect to the MOX facility. I don't sense that same time sensitivity with the other facilities," he said. The furnaces could not be installed before the 2013 ROD, Hanlon said, adding that coordination with missions at other facilities will also be critical. "Honestly, in this next year, we need to sit down, and we're already doing it, looking at exactly what is there and what additionally things we could potentially need. It's not a simple problem, there are a lot of moving parts that I'm sure you're aware of. Each of these facilities have competing programmatic demands and so we as one of those programs, we need to work with the other programs and ensure we are deconflicted."

Pit Disassembly Could Occur at K-Area and LANL

Pit disassembly is already underway at Los Alamos through the Advanced Recovery and Integrated Extraction System, and NNSA announced last fall that 240 kilograms of plutonium oxide from disassembled pits from the process was certified for use in the MOX Facility (*NW&M Monitor* Vol. 15 No. 39). The ARIES line is expected to convert at least two metric tons of plutonium oxide by 2018. While there had been concerns in 2010 that production levels at the ARIES line were not yet meeting targets, Hanlon stressed that "we met our target last year and I'm confident that LANL will meet its targets in the future."

Last week's notice showed that NNSA is looking to expand the work at LANL and may also add a small pit disassembly capability to K Area. The additions to K Area would include a small glovebox containing a pit bisector. However, Hanlon said he is still evaluating whether additional pit disassembly capability at the Savannah River Site is the best move. "There are advantages and disadvantages depending on what pits we do and where we do them. The other thing is, diversification in feed capability is a benefit to potential customers of the MOX facility. We have a diversified feed supply that minimizes risk, that's one of the options. But then again, dollars are finite, so as much as I would want to diversify the feed supply and minimize risk for my potential customers, we have to be mindful of the bottom line," he said.

Enough Feed Stock Expected For MOX Operations

The inclusion of H-Canyon in PDC plans came after DOE said last year it would seek new missions for the reprocessing facility and backed away from plans to largely curtail operations. NNSA announced last fall that it plans to use H-Canyon to provide about 3.7 metric tons of MOX feed by processing metal into oxide at the facility (*NW&M Monitor* Vol. 15 No. 43). Hanlon emphasized that he is "very optimistic" about the new PDC plan. "I think it sets this program on a very nice path to accomplish its mission.

I don't have any concerns on feed stock to maintain the MOX facility schedule." He noted that there already 10 metric tons of oxide for MOX feed have been identified, which includes the oxide from H-Canyon and ARIES as well as 4.1 metric tons already at Savannah River. "I am very optimistic that come the record of decision in 2013, we will have a viable and cost efficient path to continue moving this program forward," Hanlon said.

—*Kenneth Fletcher*

DOE TURNS TO USEC TO PRODUCE LEU FOR TRITIUM PRODUCTION

Sole Source Contract 'Payback' For DOE Lifeline to American Centrifuge Plant

Faced with a need for low-enriched uranium to use to produce tritium, the Department of Energy is planning to turn to USEC to provide the material. DOE said in a notice released Jan. 20 that it planned to award a sole-source contract to USEC to enrich natural uranium to low-enriched uranium in exchange for the Department accepting \$44 million in liability for depleted uranium tails from USEC. The move would achieve multiple goals, providing a lifeline to USEC's American Centrifuge Plant by freeing up some short-term funding for the project, while providing a source of LEU for tritium production to the National Nuclear Security Administration. Though DOE's notice included few details, the LEU is expected to be irradiated in the Tennessee Valley Authority's Watts Bar Unit 2 reactor, which is used to produce tritium for the nation's weapons program.

The delivery schedule will be within three months of the contract award, according to the notice, which indicates that USEC is the only enrichment company capable of providing the LEU for tritium production because it is the only company that uses U.S.-origin technology. Foreign technologies are restricted from being used to produce material for the nation's weapons program. "For defense and DOE programmatic purposes, DOE needs LEU that is unencumbered by peaceful use assurances and thus can be used for defense purposes," DOE said. It is unclear how much uranium would be enriched by LEU, the time frame of enrichment, or if uranium tails could be enriched in addition to natural uranium.

Will There be Objections to Contract?

It remains to be seen if any other enrichment companies will object to the sole-source contract. At least one company, Louisiana Enrichment Services, had objected to DOE's conclusion that USEC is the only company able to provide LEU for tritium production due to peaceful use restrictions, arguing that treaty obligations restrict the

company from producing special nuclear material for the U.S. weapons program but not a “byproduct” material like tritium. The 1970 Treaty of Almelo, signed by Germany, the Netherlands and the United Kingdom, established the principles for supervision of URENCO’s enrichment technology, and the 1992 Washington Agreement between the U.S. and the parties to the treaty established the framework for the transfer of centrifuge enrichment technology into the U.S. to support LES’ construction of a uranium enrichment facility.

Tritium is used to boost the yield of weapons in the nation’s nuclear stockpile, and with a half life of 12.3 years, it can’t be stockpiled in large quantities. The NNSA harvests tritium from dismantled nuclear weapons, but also must produce it in order to meet the nation’s defense needs, extracting tritium at the Savannah River Site from tritium-producing burnable absorber rods that are irradiated at Watts Bar.

—Todd Jacobson

DOE SAVANNAH RIVER LOOKS TO GIVE SRNS THREE-YEAR EXTENSION

The Department of Energy’s Savannah River Operations Office has submitted a recommendation to DOE headquarters to partially extend Savannah River Nuclear Solutions’ contract to manage the Savannah River Site, *NW&M Monitor* has learned. With the initial five-year period of SRNS’ contract set to expire in 2013, the proposed recommendation would keep the Fluor-led contractor in place for three out of its five option years, according to industry officials. The proposed time frame appears intended to align the end of SRNS’ contract with that held by Savannah River Remediation, LLC, the site’s liquid waste contractor, to potentially allow the two to be recombined into one contract. Jim Giusti, a spokesman for the DOE Savannah River Operations Office, declined to comment on the SRNS contract recommendation this week, saying in a written response, “We cannot comment on pre-decisional procurement matters.” Giusti did say, though, that the DOE Savannah River Operations Office has been “satisfied with the overall performance of the contract.”

SRNS, which also includes Honeywell and Northrop Grumman, has managed Savannah River since the summer of 2008. For Fiscal Year 2011, the contractor earned the bulk of its available fee—\$44.3 million out of a maximum of \$49.7 million. According to DOE, a preliminary notification of intent to extend SRNS’ contract must be provided to the contractor 12 months before its initial contract period ends on July 31, 2013. In a written response this

week, SRNS spokeswoman Barbara Smoak said, “Savannah River Nuclear Solutions is proud of the work that we are doing for the Savannah River Site and for the nation. We will continue to support the Department of Energy in this important work and look forward to their decision concerning the contract in the future.”

—Mike Nartker

WHITE HOUSE DECISION TO BACK OFF RESTRICTIONS IN ‘123’ DEALS CRITICIZED

Administration Says it Will Approach Nuclear Trade Deals on a ‘Case-by-Case’ Basis

The Obama Administration’s decision to not force countries to forego enrichment and reprocessing technologies as part of future civil nuclear cooperation deals is drawing criticism from Sen. Richard Lugar (R-Ind.) and others in Congress. Lugar, the ranking member of the Senate Foreign Relations Committee, responded to a letter to Congress from the Administration describing its plans to apply enrichment and reprocessing restrictions on a case-by-case basis in future deals with his own letter, strongly questioning the decision, according to Congressional aides. Lugar’s letter, and the Administration’s letter that prompted it, have not been released, but several aides described their contents in comments to *NW&M Monitor*.

Of particular concern to Lugar is the uneven applicability of what had described in a civil nuclear cooperation deal with the United Arab Emirates as the ‘gold standard’ of so-called ‘123’ agreements—the foreswearing of plans to develop enrichment and reprocessing technologies. As the Administration has restarted negotiations with Vietnam and Jordan on civil nuclear trade deals in recent weeks, it has appeared to back away from applying that standard to all agreements, suggesting that its nonproliferation goals could be achieved through other means, and the letter to senior members of the House Foreign Affairs Committee and Senate Foreign Relations Committee last week outlined that new policy. Lugar, however, questioned the approach and its potential impacts, especially in the Middle East, according to Congressional aides. “Countries that aren’t willing to agree to enrichment standards do so because they actually want to seek a weapons program,” one aide told *NW&M Monitor*. “So if UAE has the gold standard and Jordan doesn’t, does this mean UAE is going to renegotiate its one, or is Jordan going to want to seek a nuclear weapons program because of this?”

Jobs Push Undermining Nonproliferation Concerns?

According to the aide, the Administration’s letter also stressed the need to create U.S. jobs through the nuclear cooperation deals, an obvious nod to the U.S. nuclear

industry, which has struggled to find international work in the wake of the Japanese nuclear disaster and with the U.S.-India nuclear cooperation deal still mired in problems. But the aide criticized that approach, given Obama's focus on reducing nuclear stockpiles around the world. "You're 'global zero,' Mr. President," the aide said. "You're the one who is all about securing loose materials and everything else like this. Now, you're willing to completely undermine it for the sake of trying to get a couple jobs? The letter seemed very political, in that there was a need to figure out a way to get jobs and nuclear energy jobs are a great thing to support therefore if I get these agreements I will somehow get jobs in America, or at least help secure jobs in America."

Under Secretary of State Ellen Tauscher suggested to reporters last week that the recently restarted talks with Jordan were going well, but she didn't say whether or not the agreement would include the same restrictions on enrichment and reprocessing as were included in the UAE deal. A Congressional aide said the Administration's letter last week indicated that it would "make sure appropriate safeguards" are in agreements with the UAE and Vietnam as necessary. "It seems to say, we'll apply it on a case-by-case basis, but everything else in the letter leads you to believe there is not a lot of cases where it applies," the aide said. Last year, State Department official Richard Stratford suggested that Congress would be happy with the nonproliferation features in the Jordan deal. The Administration has said that beyond a strict enrichment and reprocessing restriction, other features could serve to keep countries from pursuing the technology, including the use of international nuclear fuel banks and guidelines established by the Nuclear Suppliers Group. "Our talks with Jordan are very fruitful and a very good prospect," Tauscher said last week. "We're waiting to hear back from them the status of our last [proposal after] sending back to them our comments and our edits."

Beyond Middle East, Less Concerns?

But the Administration's case-by-case approach would allow it to tailor agreements with other countries outside the Middle East with different features, though Tauscher declined to label the Middle East as more dangerous—or more in need of strict enrichment and reprocessing restrictions—than other parts of the world. "We have a very strong test for countries that have agreed to not have enrichment and reprocessing. And that's the Middle East standard, ... the 123 agreement with the UAE," Tauscher said. "That is not necessarily true around the world, where there are less proliferation concerns."

—Todd Jacobson

MORE EMPLOYEES AT KNOLLS ATOMIC POWER LAB LOOKING TO UNIONIZE

A new class of employees at the Knolls Atomic Power Laboratory are preparing to unionize, unhappy with their treatment under management and operating contractor Bechtel Marine Propulsion Corporation. Technicians and specialists at KAPL filed a notice with the National Labor Relations Board Jan. 19 to hold an election to join the International Federation of Professional and Technical Engineers Local 147. IFPTE Local 147 currently represents approximately 80 designers and draftsmen at KAPL, and IFPTE Local 147 President Charlie Trembley said there were approximately 230 technicians and specialists at the lab; he said about 60 percent had signed cards that would authorize a vote on union members. In a statement, the union said the move was designed to "gain respect and a voice" at KAPL, one of two National Nuclear Security Administration Office of Naval Reactors laboratories that design nuclear reactors and train operators for the Navy. BMPC has managed Knolls and its sister lab, Bettis Atomic Power Laboratory, under a combined contract since early 2009.

Butch Greski, a technician at KAPL, said there have been significant changes since BMPC took over management of the lab, sparking the latest push to unionize. KAPL had previously been managed by Lockheed Martin, while Bettis had been managed by Bechtel, and there was a push from some employees to unionize in the 1990s. "Under the Bechtel Marine Propulsion Corporation, Knolls Atomic Power Lab has experienced many changes that have resulted in less efficient operations, poor morale, pay freezes and loss of benefits," Greski said. "As a technician/specialist, a union will give us the voice we need to hold KAPL accountable to fair compensation, reasonable treatment and continued success into the future."

In a statement, spokesman Gene Terwilliger suggested that BMPC was not in favor of the move to unionize. "While we recognize that employees have the right to seek union representation, BMPC believes that our employees and mission are best served without the involvement of a third party," Terwilliger told *NW&M Monitor*. "BMPC is committed to treating all employees fairly, and for providing a fair and equitable pay and compensation package to all its employees."

Union's Complaints With Gov't, Bechtel

Only part of the problem has been with the contractor, according to Charlie Trembley, a design coordinator at KAPL and the president of IFPTE Local 147. He said shrinking budgets and pay freezes instituted by the federal

*A New START: Sustaining a Credible
Deterrent Through Modernization*

February 14-17, 2012

Marriott Renaissance Arlington Capital View
Arlington, Virginia

Additional Speakers... (as of 1/13/12)

Kenneth A. Myers, *Director, Defense Threat Reduction Agency; U.S. STRATCOM Center for Combating Weapons of Mass Destruction (SCC-WMD)*

John Harvey, *Principal Deputy Assistant Secretary for Nuclear, Chemical and Biological Defense Programs, U.S. Dept. of Defense*

Laura Holgate, *Senior Director, Weapons of Mass Destruction Terrorism and Threat Reduction, White House National Security Council (NSC)*

Brig. Gen. Sandra Finan, *Principal Assistant Deputy Administrator for Military Application, NNSA*

Robert Nassif, *Director, Office of Financial Management, NNSA*

Robert Raines, *Associate Administrator for Acquisition and Project Management, NNSA*

Joe Waddell, *Director, Acquisition and Supply Mgmt. NNSA*

Geoffrey Beausoleil, *Deputy Manager, NNSA Pantex Site Office*

Dan Hoag, *Acting Manager, NNSA Y-12 Site Office*

Amb. Linton Brooks, *former Administrator, NNSA*

Amb. Paul Robinson, *former Dir. Sandia Nat'l Laboratories*

Chris Gentile, *President, Kansas City Plant, Honeywell FM&T*

Ray Juzaitis, *President, NSTec, Nevada Test Site*

Darrel Kohlhorst, *President and General Manager, B&W Y-12*

Kelly Trice, *President, Shaw-AREVA MOX Services*

John Woolery, *President, B&W Pantex*

Tanja Berquam, *Minority Staff, House Energy and Water Appropriations Subcommittee*

Leland Cogliani, *Majority Staff, Senate Energy & Water Appropriations Subcommittee*

Rob Soofer, *Professional Staff Member, Office of Sen. Jon Kyl*

Tyler Przybylek, *former General Counsel, NNSA*

Keynote presentations from...

The Honorable Jon Kyl, *U.S. Senator, Arizona*

The Honorable Michael Turner, *U.S. Congressman, Ohio*

The Honorable Daniel Poneman, *Deputy Secretary, U.S. Department of Energy*

Major General William Chambers, *Asst. Chief of Staff, Strategic Deterrence and Nuclear Integration, USAF*

The Honorable James Miller, *Principal Deputy Under Secretary for Policy, U.S. Department of Defense*

The Honorable Neile Miller, *Principal Dep. Administrator, U.S. National Nuclear Security Administration*

The Honorable Rose Gottemoeller, *Assistant Secretary, Arms Control, Verification and Compliance, U.S. Department of State*

The Honorable Andrew Weber, *Assistant Secretary for Nuclear, Chemical and Biological Defense Programs, U.S. Department of Defense*

Graham Allison, *Director, Belfer Center for Science and International Affairs, Harvard University*

Also featuring...

The Honorable Don Cook, *Dep. Administrator Defense Programs, NNSA*

The Honorable Anne Harrington, *Dep. Administrator for Defense Nuclear Nonproliferation, NNSA*

Paul Hommert, *Director, Sandia National Laboratories*

Johnny Foster, *Member of the Strategic Posture Commission and former Director, Lawrence Livermore Nat'l. Lab*

Adm. Richard Mies (Ret.), *former commander, U.S. Strategic Command*

Charles Shank, *Co-chairman of the National Academy of Sciences Study on Lab Management*

— THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT —

AGENDA

Tuesday, February 14

3:00 REGISTRATION OPENS
SUMMIT SUPPORT MATERIALS

Partners:

Booz Allen Hamilton; Tetra Tech;
WSI - G4S; Black & Veatch; and
Longenecker & Associates

6:00 COCKTAIL RECEPTION

7:00 OPENING DINNER

Tonight Recognizing...
Babcock & Wilcox

Wednesday, February 15

Today Recognizing...
*Shaw Group; TechSource; and
Northrop Grumman*

7:30 CONTINENTAL BREAKFAST

8:30 WELCOME/OPENING REMARKS

Edward Helminski, President
EM Publications & Forums

8:35 OPENING KEYNOTE PLENARY

The Honorable James Miller,
Principal Deputy Under Secretary for
Policy, U.S. Dept. of Defense

OPEN DISCUSSION

9:05 NNSA: Doing What Needs to be Done
in a Climate of Fiscal Austerity

The Honorable Neile Miller, Principal
Deputy Administrator, National
Nuclear Security Administration

OPEN DISCUSSION

9:35 A Geopolitical Perspective: What We
Need to Do to Assure Global Nuclear
Deterrence

Ambassador Linton Brooks,
Independent Consultant (former
Administrator, National Nuclear
Security Administration)

OPEN DISCUSSION

10:05 COFFEE BREAK

10:25 Putting in Place a Command and
Control Structure to Meet New
Challenges

Adm. Richard Mies (Ret.), Chairman,
STRATCOM Strategic Advisory Group

(former Commander, U.S. Strategic
Command)

OPEN DISCUSSION

10:55 Reformulating National Nuclear
Deterrence Policy to Meet the
Challenge of the Post-Cold War Era

Graham Allison, Director, Belfer
Center for Science and International
Affairs, Harvard University

OPEN DISCUSSION

11:30 International Perspectives on
Maintaining the U.S. Nuclear Deterrent

Speakers TBD

12:30 LUNCH

1:30 The Management of the Weapons
Labs—Insight from the National
Academy of Sciences Assessment

Charles Shank, Chairman
National Academy of Sciences Study
Committee

OPEN DISCUSSION

2:00 NNSA Management of the Weapons
Labs: A Need to Further Enhance
Operations and Current Practices

MODERATOR: Johnny Foster, Member
of the Strategic Posture Commission
(former Director Lawrence Livermore
Nat'l Lab)

Steve Guidice, Independent Consultant
(former head of Operations and
Weapons, Albuquerque Field Office,
U.S. DOE)

Ambassador Paul Robinson,
President Emeritus, Sandia National
Laboratories

Ambassador Linton Brooks,
Independent Consultant (former
Administrator, National Nuclear
Security Administration)

Tyler Przybylek, Independent
Consultant (former General Counsel,
National Nuclear Security
Administration)

OPEN DISCUSSION

3:30 COFFEE BREAK

3:50 An Integrated Path Forward to Assure
a Credible Nuclear Deterrent

John Harvey, Principal Deputy
Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense

OPEN DISCUSSION

4:25 Stockpile Management Challenges
Across the Complex

Darrel Kohlhorst, President and
General Manager, B&W Y-12

John Woolery, President
B&W Pantex

(Additional Speakers TBD)

OPEN DISCUSSION

5:30 ADJOURN

5:45 COCKTAIL RECEPTION

Thursday, February 16

Today Recognizing...
URS; Parsons; Bechtel National Inc.;
and Fluor Corporation

7:00 CONTINENTAL BREAKFAST

8:00 OPENING KEYNOTE PLENARY

The Necessity to Modernize the
Weapons Complex

The Honorable John Kyl,
U.S. Senator, Arizona

OPEN DISCUSSION

8:30 Transparency and Verification: The
Administration's Strategy for Nuclear
Deterrence and Arms Control

The Honorable Don Cook, Deputy
Administrator for Defense Programs,
National Nuclear Security
Administration

The Honorable Anne Harrington,
Deputy Administrator for Defense
Nuclear Nonproliferation, National
Nuclear Security Administration

The Honorable Rose Gottemoeller
Assistant Secretary for Arms Control,
Verification and Compliance
U.S. Department of State

— Strengthening Capabilities to Prevent the Use of Nuclear Weapons —

Kenneth A. Myers, Director
Defense Threat Reduction Agency
& U.S. Strategic Command Center
for Combating Weapons of Mass
Destruction (SCC-WMD), DoD

OPEN DISCUSSION

8:30 **Assuring Effective Delivery Systems for
the Nuclear Deterrent**

Major General William Chambers,
Assistant Chief of Staff, Strategic
Deterrence and Nuclear Integration,
U.S. Air Force

OPEN DISCUSSION

10:00 **COFFEE BREAK**

10:20 **A Russian Perspective on the Future of
Arms Control and Mutual Deterrence**

Vladimir Rybachenkov, Senior
Research Scientist at the Moscow
Center for Arms Control Studies;
(former Nuclear Counselor, Russian
Embassy in Washington)

3:00 **COFFEE BREAK**

3:20 **Improving Integration Between NNSA,
DoD and STRATCOM**

Brig. Gen. Sandra Finan, Principal
Asst. Deputy Administrator for Military
Application, National Nuclear Security
Administration

OPEN DISCUSSION

9:00 **A Congressional Perspective on the
U.S. Nuclear Deterrent**

The Honorable Michael Turner,
U.S. Representative, Ohio

(Additional Speaker from DoD TBD)

OPEN DISCUSSION

OPEN DISCUSSION

11:00 **Progress on Assuring Global Nuclear
Material Security and Meeting the
Challenge of Nuclear Terrorism**

Laura Holgate, Senior Director
Weapons of Mass Destruction
Terrorism and Threat Reduction, White
House National Security Council
(NSC)

4:20 **Improving Construction and Project
Management Across the Complex**

Robert Raines, Associate
Administrator for Acquisition and
Project Management, NNSA

OPEN DISCUSSION

9:30 **Improving Site Management and
Integration**

Dan Hoag, Acting Manager
NNSA Y-12 Site Office

Ryan Coles, Assistant Director
Government Accountability Office

John Gertsen, Vice President
UPF Programs, B&W Y-12

(CMRR Speaker TBD)

Ray Juzaitis, President
NSTec, Nevada Test Site

Chris Gentile, President
Kansas City Plant
Honeywell FM&T

The Honorable Andrew Weber,
Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense

Kelly Trice, President
Shaw-AREVA MOX Services

OPEN DISCUSSION

Geoffrey Beausoleil, Deputy Manager
NNSA Pantex Site Office

OPEN DISCUSSION

Additional Speakers TBD

OPEN DISCUSSION

12:00 **LUNCH**

1:00 **The Challenges Facing the National
Weapons Laboratories to Assure the
Credibility of the Nuclear Deterrent**

Paul Hommert, Director
Sandia National Laboratories

(Additional Speakers TBD)

5:30 **The Future of NNSA Contracting**

Joe Waddell, Director
Office of Acquisition and Supply Chain
Management, National Nuclear
Security Administration

10:30 **COFFEE BREAK**

10:50 **Are We Rebuilding a Nuclear Stockpile
for a World That Doesn't Exist?**

Ambassador Paul Robinson President
Emeritus, Sandia National Laboratories

6:00 **ADJOURN**

6:15 **COCKTAIL RECEPTION**

11:20 **Perspective from Congress on the
Direction and Financial Support for
U.S. Nuclear Deterrence Strategy**

MODERATOR: **Todd Jacobson**
Reporter, *Nuclear Weapons &
Materials Monitor*

2:00 **Maintaining Modernization Within a
Constrained Budget**

Robert Nassif, Director, Office of
Financial Management, National
Nuclear Security Administration

Leland Cogliani, Majority Staff,
Senate Energy and Water
Appropriations Subcommittee

Allison Bawden, Assistant Director
Government Accountability Office

Friday, February 17

*Today Recognizing...
Honeywell*

7:00 **CONTINENTAL BREAKFAST**

8:00 **OPENING KEYNOTE PLENARY**

**A Nonproliferation Approach to
Support the Expansion of Civilian
Nuclear Power**

The Honorable Daniel Poneman,
Deputy Secretary, U.S. Dept. of Energy

OPEN DISCUSSION

Rob Soofer, Professional Staff
Member, Office of Sen. Jon Kyl

Tim Morrison, Majority Staff, House
Armed Services Strategic Forces
Subcommittee

Taunja Berquam, Minority Staff,
House Energy and Water
Appropriations Subcommittee

12:30 **SUMMIT ADJOURNS**

In Cooperation With...



Partnering Organizations...
(as of 1/12/2012)



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About the Summit...

For more than 20 years, ExchangeMonitor Publications & Forums has been bringing together national and global decisionmakers to address critical issues surrounding the production and reduction of nuclear weapons. The Nuclear Deterrence Summit, started in 2008, follows in the footsteps of the Nuclear Security Decisionmakers Forum convened just after the creation of NNSA and 10 years of forums on the U.S.-Russian Plutonium Disposition program.

The Nuclear Deterrence Summit is the only international conference devoted specifically to addressing the U.S. nuclear weapons program and the responsibilities of the key government agencies—**The National Nuclear Security Administration, the Dept. of State and the Dept of Defense, including STRATCOM.** For the past two years, opening keynote addresses were given by Under Secretary of State Ellen Tauscher and Russian Ambassador Sergei Kislyak. The list of past speakers and participants reads like a who's who of the global nuclear weapons and nonproliferation community.

Past Summits attracted more than 300 participants and achieved recognition by major national and international media.

— **PARTNERSHIP OPPORTUNITIES...** —

Want to enhance recognition of your organization's involvement or interest in getting involved with NNSA or DoD programs with responsibilities for nuclear operations?

Become a **Nuclear Deterrence Summit Partner** and publicize your company to the community directly involved in working in the NNSA and related DoD marketplace. This 2½ day event will attract participants from a broad spectrum of companies and organizations. The benefits include:

- Partner recognition on conference agenda and resource book;
- Inclusion of a 2 or 4 page 'marketing' flyer in the conference resource book;
- Moderating or speaking*;
- Free or discounted registrations*;
- Free or reduced fee for exhibit space; and
- Recognition during the conference via signage publicizing the company logo/trademark, etc.

(*Depends on level of partnership)

For details contact the Forums office at 1-877-303-7367 ext. 109 or email forums@exchangemonitor.com

— PAST ATTENDING ORGANIZATIONS —

AECOM
Agence France-Press
Akerman
Alion Science & Technology
Allan Consulting
ARES Corporation
Arms Control Association
Associated Press
ATK Space Systems
Atlantic Council of the United States
AWE plc
B&W Technical Services Y-12, LLC
B&W Technical Services Group, Inc
Babcock Services, Inc
Battelle Memorial Institute
Bechtel National, Inc.
BG4 Inc.
BGITM
Black & Veatch
Booz Allen Hamilton
Bradburne Consulting
British Embassy
Brookhaven National Laboratory
Burns & McDonnell
Carnegie Endowment for Int'l Peace
CEA - France
Center for Strategic & Int'l Studies
CH2M HILL
Chenega Security & Protection Services
C-SPAN
Culmen International
Decision Factors
Embassy of Australia
Embassy of France
EnergySolutions
ETEBA
Federation of American Scientists
Financial Times
Fluor Government Group
FOX News Channel
Friends Committee on National Legislation
Global Security Newswire
Great Basin Technology, Inc.
GS&S - The Boeing Company
GW's Elliott School of International Affairs
Honeywell Federal Manufacturing & Technologies
House Appropriations Committee Subcommittee on Energy & Water
House Armed Services Committee
House Committee on Foreign Affairs
House Strategic Forces Subcommittee
IBM
Idaho National Laboratory
Innovative Environmental Technologies
Inside Missile Defense
InsideDefense.com
Interfax
ISA
ITAR-TASS News Agency
Jacobs Engineering
James Martin Center for Nonproliferation Studies
Janis-Bradburne Executive Recruiting LLC
Johns Hopkins University
Journal of College Science
K.A. Carlson, Inc.
Kansas City Plant
Kiewit
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Lockheed Martin
Logan Research
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Los Alamos National Laboratory
Los Alamos Study Group
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National Institute for Public Policy
National Journal Group
National Nuclear Security Administration
National Secure Manufacturing Center
National Security Technologies, LLC
Nevada Alliance for Defense, Energy & Business
Nevada Security Technologies, LLC
News Sentinel
NHK Japan Broadcasting
Northrop Grumman Corporation
Northrop Grumman Shipbuilding
Northrop Grumman Technical Services
NSTec, Nevada Test Site
Nuclear Safety Associates
Nuclear Threat Institute
Nuclear Weapon Surety and Quality Office
Oak Ridge National Laboratory
Office of U.S. Senator Jon Kyl
Pacific Northwest National Laboratory
Pantex Site Office
PaR Systems, Inc. / Environmental
Parsons
Partnership for Global Security
Patrick R Davidson & Associates LLC
Perma Fix Environmental Services
Physics Today
Platts
Pro2Serve
Project On Government Oversight
Resource Alternatives, Inc.
RIA Novosti
Russian Embassy
SAIC
Sandia National Laboratories
Savannah River National Laboratory
School of Advanced Air & Space Studies
SEC
Senate Energy & Water Approps Subcommittee
SGT, Inc.
Shaw AREVA MOX Services
Southeastern Universities Research Assn.
Stanford University
State of South Carolina
Stockpile Stewardship
STRATCOM
Strategic Marketing Consultants
Strategic Posture Commission
Sullivan International Group, Inc.
Systematic Management Services
TechSource, Inc
TerranearPMC
Tetra Tech HEI
Tetra Tech, Inc
The Asahi Shimbun
The Babcock & Wilcox Company
The Boeing Company
The Duffy Group
The KeySource Group, Inc.
The S.M. Stoller Corporation
The Scowcroft Group
The Shaw Group
The Yomiuri
Trinity University
U.S. Air Force
U.S. Department of Defense
U.S. Department of Energy
U.S. Department of Homeland Security
U.S. Department of State
U.S. Government Accountability Office
U.S. House of Representatives
Union of Concerned Scientists
Universities Research Association
University of Nevada, Las Vegas
University of Texas at Austin
URS Corporation
Wackenhut Services, Inc.
White House National Security Council
WorleyParsons Polestar
WSI
Y-12 National Security Complex

ACCOMMODATIONS

The rate for Summit attendees at the Renaissance Arlington Capital View is \$181.00 for single and double occupancy. These rates do not include a daily hotel services fee, along with applicable city and states taxes (which are currently 10.5%).

To guarantee a reservation, **PLEASE USE THE LINK** https://resweb.passkey.com/Resweb.do?mode=welcome_ei_new&eventID=6660490 to book directly into our room block.

If you would prefer to reserve your room by telephone, please contact the Group Housing office of the hotel at 1-877-212-5752, and identify yourself as a 4th Annual Nuclear Deterrence Summit attendee. If space is available, the above

rate will apply for attendees three days prior and three days after our program dates. We recommend making your reservations EARLY to secure a guest room (**no later than Feb. 9, 2012**).

GROUND TRANSPORTATION

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government have sapped morale, but he also noted that BMPC has played its part as well. In particular, he noted that BMPC had changed how fee under the contract was distributed, dampening spirits at the lab. "In the past, Lockheed would use the fee money for some of the smaller day-to-day benefits, but Bechtel has chosen to reduce the amount of fee money they're sharing and that has taken away a lot of the smaller day-to-day benefits, like awards and recognition, that would come of fee money," Trembley said. "That's had a big impact on employees."

Bechtel spokesman Jason Bohne acknowledged that the consolidated contract has brought about changes at Knolls and Bettis, but he defended Bechtel's performance at the labs. "We've maintained performance there, the customer has indicated they're happy with the level of performance, and we're getting an awful lot done there," he said. "That's a credit to everybody. Even with the pay freeze and the consolidation that has required changes at both places. I think it's a credit to management and employees that through some challenging times the performance continues and that the customer is happy."

Trembley said that two other classes of workers at KAPL are in the process of gathering enough signatures to force a vote, scientists and engineers and administrative staff. At the same time, a drive to collect signatures from three classes of workers at Bettis began this week, kicking off a movement to join IFPTE Local 147 at that lab. "Over the last couple years, they have just come to the point where the changes that have been implemented and the wage freezes and benefit changes and the changes in how they do their jobs efficiently or not, all of that stuff has compiled over time, and it has brought these people to question us and figure out how they can join our union," Trembley said.

—*Todd Jacobson*

EXPERTS CALL FOR RESTRICTIONS ON Mo-99 PRODUCED BY RUSSIA

A group of public health, medical, and nuclear nonproliferation experts sent a letter to U.S. lawmakers this week urging them to amend pending legislation to restrict the use of the medical isotope molybdenum-99 produced by Russia. In a Jan. 17 letter to Reps. Jeff Fortenberry (R-Neb.), Fred Upton (R-Mich.) and Ed Markey (D-Mass.), the group of 15 experts said that S. 99, the American Medical Isotopes Production Act of 2011, which passed the U.S. Senate in November, must be amended to restrict the use of medical isotopes from Russia because the country is using highly enriched uranium in the fabrication process, in direct contrast with

the aims of the bill. "Russia's subsidized, HEU-based production of medical isotopes would make it difficult for prospective U.S. producers to compete, and would also undermine responsible foreign producers who have complied with U.S. requests to invest in non-HEU-based production," the experts wrote. They added that, "because Russia has its own supply of HEU, it would be unaffected by the bill's HEU export restrictions."

Outages at existing foreign reactors that produce the bulk of the world's supply of Mo-99 created widespread shortages of the medical isotope over the last several years and highlighted the need to develop a domestic production capacity, while the proliferation risks involved in using HEU to produce the isotopes has spurred a move to use proliferation-resistant LEU for isotope production. Mo-99, and its decay product, technetium-99m, is used in approximately 16 million procedures annually in the United States, and the U.S. currently imports 100 percent of its Mo-99 needs.

Lawmakers: Russia Endangers Plans of U.S. Firms

In May, Markey and Fortenberry called on President Obama to push Russia to stop a plan to produce medical isotopes using highly enriched uranium, arguing that the plan poses a nonproliferation risk and endangers fledgling efforts in the U.S. to produce medical isotopes from low-enriched uranium. Russia said in the fall that it would produce and export the medical isotope molybdenum-99 from HEU at its Research Institute of Atomic Reactors in Dimitrovgrad, but Markey and Fortenberry wrote in the May letter that the move by Russia conflicts with the country's international commitments. The experts agreed in their letter this week. "Despite lip-service by Russian officials to the possibility of eventual conversion, Russia continues to expand its production of these isotopes using both HEU targets and HEU fuel, at subsidized, artificially low prices that undercut any U.S. or foreign producer who avoids HEU and abides by the principle of full-cost recovery," the group wrote. The letter outlines several ways that a "preferential procurement" standard can be achieved in the bill, including:

- Legislating that the U.S. must halt the import of HEU-based Mo-99;
- Requiring U.S. health authorities to terminate authorization for use of HEU-based versions when a supply of alternatives becomes available; and
- Imposing a tax on HEU-based versions of these isotopes and using the revenue to support LEU production of Mo-99.

"All of the above approaches would promote a reliable domestic supply of vital medical isotopes, while minimiz-

ing HEU commerce,” the experts wrote in the letter. Without an amendment to address the issue of HEU-based Russian medical isotopes, “the outcome might well be worse than the current situation,” and “past and future spending on domestic production would be wasted,” the experts wrote.

The National Nuclear Security Administration has helped fund four separate domestic efforts to create a Mo-99

production capability in the U.S. from LEU, and a bill in Congress, the American Medical Isotopes Act, is aimed at furthering the development of Mo-99 from LEU. On a global scale, while most Mo-99 is still currently derived from HEU, South Africa’s NTP Radioisotopes Ltd. delivered its first shipment of Mo-99 to the United States in December, formally becoming the world’s first large-scale supplier of Mo-99 derived from LEU sources.

—Sarah Herness

At the Weapons Labs/DOE Sites

AT SANDIA 940 RETIRE AT LABORATORY

With workers scrambling to beat a Jan. 1 change in retirement benefits, Sandia National Laboratories saw 511 retirements in the first quarter of Fiscal Year 2012, bringing to 940 the number of retirements in FY2011 and the first quarter of FY2012. The retirement bulge is far larger than the normal 300 person per year retirement rate at Sandia. The retirements came as Sandia struggled to come to grip with a problem endemic across the National Nuclear Security Administration complex—soaring costs for defined benefit retirement plans and accompanying retiree health care costs. The Government Accountability Office last year found that six unnamed NNSA sites had unfunded pension liabilities—future obligations minus assets—of hundreds or millions of dollars or more, with the largest having a \$2 billion net liability. While the GAO did not name names because the information was proprietary, Sandia in 2010 acknowledged that it had a \$2 billion unfunded pension liability.

The health care changes—a reduction in the amount Sandia pays for retirees between their departure date and Medicare eligibility—were originally announced in 2009. Then in 2010, Sandia revealed that it faced the \$2 billion unfunded pension liability, and decided that both changes

would take effect on the same date, Jan. 1, 2012, to make retirement planning easier for employees. The \$2 billion is the cost of the unfunded portion of Sandia’s obligations to the pension fund from 2011 to 2020 for existing and projected retirees, money Sandia managers said would have to come either directly from the labs’ budget or through additional appropriations. Between 2008 and 2010, Sandia contributed \$150 million to the pension fund.

Critics have complained that Sandia compounded its troubles in 2002, when a surplus in the pension fund’s assets encouraged Sandia management and federal officials to approve pension increases of 15 to 25 percent to current and past retirees. At the time, it was argued that the surplus meant the increase could be given without any requirement that Sandia or the Department of Energy contribute any additional money. The change that went into effect Jan. 1 means that rather than having pension determined based on a formula that takes into account time of service and workers’ three highest paid years, the base for calculation will cover a longer period of time, effectively lowering the average compensation on which the pension is based. Sandia officials said they hoped the change would cut \$500 million from their unfunded liability.

AT OAK RIDGE SMALL FIRE AT Y-12 RAISES CONCERNS

A small fire occurred Dec. 20 just outside the Highly Enriched Uranium Materials Facility at the Y-12 National Security Complex, according to newly released information by the Defense Nuclear Facilities Safety Board and plant contractor B&W Y-12. The fire wasn’t the biggest problem, which reportedly didn’t cause any damage and or hurt anyone, but rather the way it was reported. The fire occurred while workers were replacing an engine coolant heater, reportedly the size of a brick, on a backup diesel generator. Instead of notifying the plant’s Fire Department when the small fire occurred, maintenance personnel “de-energized” the control panel, extinguished the fire on the plastic casing and then finished installing the part.

According to a report by staff of the DNFSB, “Approximately 20 minutes after the fire was extinguished (and after the heater had been replaced), a quality engineer inquired about the status of the fire with the shift manager who was unaware that the fire had occurred. Approximately 20 minutes later (40 minutes after the fire was extinguished), the shift manager notified the fire department of the event (this was the only notification the fire department received). The fire department responded to the scene and confirmed that the fire had been extinguished.”

The process didn’t adhere to safety procedures. “Workers should have reported the fire immediately,” B&W spokes-

woman Ellen Boatner said. She said the contractor conducted an investigation and “formal critique” of the December event. “Among follow-up actions, B&W Y-12 conducted a ‘safety pause’ briefing in order for all Y-12

personnel to review pertinent procedures and lessons learned,” she said in an email statement. “B&W Y-12 also is assuring that employee training results in successful execution of this type of maintenance action.”

AT OAK RIDGE Y-12 OUTSOURCES HEU SCRAP PROCESSING TO B&W

The National Nuclear Security Administration has awarded a five-year \$15.8 million contract to Babcock & Wilcox’s Nuclear Operations Group to process highly enriched uranium scrap from the Y-12 National Security Complex in Oak Ridge. The work will be done at B&W’s Lynchburg facility. B&W said the work is expected to begin mid-2012 and continue through 2016. The company also said the project was part of the government’s initiative to remove “legacy HEU materials” at Department of Energy sites, although NNSA confirmed that the HEU would be returned to Y-12 after processing.

Steven Wyatt, a federal spokesman at NNSA’s site office at Y-12, said he could not discuss how much HEU scrap was involved or confirm whether any of the material had already been sent to the Lynchburg, Va., facility. Wyatt said the purpose of the project is to recover highly enriched uranium from Y-12 scrap, which he described as predominantly “HEU-zirconium scrap.” He said B&W’s Nuclear Operations Group will dissolve the scrap, recover the uranium, convert it to a stable oxide product and return the

material to Oak Ridge, where it “will be placed into safe, secure storage until needed for reuse.”

NNSA: B&W Facility ‘Better Suited’

Asked why Y-12 is outsourcing work that appears to fit within the Oak Ridge plant’s capabilities, Wyatt said, “NNSA uses commercial enriched uranium processing services to supplement the capability of the Y-12 National Security Complex. NNSA considers the (Lynchburg) processes better suited for certain scrap, such as uranium-zirconium, and historically, NNSA has used the Lynchburg facility to recover uranium from uranium-zirconium scrap.” After the uranium oxide is returned to Y-12, it will be placed into the Highly Enriched Uranium Materials Facility for storage until needed for reuse, Wyatt said. Details of the scrap shipments and schedules, the quantity of uranium and the enrichment level cannot be released to the public, Wyatt said.

AT OAK RIDGE ORNL MAKES ADDITIONAL COST-CUTTING MOVES

Oak Ridge National Laboratory has taken additional steps to cut millions of dollars from its annual operating costs to deal with a “sustained period of budget pressure,” restructuring employee benefits and making significant changes to pension plans and medical and health coverage. In a four-page memo to staff on Jan. 18, ORNL Director Thom Mason outlined changes that will generally add to employee costs and chip away at some of their benefits. “It does represent an increasing cost burden to the employees,” Mason said.

The ORNL director said the decision to redo benefits wasn’t made lightly. The changes were reviewed exhaustively by lab contractor UT-Battelle and its Board of Governors, as well the Department of Energy, he said. The changes are an attempt to cut costs while remaining competitive with other research institutions for recruiting and retaining top talent. He said he was confident that ORNL would still be able to match up. “We feel, even with these changes, we’re in a good competitive position,” he said. “It wasn’t our goal to be the cheapest and therefore offer the least attractive benefits. . . . We can still make a very good pitch to prospective employees.”

Changes Detailed

The lab will retain a traditional pension plan, although the way the benefits are calculated will be altered in the future. In addition, all salaried employees—including the existing workforce, as well as new hires—will have mandatory contributions to make the pension costs more affordable. ORNL also plans to reinstate matching contributions to the 401(k) savings plan, which had been suspended, but the maximum match will be less than before the suspension. The lab is changing the medical plans offered to employees for 2013, with one of the options being a new “high-deductible health plan.” In addition, there are changes in the prescription drug plan, putting more emphasis on generic prescriptions and mail-in drug orders, and employees will have to pick up a greater share of the drug costs.

The overall costs of operating the Oak Ridge lab, although not the highest in the DOE system, have been higher than average among national labs and other research institutions, Mason said. In his memo to staff, the ORNL director said bench-marking had indicated that the lab benefits

program was “on track to exceed the maximum value permitted by the U.S. Department of Energy.” Asked about that, Mason said the lab was 104 percent of the study’s benchmark and that action has to be taken when it reaches 105. The enacted cost-cutting measures, including earlier personnel reductions and reorganizations, should bring the lab’s costs in line with its peers and make the lab more competitive in the future, he said.

‘We’re Not All The Way There Yet’

Union workers are not affected by the changes—at least not yet. Benefits for ORNL’s hourly workers are covered by their bargaining agreement and will have to be addressed in future negotiations, Mason said. He said the lab had made significant strides in reducing costs, but added,

“We’re not all the way there yet. Taking into account all of the actions we have taken (over the past year) on benefits, voluntary separation, etc., we are projecting roughly a 10 percent reduction in cost—although in the near term this will be offset by the increased pension funding requirements to meet our current liability. The announcement ... about pension and medical will result in a projected \$7M per year savings in medical and \$139M savings on pension over the next 15 years (average of over \$9M per year, although it varies over time as people retire and new staff are hired).”

There also are some savings associated with the 401(k) match change. The new maximum match of 3 percent compared to the prior max of 4 percent represents about \$4 million per year in savings, Mason said.

AT OAK RIDGE ‘FOGBANK’ PRODUCTION CONTINUING AT Y-12

Three years after the National Nuclear Security Administration’s problems in producing a secret material code-named ‘Fogbank’ became the focus of a Government Accountability Office report and public controversy, the NNSA confirmed that production of the classified material is continuing at the Y-12 National Security Complex. “The Purification Facility at Y-12 continues to operate and is used to produce Fogbank, a material associated with the weapon program. We will not elaborate further on this facility or the material produced,” NNSA spokesman Steven Wyatt said in an email response to questions.

According to previously released information, Y-12 initially had problems recreating the material for use in the W76 life extension program after a lengthy hiatus in

producing Fogbank. Even though Wyatt confirmed that Y-12 continues to make Fogbank, he would not directly tie the production activity to the plant’s ongoing life-extension work on the W76. A preliminary response suggested that the Fogbank work was taking place on an as-needed basis, but Ellen Boatner, a spokeswoman for contractor B&W Y-12, later clarified that information and said the Purification Facility is “operating daily.” Y-12 operates on four-day work week. Boatner also said the facility is “fully staffed,” which she explained was fewer than 10 employees. “The actual operations don’t require a lot of people,” she said. Wyatt declined to comment on whether Y-12 is producing Fogbank from scratch or, as other have suggested, that it’s being purified or recycled from other material.

AT OAK RIDGE ‘ELECTRICAL FAULT’ UNEXPECTEDLY SHUTS DOWN HFIR

The High Flux Isotope Reactor at Oak Ridge National Laboratory was shut down manually Jan. 10 on the second day of a new fuel cycle because of an “electrical fault” in the cables serving one of the three heat-exchanger cells operating at the research reactor. According to Ron Crone, the lab’s research reactors chief, the 85-megawatt reactor was shut down in accordance with normal operating procedures. Crone said lab officials would replace the electrical system during the unexpected outage and perform other maintenance and repairs that were scheduled for a February-March outage.

The current plan calls for the reactor to restart on March 26, Crone said. “We had hoped to carry out these repairs and restart the reactor by January 23 (as part of the current fuel cycle), but have realized that we could not guarantee this date,” Crone said by email. “Therefore, we have

decided to reschedule the remainder of cycle 440 and begin the planned outage early.” Scientists come from around the world to do neutron-scattering experiments at the Oak Ridge reactor, requesting and scheduling research time at the HFIR months in advance, and an unexpected shutdown can create havoc with research schedules.

In this case, Crone said the impact should be light. “This reschedule will have minimal impact on our users, as we typically don’t schedule outside neutron scattering users the first few days of the cycle and we were able to contact external users before they traveled to HFIR,” Crone said. “Other users will be rescheduled for beam time later in the year.” The ORNL official emphasized that in recent years the availability of the research reactor has been about 98 percent. “Our intent is to maintain this high standard so we can reliably serve the science community,” he said. ■

Wrap Up

IN DoD

The Obama Administration is expected to turn to a familiar face to fill Michele Fluornoy's spot as the Under Secretary of Defense for Policy and will nominate Fluornoy's principal deputy, James Miller, as her replacement, according to a Jan. 19 *Yahoo News* report. Fluornoy said in December that she was stepping down from her position Feb. 3. In close to three years at the Pentagon, Fluornoy oversaw the creation of the Administration's Quadrennial Defense Review and the Nuclear

Posture Review and supported the Administration's work on the New START Treaty with Russia, though as her top deputy, Miller was most directly involved in nuclear weapons policy work. A Pentagon spokesperson directed a request for comment to the White House. Miller joined the Pentagon in 2009 after serving as the Senior Vice President and Director of Studies at the Center for a New American Security. He served in the Pentagon during the Clinton Administration, and was a staffer on the House Armed Services Committee from 1988 to 1992. ■

Calendar

January

- 24 President Obama gives State of the Union Address.
- 25 Meeting: Northern New Mexico Citizens Advisory Board; NNMCAB Office, Pojoaque, New Mexico.
- 31 Speech: "New START: A Year Later—How New START has Increased Our National Security and Next Steps with Russia," Rose Gottemoeller, Assistant Secretary of State for Arms Control, Verification, and Compliance, at the American Security Project, 1100 New York Ave., NW, Suite 710W, Conference Room E, Washington, D.C., noon-2 p.m.

February

- 2 Scoping Meeting: Amended Notice of Intent to Modify the Scope of the Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Cities of Gold Hotel, 10-A Cities of Gold Road, Pojoaque, N.M., 5:30-8 p.m.

14-17

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- 15 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.

20 EM PUBS CLOSED FOR PRESIDENT DAY

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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Volume 16 No. 4

January 27, 2012

— INSIDE HIGHLIGHTS —

The Obama Administration is planning to delay the procurement of replacements for the Navy’s nuclear-capable SSBN(X) Ohio-class submarine, according to a preview of the Pentagon’s Fiscal Year 2013 budget unveiled this week that largely avoids major cuts to the nation’s nuclear deterrent. 2

The decision by the NNSA and DOE’s Office of Environmental Management not to release Performance Evaluation Review data has drawn the attention of Congress, and Hill staffers expect the issue to receive increased scrutiny over the next year. 3

Lawyers for laid off Lawrence Livermore National Laboratory employees will argue that the lab’s claim of a \$280 million shortfall that led to the first round of forced layoffs in three decades at the institution was overstated when the age discrimination trial involving the first set of former employees begins next month. 4

Ellen Tauscher will leave her post as the Under Secretary of State for Arms Control and International Security early next month, but will remain with the Department as an advisor to Secretary of State Hillary Clinton. 5

WSI, DOE’s Oak Ridge security contractor, confirmed that a security supervisor resigned Jan. 26 after he admitted violating multiple rules—including sleeping on the job and using a personal cell phone while on duty. 6

As the Obama Administration considers potentially moving toward a smaller nuclear force, it should begin planning now to scale back its efforts to modernize the nation’s nuclear deterrent rather than waiting for budget realities to dictate changes. 7

The Conference on Disarmament opened its first session of 2012 amid growing cries from the international community and the United States to break a deadlock that has prevented progress on a Fissile Material Cutoff Treaty and has kept the Geneva negotiating body stalemated since 2009. 8

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NUCLEAR FORCES LARGELY UNSCATHED AS DOD UNVEILS SLIMMED FY13 BUDGET

Admin. to Slow Ohio Class Replacement; Rep. Turner Blasts Backsliding on Commitments

The Obama Administration is planning to delay the procurement of replacements for the Navy's nuclear-capable SSBN(X) Ohio-class submarine, according to a preview of the Pentagon's Fiscal Year 2013 budget unveiled this week that largely avoids major cuts to the nation's nuclear deterrent. In briefings Jan. 26, Pentagon officials unveiled a slimmed down \$525 billion budget request for FY2013, part of a plan to decrease military spending by \$487 billion over the next decade as agreed to in the budget deal struck last summer between Congress and the Obama Administration. The budget does not include projected funding for the National Nuclear Security Administration, which is expected to be scaled back when the President's full request is unveiled Feb. 13.

But while the Administration acknowledged in budget documents that an ongoing White House's nuclear deterrence review is examining how a "different nuclear force" could maintain the nation's nuclear deterrent, the Administration for the time being left all three legs of the nuclear triad virtually untouched and said it is committed to the procurement of a new nuclear capable bomber. "Under the new strategic guidance, we will maintain a safe, secure, and effective nuclear deterrent," the budget guidance said. "This budget protects all three legs of the Triad—bombers that provide both conventional and nuclear deterrence, intercontinental ballistic missiles (ICBM), and ballistic missile submarines."

DoD: Previous SSBN(X) Schedule Was Optimistic

In comments to reporters Jan. 26, Deputy Defense Secretary Ashton Carter suggested that the unfinished nature of the White House deterrence review—which is expected to advocate further reductions to the nation's nuclear stockpile—impacted current budget decisions. "There are

no cuts made in the nuclear force in this budget," Carter said. "The White House, and we're obviously working under their direction, are considering the size and shape of the nuclear arsenal in the future. So when those decisions come, we'll factor them into our budget."

The lone exception was the costly SSBN(X) replacement program, which would be pushed back from 2019 to 2021 under the budget guidance. While the Pentagon said that the delay would create "challenges in maintaining current at-sea presence requirements in the 2030s," it said the risk can be managed and that the United States' partnership with the United Kingdom would not be impacted. "The schedule, as it was, was an aggressive one, maybe even verging on optimistic," Deputy Defense Secretary Ashton Carter told reporters Jan. 26. "All I'm saying is this is a safer schedule; we're sure we can make this schedule. So it's a little more secure; so, from a managerial point of view, a better place to be."

Turner: Admin. 'Backing Off' Modernization Deal

While the budget details unveiled last week appear to only minimally impact the nation's nuclear deterrent, they were blasted by Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee. In a statement, Turner suggested that the decision to delay procurement of the Ohio class replacement submarines represented a renegeing on promises made when the Senate ratified the New START Treaty with Russia. As part of a deal to win the support of Senate Republicans, the Administration promised to spend \$88 billion on the NNSA over the next 10 years and \$125 billion to modernize the nation's nuclear delivery systems. "The Secretary's announcement today is yet another indication that the President is backing off his part of the deal," said Turner, who promised to keep a close eye on the Administration's request for the National Nuclear Security Administration's weapons program.

ExchangeMonitor Publications' Nuclear Team (WC Monitor, NW&M Monitor, RW Monitor)

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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Weapons Complex Monitor ■ *Nuclear Weapons & Materials Monitor* ■ *RadWaste Monitor* ■ *Weapons Complex Morning Briefing* ■ *GHG Reduction Technologies Monitor*

ADMINISTRATION PUSHES BUDGET RELEASE BACK TO FEB. 13

The Obama Administration has pushed back the release of its Fiscal Year 2013 budget submission to Congress, delaying the unveiling of the document by one week. Instead of being released Feb. 6—the traditional first-Monday-of-February due date—the budget request will reportedly be released Feb. 13. The Administration did not offer a specific reason for the delay. “As in previous years, the date was determined based on the need to finalize decisions and technical details of the document,” an Administration official was quoted as saying by *CQ*. It’s typical for an Administration to miss the deadline in the first year of a President’s term, but Republicans quickly chastised the Obama Administration for missing the due date three times in four years. “The decision to delay the release of his budget again could not come at a more precarious moment for our fiscal and economic future,” House Budget Chairman Paul Ryan (R-Wis.) said in a statement. “This will mark the third time in four years the president has missed his statutory requirement to present a budget on time, while trillion-dollar budget deficits continue to mount.” ■

The Administration had previously projected requesting \$7.9 billion in FY2013 for the NNSA weapons program, but NNSA officials have been bracing for cuts in recent months, and Congressional aides expect the actual request to be somewhere closer to enacted funding levels in FY2011 (\$7.0 billion) and FY2012 (\$7.2 billion). As part of the cuts, Los Alamos National Laboratory officials are preparing for a significant funding cut for the multi-billion-dollar Chemistry and Metallurgy Research Replacement-Nuclear Facility (*NW&M Monitor*, Vol. 16 No. 3), which along with the Uranium Processing Facility planned for the Y-12 National Security Complex represented a pillar of the Administration’s modernization plan for the nation’s weapons complex. “Following this announcement, I will look carefully at the President’s budget request for NNSA Weapons Activities, specifically the CMRR and UPF projects which the President pledged to accelerate,” Turner said. “These two facilities are absolutely critical to the ability of the U.S. to maintain a credible and reliable deterrent, and they were an essential piece of the New START treaty bargain.”

—Todd Jacobson

CONGRESS TO INCREASE SCRUTINY ON NNSA, EM FEE RELEASE DECISION

The decision by the National Nuclear Security Administration and the Department of Energy’s Office of Environmental Management not to release Performance Evaluation Review data has drawn the attention of Congress, and Hill staffers expect the issue to receive increased scrutiny over the next year. NNSA has shielded the reviews from public release since 2009, citing federal acquisition regulations that prohibit the disclosure of the documents due to possible procurement sensitivities. EM has no formal policy guiding the release of the documents, but it has also largely withheld releasing the Performance Evaluation

Reviews and contractor fee determination letters. That has generated concern among government watchdog groups, former NNSA General Counsel Tyler Przybylek, and now some Congressional staffers. “The issue of performance evaluations, how they are used to award fees, and make decisions about competition and contract renewals is an important one,” one staffer said.

The issue has also drawn the attention of Sen. Sherrod Brown (D-Ohio), according to his spokeswoman. “Sen. Brown is very concerned and will work with Congress and DOE to increase efficiency and transparency,” spokeswoman Lauren Kulik said in a written response.

Policy Dates to 2009

As recently as several years ago, NNSA and EM typically released fee data and Performance Evaluation Reviews approximately two-to-three months after they were completed, but a 2009 policy decision by the NNSA reversed that trend. An October 2009 memo from then-NNSA Acquisition and Supply Management chief David Boyd documented the new policy. The full reviews won’t be available from the NNSA for three years, when they are “no longer useful for past performance evaluation purposes,” Boyd wrote, citing Federal Acquisition Regulation 4.1503(b), which prohibits disclosure of the reviews because they “could cause harm both to the commercial interest of the Government and to the competitive position of the contractor being evaluated as well as impede the efficiency of Government operations.”

For its part, EM has no formal policy guiding how fee determination information is released. It can vary site-by-site, and contractor-by-contractor as to whether fee determination letters are made public. However, EM has also largely withheld releasing Performance Evaluation Reviews. In the place of the full reviews, NNSA and EM have provided one-page ‘desk’ statements summarizing the

report cards, but the information contained in the statements often varies from site to site.

‘The Assumption is There is Something to Hide’

In comments to *NW&M Monitor* (Vol. 16, No. 2), Przybylek suggested the decision, while it appears to be legally sound, brings into question the credibility of the process, and Congressional aides agreed. “Even if they have legal justification, do they need to exercise it,” one Congressional aide said. “What’s different now than three years ago? Why does it have to be so closely guarded now? Regardless of the legal escape clause they have, the public should know what they’re money is being spent on. The assumption is there is something to hide.” Another Congressional aide suggested that the decision flies in the face of transparency touted by the Obama Administration. “I don’t know how you can say you’re being open and transparent when you won’t release the report cards grading contractors that you pay millions of dollars to,” the aide said. “Transparency-wise it’s important to get that issue out.”

In a statement to *NW&M Monitor* earlier this month, NNSA spokesman Josh McConaha defended the NNSA’s decision, noting that the agency has released documents like the Quarterly Summary of Stockpile Stewardship Experiments, enhanced its website and blog, and has provided information about its procurement processes and contractor performance evaluations in an effort to be open and transparent. “While we are committed to being open and transparent, we must also balance that with our responsibility to protect procurement sensitive information,” McConaha said. “We believe we have balanced those competing interests by providing summaries of contractor performance evaluations to the news media. Nevertheless, the M&O contractors are free to release their own contract performance review information and we encourage them to do so.”

ECA Calls for Release of PERs

In addition to Congress, the Energy Communities Alliance joined in the call for the release of the Performance Evaluation Reviews, joining groups like the Project on Government Oversight, the Alliance for Nuclear Accountability, and Nuclear Watch New Mexico. “DOE needs to release the information,” ECA Executive Director Seth Kirshenbergsaid. “We understand the need to protect proprietary information, but DOE needs to identify for the communities how these cleanup dollars are being spent and whether and how the fee matches actual performance.”

Industry groups representing companies in the DOE marketplace, however, declined to weigh in on the issue. The Energy Technology and Environmental Business

Association did not respond to a request for comment, and the Energy Facility Contractors Group said it would not take a position. “As a non-profit organization it would be inappropriate for EFCOG to take a public position on this DOE policy matter,” said EFCOG Chairman Joe Yanek, an executive with Fluor. “This is consistent with other policies issues EFCOG has been requested to comment on.”

—Todd Jacobson

LAWYER IN LLNL AGE DISCRIMINATION CASE: BUDGET SHORTFALL OVERSTATED

Lawyers for laid off Lawrence Livermore National Laboratory employees will argue that the lab’s claim of a \$280 million shortfall that led to the first round of forced layoffs in three decades at the institution was overstated when the age discrimination trial involving the first set of former employees begins next month. Gary Gwilliam, a lawyer with the Oakland, Calif., law firm of Gwilliam, Ivary, Chiosso, Cavalli & Brewer that represents 130 former LLNL employees involved in lawsuits against the lab, said the lab used the shortfall as justification for the layoffs, which he suggested helped offset increased costs involved in the transition to private management of the lab by a Bechtel and University of California-led team in 2007. “When the layoff occurred the lab justified the layoff... on the basis of a terrible budget crisis that was unexpected; they didn’t know about it at the time,” Gwilliam told *NW&M Monitor*. “As far as we’re concerned, they never did have a budget crisis. It turned out at the end of the year they had plenty of money. They justified it because their cost of increasing the contract of the lab had gone up so much and they promised the government they would save \$50 million dollars and the only way they could do this was to lay off older workers.”

In all, 440 scientists, engineers, technicians and other support staff were fired in the 2008 layoffs, which had been the first at the lab since the 1970s. Gwilliam said many expected to be immune from the layoffs because of their seniority, but he has argued that the employees were singled out because of their higher salaries and benefits. Gwilliam said the average age of his 130 clients is 54 years old, and their average experience at the lab was 20 years. “The great majority of them were supposed to be laid off in reverse order of seniority and they weren’t,” Gwilliam said.

Trial Scheduled to Start Feb. 27

The trial is currently scheduled to begin Feb. 27 in Alameda County (Calif.) Superior Court and involves five

of the 130 plaintiffs: Marian Barazza, a purchasing specialist in the lab's Supply Chain Management Department; Elaine Andrews, an administrator in the lab's Human Resources department; Mario Jimenez, a supervisor in the lab's Plant Engineering Department; Greg Olsen, a supervisor in the lab's Plant Engineering Department; and James Torrice, a supervisor in the lab's Plant Engineering Department. Each of the employees was older than 50 when they were laid off and Gwilliam suggested they had believed their jobs would be safe because of their seniority.

Barazza had worked at the lab since she was 17, accumulating 38 years of service before she was laid off. She said she was shocked when she received the news that her employment was being terminated and she was escorted from the building. She said that while she was fired, other younger employees in her department with less seniority remained at the lab, including flexible-term employees. Her husband also worked at the lab, dying of a heart attack, and her daughter remains a lab employee. "When I realized the number of people that got laid off within my Department, I realized these were people I'd lived with 20 years or more," Barazza told *NW&M Monitor*. "I just concluded they were targeting the older, more senior, experienced people." Barazza remains out of work, though she said she is supported by her University of California pension. "The lab had been my life for so many years," she said. "I'm able to pay my mortgage. I can't go out and buy things like I used to. I'm doing OK. But it's been hurtful. I'm hurt that the lab has done this to me because I was a dedicated, loyal employee."

Lab Denies Allegations

The lab has disputed the claims raised by the plaintiffs, suggesting that older workers were not illegally singled out during the layoffs process. "A workforce restructure is the last thing this Laboratory wanted to undertake in 2008," lab spokesman Jim Bono said in a statement. "LLNL considers its employees its greatest asset and exhausted all other options to perform its important work for the country (e.g., voluntary separation program, attrition, cost cuts to operations) before proceeding with an involuntary separation. We understand that lawsuits often follow involuntary reductions in force. We respect the judicial process, but also note that the judge in this case has already made the determination that the broad-brush allegations made by the plaintiffs alleging some scheme to get rid of older workers are without merit."

In particular, the lab objected to claims that the budget shortfall that it said necessitated the layoff had been fabricated, noting that the involuntary separation plan had been approved by the Department of Energy and was thus immune from being challenged in court. In a ruling Jan.

13, Judge Robert Freedman agreed, but Gwilliam said he was planning to challenge that decision and was still planning on calling former White House Office of Management and Budget examiner Robert Civiak as a witness. A pre-trial hearing is set for Feb. 6.

In a declaration included in court documents, Civiak said increased costs and funding cuts were already known before 2008; the lab has said that the budget shortfall consisted of a \$100 million decrease in funding, \$130 million in increased costs from the new contract, and \$50 million for inflation. He also said that the shortfall was "overstated" because significant cost reduction efforts had already been put in place in 2008. He said Livermore's own financial analysis revealed that the shortfall was "no worse" than \$188 million in November of 2007, and that gap had shrunk to \$116 million in February of 2008. He also said reserve funding was available to mitigate the shortfall. "By April 2008, LLNS had made sufficient progress in meeting its budget needs to eliminate any thought of involuntary layoffs of career employees," Civiak said in his declaration. "Furthermore, any suggestion that a surprise budget shortfall led LLNS to invoke involuntary layoffs of career employees is false. ... In my opinion, LLNS chose to lay off career employees for reasons not related to the budget."

—Todd Jacobson

TAUSCHER TO STEP BACK FROM ROLE AS UNDER SECRETARY OF STATE

Gottemoeller Expected to Become Acting Under Secretary

Ellen Tauscher will leave her post as the Under Secretary of State for Arms Control and International Security early next month, but will remain with the Department as an advisor to Secretary of State Hillary Clinton, a State Department official told *NW&M Monitor* this week. Rose Gottemoeller, who was the Obama Administration's top negotiator on the New START Treaty with Russia, is expected to take over for Tauscher in an acting capacity at

CORRECTION...

An article in the Jan. 20 issue of *NW&M Monitor* incorrectly listed Northrop Grumman among the companies that make up Savannah River Nuclear Solutions, the managing contractor for the Savannah River Site. Northrop Grumman's place in SRNS has been replaced by Huntington Ingalls Industries, which was formed last year after Northrop Grumman spun off its shipbuilding sector. *NW&M Monitor* regrets the error. ■

least through the end of the Obama Administration's first term as Tauscher moves into a new role as a "special envoy for strategic stability and missile defense" that will give her time to pursue work as an advocate for cancer patients. A spokesman in Gottemoeller's office declined to comment.

Tauscher is in good health after battling esophageal cancer for the last 18 months. Her last day as Under Secretary is expected to be Feb. 6, a State Department official told *NW&M Monitor*. Tauscher's job change was first reported by a *Foreign Policy* blog. "She feels she's accomplished a lot," the official told *NW&M Monitor*. "She's been sort of on call for 15, 16 years, and now that she sort of has her health back—since the end of last year, she's started to feel normal again—she wants to use the years left where she would work and be productive, to do a wider variety of things."

In her advisory role to Clinton, Tauscher will continue to pursue several issues she championed during her time as under secretary, staying on as the chief U.S. representative on the President's Bilateral Commission on Strategic Stability with Russia and implementing civilian nuclear cooperation deals with countries around the world. She'll also maintain a role in negotiating with Russia on the missile defense cooperation and will continue to advocate for the National Nuclear Security Administration and the nation's nuclear weapons laboratories. She was an ardent supporter of the NNSA during her time in the House of Representatives and as the chair of the House Armed Services Strategic Forces Subcommittee. "She'll have an interest in it and follow it and speak out when she can," the official said.

—Todd Jacobson

ORNL SECURITY SUPERVISOR QUILTS AFTER SLEEPING PHOTOS RELEASED

WSI, the Department of Energy's Oak Ridge security contractor, confirmed that a security supervisor resigned Jan. 26 after he admitted violating multiple rules—including sleeping on the job and using a personal cell phone while on duty. However, Lee Brooks, WSI's senior vice president and general manager in Oak Ridge, insisted that the violations did not take place in a classified area. Brooks said the lieutenant on the protective force at Oak Ridge National Laboratory came forward and acknowledged the violations after incriminating photographs were distributed anonymously to WSI-Oak Ridge and other organizations.

He said WSI's investigation concluded that the photographs were probably taken sometime during 2010,

although the exact time frame was not established. The anonymous complaint said the photographs were taken inside Building 3019, which is a high-security complex at ORNL that houses a large stockpile of fissile uranium-233—material that could potentially be used by terrorists in an improvised nuclear device. Brooks would not confirm or deny that the photos were taken at Building 3019. But he reiterated that the photographs were taken in an unclassified area. The WSI executive said other, outside sources—including the Department of Energy—corroborated that conclusion.

WSI: 'We Do Not Tolerate Deliberate Violations'

Brooks said the security officer's use of a cell phone was a violation of WSI company policy, which prohibits the use of personal cell phones or other electronic devices during duty hours, but it was not specifically a violation due to its location. However, he argued that the security supervisor was "dozing off" rather than sleeping, and differentiated between the two, even though he said each are violations. He said sleeping would involve making a bed and intentionally going to sleep. "What he told us is that he dozed off, that he was not deliberating sleeping [on duty]," Brooks said. Asked if the security supervisor would have been fired if he hadn't resigned, Brooks said, "We didn't get that far." He added: "I can tell you we do not tolerate deliberate violations like this. ... We take allegations of misconduct seriously." The security supervisor received no severance package, Brooks said.

Earlier this week, a DOE spokesman said the federal agency would be monitoring the investigation "very closely" but stopped short of saying that the Department would open its own investigation. "WSI-Oak Ridge has assured us that the investigation will be performed in a timely manner, and when the facts are gathered DOE-ORO will ensure the appropriate actions are taken," DOE spokesman Mike Koentop said. Meanwhile, the Inspector General's office at DOE headquarters in Washington confirmed that the IG had been informed of the matter and was monitoring the Oak Ridge situation to see if further action is warranted.

POGO Pushes for DOE-Led Investigation

DOE's decision to not investigate the incident on its own drew immediate criticism from the watchdog group Project on Government Oversight, which in 2006 released a report calling the uranium stored in Building 3019 a significant security risk. "Perhaps the most egregious part of all this is that the Energy Department is allowing Wackenhut to investigate the latest security lapse itself," POGO Senior Investigator Peter Stockton said. "This is too important to leave up to Wackenhut."

*A New START: Sustaining a Credible
Deterrent Through Modernization*

February 14-17, 2012

Marriott Renaissance Arlington Capital View
Arlington, Virginia

Additional Speakers... (as of 1/27/12)

Kenneth A. Myers, *Director, Defense Threat Reduction Agency; U.S. STRATCOM Center for Combating Weapons of Mass Destruction (SCC-WMD)*

John Harvey, *Principal Deputy Assistant Secretary for Nuclear, Chemical and Biological Defense Programs, U.S. Dept. of Defense*

Laura Holgate, *Senior Director, Weapons of Mass Destruction Terrorism and Threat Reduction, White House National Security Council (NSC)*

Brig. Gen. Sandra Finan, *Principal Assistant Deputy Administrator for Military Application, NNSA*

Robert Nassif, *Director, Office of Financial Management, NNSA*

Robert Raines, *Associate Administrator for Acquisition and Project Management, NNSA*

Joe Waddell, *Director, Acquisition and Supply Mgmt. NNSA*

Geoffrey Beausoleil, *Deputy Manager, NNSA Pantex Site Office*

Dan Hoag, *Acting Manager, NNSA Y-12 Site Office*

Amb. Linton Brooks, *former Administrator, NNSA*

Amb. Paul Robinson, *former Dir. Sandia Nat'l Laboratories*

Chris Gentile, *President, Kansas City Plant, Honeywell FM&T*

Ray Juzaitis, *President, NSTec, Nevada Test Site*

Darrel Kohlhorst, *President and General Manager, B&W Y-12*

Kelly Trice, *President, Shaw-AREVA MOX Services*

John Woolery, *President, B&W Pantex*

Taunja Berquam, *Minority Staff, House Energy and Water Appropriations Subcommittee*

Leland Cogliani, *Majority Staff, Senate Energy & Water Appropriations Subcommittee*

Rob Soofer, *Professional Staff Member, Office of Sen. Jon Kyl*

Tyler Przybylek, *former General Counsel, NNSA*

Keynote presentations from...

The Honorable Jon Kyl, *U.S. Senator, Arizona*

The Honorable Michael Turner, *U.S. Congressman, Ohio*

The Honorable Daniel Poneman, *Deputy Secretary, U.S. Department of Energy*

Major General William Chambers, *Asst. Chief of Staff, Strategic Deterrence and Nuclear Integration, USAF*

The Honorable James Miller, *Principal Deputy Under Secretary for Policy, U.S. Department of Defense*

The Honorable Neile Miller, *Principal Dep. Administrator, U.S. National Nuclear Security Administration*

The Honorable Rose Gottemoeller, *Assistant Secretary, Arms Control, Verification and Compliance, U.S. Department of State*

The Honorable Madelyn Creedon, *Assistant Secretary for Global Strategic Affairs, U.S. Dept. of Defense*

Graham Allison, *Director, Belfer Center for Science and International Affairs, Harvard University*

Also featuring...

The Honorable Don Cook, *Dep. Administrator Defense Programs, NNSA*

The Honorable Anne Harrington, *Dep. Administrator for Defense Nuclear Nonproliferation, NNSA*

Penrose "Parney" Albright, *Director, Lawrence Livermore National Laboratory*

Paul Hommert, *Director, Sandia National Laboratories*

Johnny Foster, *Member of the Strategic Posture Commission and former Director, Lawrence Livermore Nat'l. Lab*

Adm. Richard Mies (Ret.), *former commander, U.S. Strategic Command*

Charles Shank, *Co-chairman of the National Academy of Sciences Study on Lab Management*

Eugene Aloise, *Director, Natural Resources and Environment, U.S. Government Accountability Office*

— THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT —

AGENDA

Tuesday, February 14

3:00 **REGISTRATION OPENS
SUMMIT SUPPORT MATERIALS**

Partners:

*Booz Allen Hamilton; Tetra Tech;
WSI - G4S; Black & Veatch; and
Longenecker & Associates*

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

*Tonight Recognizing...
Babcock & Wilcox*

Wednesday, February 15

Today Recognizing...

*Shaw Group; TechSource; and
Northrop Grumman*

7:30 **CONTINENTAL BREAKFAST**

8:30 **WELCOME/OPENING REMARKS**

Edward Helminski, President
EM Publications & Forums

8:35 **OPENING KEYNOTE PLENARY**

The Honorable James Miller,
Principal Deputy Under Secretary for
Policy, U.S. Dept. of Defense

OPEN DISCUSSION

9:05 **NNSA: Doing What Needs to be Done
in a Climate of Fiscal Austerity**

MODERATOR: **Greg Meyer**, Senior
Vice President, Fluor Government
Group

The Honorable Neile Miller, Principal
Deputy Administrator, National
Nuclear Security Administration

OPEN DISCUSSION

9:35 **A Geopolitical Perspective: What We
Need to Do to Assure Global Nuclear
Deterrence**

Ambassador Linton Brooks,
Independent Consultant (*former
Administrator, National Nuclear
Security Administration*)

OPEN DISCUSSION

10:05 **COFFEE BREAK**

10:25 **Putting in Place a Command and
Control Structure to Meet New
Challenges**

MODERATOR: **Gary Gilmartin**, Vice
President, Longenecker & Associates

Adm. Richard Mies (Ret.), Chairman,
STRATCOM Strategic Advisory Group
(*former Commander, U.S. Strategic
Command*)

OPEN DISCUSSION

10:55 **Reformulating National Nuclear
Deterrence Policy to Meet the
Challenge of the Post-Cold War Era**

Graham Allison, Director, Belfer
Center for Science and International
Affairs, Harvard University

OPEN DISCUSSION

11:30 **Perspectives on the 2013 Budget
Request and President Obama's
Guidance on the Future of the U.S.
Nuclear Weapons Program**

Hans Kristensen, Director, Nuclear
Information Project, Federation of
American Scientists

OPEN DISCUSSION

12:00 **LUNCH**

1:00 **Putting in Place a Policy Framework to
Guide the Future of U.S. Nuclear
Forces, Missile Defense and Nuclear
Counterterrorism**

The Honorable Madelyn Creedon,
Assistant Secretary for Global Strategic
Affairs, U.S. Dept. of Defense

OPEN DISCUSSION

1:30 **The Management of the Weapons
Labs—Insight from the National
Academy of Sciences Assessment**

Charles Shank, Chairman
National Academy of Sciences Study
Committee

OPEN DISCUSSION

2:00 **NNSA Management of the Weapons
Labs: A Need to Further Enhance
Operations and Current Practices**

MODERATOR: **Johnny Foster**, Member
of the Strategic Posture Commission
(*former Director Lawrence Livermore
Nat'l Lab*)

Steve Guidice, Independent Consultant
(*former head of Operations and
Weapons, Albuquerque Field Office,
U.S. DOE*)

Ambassador Paul Robinson,
President Emeritus, Sandia National
Laboratories

Ambassador Linton Brooks,
Independent Consultant (*former
Administrator, National Nuclear
Security Administration*)

Tyler Przybylek, Independent
Consultant (*former General Counsel,
National Nuclear Security
Administration*)

OPEN DISCUSSION

3:30 **COFFEE BREAK**

3:50 **An Integrated Path Forward to Assure
a Credible Nuclear Deterrent**

John Harvey, Principal Deputy
Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense

OPEN DISCUSSION

4:25 **Stockpile Management Challenges
Across the Complex**

MODERATOR: **Bill Brownlie**, President
Tetra Tech HEI

Darrel Kohlhorst, President and
General Manager, B&W Y-12

John Woolery, President
B&W Pantex

(*Additional Speakers TBD*)

OPEN DISCUSSION

5:30 **ADJOURN**

5:45 **COCKTAIL RECEPTION**

— Strengthening Capabilities to Prevent the Use of Nuclear Weapons —

Thursday, February 16

Today Recognizing...

*URS; Parsons; Bechtel National Inc.;
and Fluor Corporation*

7:00 CONTINENTAL BREAKFAST

8:00 OPENING KEYNOTE PLENARY

**The Necessity to Modernize the
Weapons Complex**

The Honorable John Kyl,
U.S. Senator, Arizona

OPEN DISCUSSION

8:30 **Transparency and Verification: The
Administration's Strategy for Nuclear
Deterrence and Arms Control**

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

The Honorable Don Cook, Deputy
Administrator for Defense Programs,
National Nuclear Security
Administration

The Honorable Anne Harrington,
Deputy Administrator for Defense
Nuclear Nonproliferation, National
Nuclear Security Administration

The Honorable Rose Gottemoeller,
Assistant Secretary for Arms Control,
Verification and Compliance
U.S. Department of State

Kenneth A. Myers, Director
Defense Threat Reduction Agency
& U.S. Strategic Command Center
for Combating Weapons of Mass
Destruction (SCC-WMD), DoD

OPEN DISCUSSION

10:00 COFFEE BREAK

10:20 **A Russian Perspective on the Future of
Arms Control and Mutual Deterrence**

Vladimir Rybachenkov, Senior
Research Scientist at the Moscow
Center for Arms Control Studies;
(former Nuclear Counselor, Russian
Embassy in Washington)

OPEN DISCUSSION

11:00 **Progress on Assuring Global Nuclear
Material Security and Meeting the
Challenge of Nuclear Terrorism**

MODERATOR: **Bryan Wilkes**, Vice
President for Energy and National
Security Programs, Shaw Group

Laura Holgate, Senior Director
Weapons of Mass Destruction
Terrorism and Threat Reduction, White
House National Security Council

Graham Allison, Director, Belfer
Center for Science and International
Affairs, Harvard University

Eugene Aloise, Director, Natural
Resources and Environment, U.S.
Government Accountability Office

OPEN DISCUSSION

12:15 LUNCH

1:15 **The Challenges Facing the National
Weapons Laboratories to Assure the
Credibility of the Nuclear Deterrent**

MODERATOR: **Stephen Younger**, Vice
President, Northrop Grumman
Technical Services

Paul Hommert, Director
Sandia National Laboratories

Penrose "Parney" Albright, Director
Lawrence Livermore National
Laboratory

OPEN DISCUSSION

2:15 **Maintaining Modernization Within a
Constrained Budget**

MODERATOR: **Richard Goffi**, Booz
Allen Hamilton

Robert Nassif, Director, Office of
Financial Management, National
Nuclear Security Administration

Leland Cogliani, Majority Staff,
Senate Energy and Water
Appropriations Subcommittee

Allison Bawden, Assistant Director
Government Accountability Office

OPEN DISCUSSION

3:15 COFFEE BREAK

3:30 **Improving Integration Between NNSA,
DoD and STRATCOM**

Brig. Gen. Sandra Finan, Principal
Asst. Deputy Administrator for Military
Application, National Nuclear Security
Administration

(Additional Speaker from DoD TBD)

OPEN DISCUSSION

4:20 **Improving Construction and Project
Management Across the Complex**

MODERATOR: **Roy Schepens**, Vice
President, Parsons

Robert Raines, Associate
Administrator for Acquisition and
Project Management, NNSA

Ryan Coles, Assistant Director
Government Accountability Office

John Gertsen, Vice President
UPF Programs, B&W Y-12

(CMRR Speaker TBD)

Kelly Trice, President
Shaw-AREVA MOX Services

OPEN DISCUSSION

5:30 **The Future of NNSA Contracting**

MODERATOR: **Brian D'Andrea**
President/CEO, TechSource, Inc.

Joe Waddell, Director
Office of Acquisition and Supply Chain
Management, National Nuclear
Security Administration

OPEN DISCUSSION

6:00 ADJOURN

6:15 COCKTAIL RECEPTION

Friday, February 17

Today Recognizing...
Honeywell

7:00 CONTINENTAL BREAKFAST

8:00 OPENING KEYNOTE PLENARY

**A Nonproliferation Approach to
Support the Expansion of Civilian
Nuclear Power**

The Honorable Daniel Poneman,
Deputy Secretary, U.S. Dept. of Energy

OPEN DISCUSSION

8:30 **Strengthening Deterrence in Fiscally
Constrained Times**

Major General William Chambers,
Assistant Chief of Staff, Strategic
Deterrence and Nuclear Integration,
U.S. Air Force

OPEN DISCUSSION

— THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT —

9:00 **A Congressional Perspective on the U.S. Nuclear Deterrent**

The Honorable Michael Turner,
U.S. Representative, Ohio

Chris Gentile, President
Kansas City Plant
Honeywell FM&T

Geoffrey Beausoleil, Deputy Manager
NNSA Pantex Site Office

11:20 **Perspective from Congress on the Direction and Financial Support for U.S. Nuclear Deterrence Strategy**

MODERATOR: **Todd Jacobson**,
Reporter, *Nuclear Weapons & Materials Monitor*

OPEN DISCUSSION

OPEN DISCUSSION

9:30 **Improving Site Management and Integration**

MODERATOR: **George Dudich**,
President, B&W Technical Services
Group

Dan Hoag, Acting Manager
NNSA Y-12 Site Office

Ray Juzaitis, President
NSTec, Nevada Test Site

10:30 **COFFEE BREAK**

10:50 **Are We Rebuilding a Nuclear Stockpile for a World That Doesn't Exist?**

Ambassador Paul Robinson President
Emeritus, Sandia National Laboratories

OPEN DISCUSSION

Rob Soofer, Professional Staff
Member, Office of Sen. Jon Kyl

Tim Morrison, Majority Staff, House
Armed Services Strategic Forces
Subcommittee

Taunja Berquam, Minority Staff,
House Energy and Water
Appropriations Subcommittee

OPEN DISCUSSION

12:30 **SUMMIT ADJOURNS**

About the Summit...

For more than 20 years, ExchangeMonitor Publications & Forums has been bringing together national and global decisionmakers to address critical issues surrounding the production and reduction of nuclear weapons. The Nuclear Deterrence Summit, started in 2008, follows in the footsteps of the Nuclear Security Decisionmakers Forum convened just after the creation of NNSA and 10 years of forums on the U.S.-Russian Plutonium Disposition program.

The Nuclear Deterrence Summit is the only international conference devoted specifically to addressing the U.S. nuclear weapons program and the responsibilities of the key government agencies—**The National Nuclear Security Administration, the Dept. of State and the Dept of Defense, including STRATCOM**. For the past two years, opening keynote addresses were given by Under Secretary of State Ellen Tauscher and Russian Ambassador Sergei Kislyak. The list of past speakers and participants reads like a who's who of the global nuclear weapons and nonproliferation community.

Past Summits attracted more than 300 participants and achieved recognition by major national and international media.

— PARTNERSHIP OPPORTUNITIES... —

Want to enhance recognition of your organization's involvement or interest in getting involved with NNSA or DoD programs with responsibilities for nuclear operations?

Become a ***Nuclear Deterrence Summit Partner*** and publicize your company to the community directly involved in working in the NNSA and related DoD marketplace. This 2½ day event will attract participants from a broad spectrum of companies and organizations. The benefits include:

- Partner recognition on conference agenda and resource book;
- Inclusion of a 2 or 4 page 'marketing' flyer in the conference resource book;
- Moderating or speaking*;
- Free or discounted registrations*;
- Free or reduced fee for exhibit space; and
- Recognition during the conference via signage publicizing the company logo/trademark, etc.

(*Depends on level of partnership)

For details contact the Forums office at 1-877-303-7367 ext. 109 or email forums@exchangemonitor.com

— PAST ATTENDING ORGANIZATIONS —

AECOM
Agence France-Presse
Akerman
Alion Science & Technology
Allan Consulting
ARES Corporation
Arms Control Association
Associated Press
ATK Space Systems
Atlantic Council of the United States
AWE plc
B&W Technical Services Y-12, LLC
B&W Technical Services Group, Inc
Babcock Services, Inc
Battelle Memorial Institute
Bechtel National, Inc.
BG4 Inc.
BGITM
Black & Veatch
Booz Allen Hamilton
Bradburne Consulting
British Embassy
Brookhaven National Laboratory
Burns & McDonnell
Carnegie Endowment for Int'l Peace
CEA - France
Center for Strategic & Int'l Studies
CH2M HILL
Chenega Security & Protection Services
C-SPAN
Culmen International
Decision Factors
Embassy of Australia
Embassy of France
EnergySolutions
ETEBA
Federation of American Scientists
Financial Times
Fluor Government Group
FOX News Channel
Friends Committee on National Legislation
Global Security Newswire
Great Basin Technology, Inc.
GS&S - The Boeing Company
GW's Elliott School of International Affairs
Honeywell Federal Manufacturing & Technologies
House Appropriations Committee Subcommittee on Energy & Water
House Armed Services Committee
House Committee on Foreign Affairs
House Strategic Forces Subcommittee
IBM
Idaho National Laboratory
Innovative Environmental Technologies
Inside Missile Defense
InsideDefense.com
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ITAR-TASS News Agency
Jacobs Engineering
James Martin Center for Nonproliferation Studies
Janis-Bradburne Executive Recruiting LLC
Johns Hopkins University
Journal of College Science
K.A. Carlson, Inc.
Kansas City Plant
Kiewit
Lawrence Livermore National Laboratory
Lockheed Martin
Logan Research
Longenecker & Associates
Los Alamos National Laboratory
Los Alamos Study Group
Merrick & Company
National Institute for Public Policy
National Journal Group
National Nuclear Security Administration
National Secure Manufacturing Center
National Security Technologies, LLC
Nevada Alliance for Defense, Energy & Business
Nevada Security Technologies, LLC
News Sentinel
NHK Japan Broadcasting
Northrop Grumman Corporation
Northrop Grumman Shipbuilding
Northrop Grumman Technical Services
NSTec, Nevada Test Site
Nuclear Safety Associates
Nuclear Threat Institute
Nuclear Weapon Surety and Quality Office
Oak Ridge National Laboratory
Office of U.S. Senator Jon Kyl
Pacific Northwest National Laboratory
Pantex Site Office
PaR Systems, Inc. / Environmental
Parsons
Partnership for Global Security
Patrick R Davidson & Associates LLC
Perma Fix Environmental Services
Physics Today
Platts
Pro2Serve
Project On Government Oversight
Resource Alternatives, Inc.
RIA Novosti
Russian Embassy
SAIC
Sandia National Laboratories
Savannah River National Laboratory
School of Advanced Air & Space Studies
SEC
Senate Energy & Water Approps Subcommittee
SGT, Inc.
Shaw AREVA MOX Services
Southeastern Universities Research Assn.
Stanford University
State of South Carolina
Stockpile Stewardship
STRATCOM
Strategic Marketing Consultants
Strategic Posture Commission
Sullivan International Group, Inc.
Systematic Management Services
TechSource, Inc
TerranearPMC
Tetra Tech HEI
Tetra Tech, Inc
The Asahi Shimbun
The Babcock & Wilcox Company
The Boeing Company
The Duffy Group
The KeySource Group, Inc.
The S.M. Stoller Corporation
The Scowcroft Group
The Shaw Group
The Yomiuri
Trinity University
U.S. Air Force
U.S. Department of Defense
U.S. Department of Energy
U.S. Department of Homeland Security
U.S. Department of State
U.S. Government Accountability Office
U.S. House of Representatives
Union of Concerned Scientists
Universities Research Association
University of Nevada, Las Vegas
University of Texas at Austin
URS Corporation
Wackenhut Services, Inc.
White House National Security Council
WorleyParsons Polestar
WSI
Y-12 National Security Complex

In Cooperation With...



Partnering Organizations...
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ACCOMMODATIONS

The rate for Summit attendees at the Renaissance Arlington Capital View is \$181.00 for single and double occupancy. These rates do not include a daily hotel services fee, along with applicable city and states taxes (which are currently 10.5%).

To guarantee a reservation, PLEASE USE THE LINK https://resweb.passkey.com/Resweb.do?mode=welcome_ei_new&eventID=6660490 to book directly into our room block.

If you would prefer to reserve your room by telephone, please contact the Group Housing office of the hotel at 1-877-212-5752, and identify yourself as a 4th Annual Nuclear Deterrence Summit attendee. If space is available, the above rate will apply for attendees three days prior and three days after our program dates. We recommend making your reservations EARLY to secure a guest room (no later than Feb. 9, 2012).

GROUND TRANSPORTATION

From Ronald Reagan Washington National Airport: The Renaissance Arlington Capital View is 1 mile east of Reagan National Airport. A courtesy phone is available, and airport shuttle service (scheduled) is complimentary. Alternatively, subway service is available from the airport (\$1.65 one way). A private taxi is also a reasonable choice, with an estimated fare of \$10.00 (one way). **From Baltimore Airport:** Call Super Shuttle and make reservations for the most economical rate. **From Dulles Airport:** Taxi will be around \$50.00.

MARRIOTT RENAISSANCE ARLINGTON CAPITAL VIEW

The Conference site is the Marriott Renaissance Arlington Capital View, 2800 South Potomac Ave, Arlington, VA 22202; Phone 703-413-1300. It is located just minutes away from Washington, D.C. Adjacent to the Crystal City Metro Station, the entire Washington D.C. metropolitan area is at your disposal, with the Smithsonian Museum, Holocaust Museum, National Zoo, and the national monuments just a metro ride away. Plus, it is just one mile from the Ronald Reagan National Airport.

SUMMIT SCHEDULE AND REGISTRATION INFORMATION

Registration opens at 3:00 p.m. Tuesday, Feb. 14 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary begins at 8:00 a.m., Wednesday, Feb. 15. The Summit ends at 1:00 p.m., Fri., Feb. 17.

Registration Fees:

| | |
|---|------------|
| Federal Employees (non-speakers): | \$895.00 |
| Academic, Non-industry Not-for-Profit | \$895.00 |
| Subscribers to the <i>Nuclear Weapons & Materials Monitor</i> | \$1,395.00 |
| General Admission (includes Federal Contractors) | \$1,595.00 |

Register at www.deterrencesummit.com

(Registration includes: three continental breakfasts, two lunches, three receptions, one dinner, a copy of the Resource Book and conference proceedings).

Cancellation Policy: There is a \$200.00 service charge on cancellations after Jan. 27, 2012. No refunds will be made after Feb. 3, 2012 but substitutions are welcome.

NNSA RELEASES NEW SETS OF Y-12/PANTEX Q&As

The National Nuclear Security Administration has released two more sets of questions and answers to the final Request for Proposals for its combined Y-12 National Security Complex/Pantex Plant management and operating contract. The fourth and fifth sets of Q&As released since the final RFP was published in December, the latest grouping clears up potential questions about when contractors may be able to begin implementing cost savings initiatives, suggesting that language in the final RFP would allow bidders to earn fee from cost savings that are proposed and implemented during the transition to a new contractor.

A questioner had asked about the logistics of implementing changes during transition. “Considering that the contractor will not take over operational responsibility (and presumably the workforce at the sites) until the end of the Transition Term, it is not clear how the contractor could implement changes in the FTE baseline when they do not employ the personnel,” the questioner said. The agency said final RFP was designed to “allow the successor contractor to obtain a share in savings for cost reductions proposed and implemented before they are responsible for operations, but realized during contract performance.” ■

Claims of Nepotism Raised

Among the allegations raised in the anonymous complaint was that the security supervisor was deliberately violating any policies he wanted because his father-in-law was WSI’s protective force manager at ORNL, Jon Justice. Brooks would not identify the security supervisor in the photos by name, but he confirmed that the man is the son-in-law of Justice. He said the company’s investigation did not find evidence that violated the company’s nepotism policy. The subject of the investigation was originally one of WSI’s security police officers at the Y-12 National Security Complex, but he transferred to the protective force at ORNL in 2009, along with other guards.

He was promoted to lieutenant in June 2011, but Brooks said Justice did not make that decision or play a role in that process. Brooks said the decision to promote the individual would have been made either by himself or a deputy general manager at WSI-Oak Ridge. “The father-in-law had absolutely no role in the promotion,” Brooks said. “He was completely excluded.” Brooks said investigators are confident that the violations took place before the employee was promoted to lieutenant on WSI’s security force at ORNL.

Source of Photographs Part of Investigation

The contractor’s investigation is continuing and will focus on who took the photographs that were distributed anonymously in recent days. Brooks said WSI does not know who took the photos or how they were taken. If they were taken by another WSI employee, that would be a company violation, he said. He acknowledged, however, that other contractors—UT-Battelle, the manager of ORNL, and Iso-tek, the contractor in charge of the U-233 disposition pro-

ject—also have access to the area where the photos were reportedly taken.

—From staff reports

ARMS CONTROL EXPERTS: DON’T WAIT TO CHANGE NUCLEAR FORCE STRUCTURE

As the Obama Administration considers potentially moving toward a smaller nuclear force, it should begin planning now to scale back its efforts to modernize the nation’s nuclear deterrent rather than waiting for budget realities to dictate changes, a Congressional Research Service official said at a Jan. 20 Arms Control Association event. “Wouldn’t it make sense to make the decision about changing how you operate the force before the budget forces you to do it because the budget forces you to reduce the number of delivery systems?” Amy Woolf of the Congressional Research Service asked at last week’s event in Washington. The Administration is currently undergoing an analysis of the 2010 Nuclear Posture Review, which outlined requirements for nuclear weapons and strategic forces. That Pentagon has hinted that the post-NPR review could call for reducing the number of nuclear weapons and maintain the deterrent with a “different” nuclear force.

Woolf said that the United States is now at the “crossover point” at which decisions on how to operate the force need to be made. “The Administration is looking at changes in the guidance that might allow you to change how you operate the force and therefore buy fewer systems because budget pressures, which may win the day, are putting a lot of pressure to buy fewer systems, to buy them later, which may then force you to change how you operate the force,” she said. The Pentagon is looking to spread modernization efforts out over a longer time period in order to lower its

budget request (*see related story*), Woolf said, though she warned that this could end up result in higher costs. “If you want to reduce the amount of money that you put into the budget in the next year or the next five years or the next 10 years on any of these modernization plans, you’re talking generally about slowing them down, stretching them out. The budget funding, the money in the budget for the next several years is all R&D and design money,” she said, adding that procurements are not planned until five to seven years from now. “If you do that, if you slow them down, you don’t actually save money on nuclear weapons. You may actually cost more money in the long run, you just do it later,” she said.

‘The Longer You Wait The Less You Need’

However, Woolf said that another potential impact of stretching out modernization could be the United States may eventually decide it doesn’t need as much as originally anticipated. “One reason you stretch nuclear programs, beyond saving money in the near-term budget, is because eventually you may decide you don’t need them as much, and you buy fewer of them in the long run. And that’s where you reduce the cost of nuclear weapons in the long run,” she said, adding, “The longer you wait the less you need. That may be one benefit if you’re looking for a way to reduce long term costs, drag it out now and eventually you buy less,” Woolf said. She cited the example of the Pentagon’s plans for the B-2 bomber, which dropped from having 132 planes to 21.

‘We Need to Start From Scratch’

Nonproliferation experts at last week’s ACA event also suggested that a reassessment of nuclear readiness capabilities should be performed that would lead to a significantly larger reduction in the strategic nuclear force than was mandated by the New START treaty. “I would argue that we need to start from scratch,” Mort Halperin, senior advisor for the Open Society Institute and a member of the Strategic Posture Commission, said. That would also include rolling back the so-called prompt launch requirement, which mandates a counterattack as soon as one is launched against the United States, which Halperin said “drives a number of factors” related to the number and kinds of forces necessary.

He continued, “We need to ask ourselves the question, under what circumstances might the Russian leadership wake up and say ‘Oh it’s Easter Sunday, the Americans are at rest, we can launch a surprise attack and it will be successful.’ What would have to be going on in the world that would make that even conceivable and how much certainty of how much destruction would the Russian leadership have to have in order to not be tempted to

launch that attack. I think if we ask that question and we really ask that over again, not saying what can we change in the current posture, but ask that question given the current state of Russia, given the state of our relationship, given the places where we confront them, we would come up with a substantially lower number as a requirement for strategic forces.”

While the New Start treaty required reductions to a total of 1,550 strategic deployed nuclear weapons, Halperin said that such a reassessment could lead to the conclusion that less than 1,000 are necessary. “I think we could then propose to the Russians an amendment to the New START treaty that doesn’t change anything but the number of deployed strategic weapons,” he said. “I think we can go to 1,000 without worrying about China and without worrying about Russian tactical nukes, because we would still leave in place the U.S. nondeployed weapons which numerically roughly balance out the Russian tactical nukes.”

Halperin: Maintain the Triad

However, Halperin added that the traditional nuclear deterrence triad, or “troika” of intercontinental ballistic missiles, bombers and submarine-launched missiles, should be maintained. “We ought to agree that, if we go to a thousand, we will leave the troika intact, because I believe the major bar for the U.S. going to a thousand is not these actual calculations, but the fear that everybody has who is interested in a particular part of the troika—that if we go to a thousand, their part of the troika will come under threat,” he said. Last year Gen. Robert Kehler, the head of U.S. Strategic Command, said last year that Congressional belt tightening, along with future modernization and arms control efforts, could result in an eventual move to a “dyad” from the current triad.

—*Kenneth Fletcher*

UN SEC-GEN: CONF. ON DISARMAMENT COULD BE HEADED FOR ‘IRRELEVANCY’

The Conference on Disarmament opened its first session of 2012 amid growing cries from the international community and the United States to break a deadlock that has prevented progress on a Fissile Material Cutoff Treaty and has kept the Geneva negotiating body stalemated since 2009. In a Jan. 24 statement, United Nations Secretary General Ban Ki-moon warned that the Conference on Disarmament could be headed for “irrelevancy” as countries look to move negotiations on a FMCT into other forums due to the lack of progress in Geneva, while Rose Gottemoeller, the Assistant Secretary of State for Arms Control, Verification

and Compliance, suggested that the international community was “losing patience with the current situation in the CD.”

The CD enjoyed a breakthrough in 2009, ending a long deadlock by agreeing to a work plan that included starting negotiations on a FMCT as well as talks on three other issues: a prohibition on space-based weapons, the worldwide abolition of nuclear weapons and the prevention of nuclear weapons use against non-nuclear weapons countries. Pakistan initially agreed to support negotiations on the FMCT in 2009, but changed its mind, choosing instead to block the adoption of an agenda at the 65-member conference, which operates on a consensus basis. Pakistan, which only recently tested a nuclear weapon, has significant concerns about a potential FMCT—which would ban the production of fissile materials worldwide—that are rooted in the large existing stocks of nuclear materials held by the U.S., Russia and other nuclear weapons states, including its regional rival, India.

CD ‘No Longer Living Up To Expectations’

Because of the impasse, Ban suggested that the spotlight would be on the CD like no time before. “This distinguished body is no longer living up to expectations,” Ban said in a statement read by Kassym-Jomart Tokayev, the Director-General of the United Nations Office in Geneva. “The last occasion on which the conference fulfilled the negotiating role given to it by the United Nations General Assembly was in 1996, when the Comprehensive Test Ban Treaty emerged from an intensive three-year process. Not only do the members of the conference disagree over its priorities, but the consensus rule, which has served this body so well in the past, is currently used as a de facto veto power to stall every attempt to break the impasse.”

Momentum has been growing over the last few years to move negotiations on a FMCT out of the Conference on Disarmament, and a key United Nations committee considered a resolution that would have established a timeline for international intervention into the deadlocked

negotiations before the resolution was tabled. Ban also convened a high-level meeting in September of 2010 on the subject. “Lamenting the constraints of the rules of procedure or the ‘absence of political will’ can no longer suffice as explanations for any further lack of progress,” Ban said. “The General Assembly is seized of the matter and, if the Conference remains deadlocked, is ready to consider other options to move the disarmament agenda forward.”

International Community ‘Losing Patience’

Gottemoeller emphasized that frustrations among the international community, and especially in the United States, have been growing due to the impasse. “At the most recent session of the [General Assembly] First Committee, we all witnessed and experienced the growing international frustration with the status quo here in Geneva,” Gottemoeller said. “Not surprisingly, and with no small amount of justification, many in the international community are losing patience with the current situation in the CD.”

Launching negotiations on a FMCT has been one of the pillars of President Obama’s nuclear security agenda. The Administration has long supported a treaty that would ban future production of fissile material. “Simply stated, we can’t get to the end, if we don’t start at the beginning,” Gottemoeller said. “A verifiable end to the production of fissile material for use in nuclear weapons is necessary if we are to create the conditions for a world without nuclear weapons.” She said despite the differing positions of other countries, it would be valuable to begin the debate in the CD. “We are fully aware that many CD members have a different view and this issue will be the subject of vigorous debate,” she said. “That is what negotiations are for, and the United States is ready to have that debate. What is not helpful is an effort to ‘pre-negotiate’ the outcome of any negotiations by an explicit reference to existing stocks in a negotiating mandate. We would not be alone in seeing this as a thinly-veiled effort to prevent negotiations from getting underway.”

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT LOS ALAMOS NNSA RELEASES LOS ALAMOS PER SUMMARY

According to a one-page summary of the Fiscal Year 2011 performance of Los Alamos National Security, LLC, released this week by the National Nuclear Security Administration, the agency thinks the Los Alamos contractor did a good job on seismic upgrades to its plutonium facility, but still has some work to do in managing critical-

ity safety and risks at the lab’s Area G waste complex. The federal agency continues to refuse to release its Performance Evaluation Report on Los Alamos and other facilities managed for the agency by contractors. In Los Alamos’s case, the performance evaluation was sufficient to support an \$83.7 million award fee for Fiscal Year 2011,

which represented 89 percent of the total fee available, according to the 333-word summary. Contractor Los Alamos National Security, LLC (LANS), received a “very good” rating from the agency—the second highest of the agency’s adjectival rating categories—after earning 82.6 percent of its at-risk fee (\$50.1 million out of a possible \$60.7 million). LANS also earned \$26 million in fixed fee and \$7.6 million in fee for non-NNSA work.

In the summary, the agency said LANS—the Bechtel and University of California-led team that runs the lab—had “a very good performance year,” but was vague or silent on some key questions that have occupied the lab’s management attention in the past year, including cost overruns on the Chemistry and Metallurgy Research Replacement building and the fate of the lab’s aging Radioactive Liquid Radioactive Waste Treatment Facility. Among the high points, the summary says NNSA gave LANS high marks

for core mission work, including science and national security projects. Response to the Las Conchas fire got a reportedly good grade, along with the extensive seismic modifications done on an accelerated schedule to the lab’s Plutonium Facility.

In the not-quite-so-excellent category, the summary said “the effectiveness of the LANS Contractor Assurance System needs to be further matured” and said there were “additional opportunities to enhance performance and cost effectiveness across the institution.” The summary also singled out criticality safety problems, deficiencies with the safety basis for Area G and problems “addressing aging infrastructure” as “areas of concern.” In an apparent backhanded reference to Congressional failings, the summary also praised LANS for managing \$2.6 billion in total budget “while working through seven continuing resolutions.”

AT SANDIA PANTEX’S BEAUSOLEIL TO TAKE OVER AS SITE OFFICE MANAGER

Geoff Beausoleil has been named the next manager of the Sandia Site Office, replacing Patty Wagner, who announced her retirement last week. Beausoleil, who has served as the Deputy Manager of the Pantex Site Office since 2008, will replace Wagner once his appointment is approved by the National Nuclear Security Administration and Department of Energy Executive Resource Boards, NNSA Defense Programs chief Don Cook said in an internal message Jan. 20. Sandia Site Office Deputy Manager Rich Sena will head up the office in an acting capacity after Wagner retires Feb. 3.

Before arriving at Pantex, Beausoleil held several different positions at DOE’s Idaho Operations Office, rising to assistant manager of site’s Office of Operational Support and serving as its Integrated Safety Management Champion. Beausoleil previously worked in the private sector for Newport News Shipbuilding, finishing his career as the Chief Refueling Engineer for the USS Enterprise. Beausoleil is the second top federal official at Pantex to be promoted recently. Pantex Site Office Manager Steve Erhart last week was named the manager of the new Nuclear Security Production Office that will oversee the combined Y-12 and Pantex management and operating contracts.

AT KANSAS CITY PLANNING FOR PLANT MOVE HEATING UP

Kansas City Plant contractor Honeywell Federal Manufacturing & Technologies has awarded a contract worth more than \$80 million to real estate company CB Richard Ellis in advance of its move to a new facility on the outskirts of Kansas City. With construction of the new \$815 million facility on schedule, the plant said it would begin its move in one year, on Jan. 23, 2013. The phased move-in is expected to take 19 months and plant officials have planned the move to not disrupt production at the facility.

a statement. “Many talented people across NNSA have spent countless hours ensuring that our extensive detailed planning will minimize disruption to operations during this historic move.” In addition to CB Richard Ellis, contracts to help facilitate the move were awarded to P1 Group, Inc., Foley Company, Fry-Wagner, Graebel, and Daniels. The plant did not release the exact value of the contracts.

Construction of the new facility is “a little more than 50 percent complete and we are currently a little ahead of schedule,” Honeywell FM&T spokeswoman Linda Cook said. “We have been preparing for this move for several years,” Honeywell FM&T President Chris Gentile said in

When the new facility is finished, NNSA’s non-nuclear production work will move from its aging 3 million square foot home in the Bannister Federal Complex to a 185-acre plot of land near the former Richards-Gebauer Memorial Airport, about eight miles away from the current site. The

new five-building facility will be 1.5 million square feet, about half the size of the previous complex, and NNSA and current plant contractor Honeywell Federal Manufacturing & Technologies, LLC, hope to save \$100 million a year through the move and other efficiencies. Developer CenterPoint-Zimmer is scheduled to deliver four of the facility's five buildings by Nov. 15, 2012; a fifth building won't be completed until May 15, 2013. The move-in won't begin taking place until Jan. 23, 2013, to allow for security features to be installed in the new buildings.

AT SAVANNAH RIVER

As the National Nuclear Security Administration continues development of plans for providing plutonium to produce mixed oxide fuel, ongoing studies at the Savannah River Site on removing salts from contaminated plutonium could make more feed stock available for that purpose. The Department of Energy is building on efforts completed last year at Savannah River National Laboratory showing that chloride salts can be removed from plutonium through a vacuum distillation process. DOE has authorized some test runs scheduled for later this year in H-Canyon's HB-Line on fluoride salts, which are more difficult to remove. The salt distillation experiments, which started in Fiscal Year 2010, could give NNSA the option of utilizing around 350 to 550 kilograms of plutonium at SRS that previously was considered unusable to produce MOX fuel, according to Sam Fink, manager of SRNL's separations and actinide science programs. "Really the whole development of the program has gone letter perfect. We haven't stumbled into anything that's slowed us down," Fink told *NW&M Monitor*.

Though DOE announced early last year that it planned to largely curtail operations at H-Canyon, in recent months the Department has proposed several new missions for the facility, including processing of plutonium for feedstock for the Mixed Oxide Fuel Fabrication Facility, currently under construction at Savannah River. The potential for additional research work at HB-Line and H-Canyon could add to the new missions under consideration for the facilities. "We are using the H-Canyon and HB-Line facilities as really a test bed for new technologies like this," Bill Bates of SRNL's Nuclear Materials Program told *NW&M Monitor*. "I would call this really part of where we are heading with Enterprise SRS," he added, referring to the Savannah River Site's plans for future activities.

The studies come as NNSA is refining its strategy for providing feedstock for the MOX facility, rolling out a new approach earlier this month to establish a pit disassembly and conversion capability using existing facilities. The MOX plant, which is expected to be completed in

EIS For Existing Complex in the Works

Also this week, the NNSA also said it would prepare an Environmental Impact Statement for the disposition of its soon-to-be-former home at Kansas City's Bannister Federal Complex. The agency will transfer ownership of its portion of the facility once the move to a new facility is complete. A public scoping meeting is scheduled for 6:30-10 p.m. Feb. 13 at the Evangel Church Fellowship Center, 1414 East 103rd St, Kansas City, Mo., 64131.

DOE LOOKING TO REMOVE SALT FROM PU

2016 and is NNSA's preferred disposition pathway for its surplus plutonium, is slated to convert 34 metric tons of plutonium into mixed oxide fuel to power commercial nuclear reactors. However, the salt distillation experiments were also spurred by the United Kingdom, which has larger quantities of plutonium contaminated with salt than the United States but does not have a facility comparable to HB Line in which to run the tests, Fink said. Researchers at SRNL have collaborated with visiting scientists from the U.K.'s Atomic Weapons Establishment, who hope that the process can eventually be used in that country to remove salts from plutonium.

Distillation Process 'Quite Simple'

Salts and other impurities were used historically in the processing of plutonium, and in some canisters the salt has remained trapped, making it unsuitable for MOX. However, removing the contaminants through a vacuum distillation process is "really quite simple," Fink said. Research on the process began in FY2010 with chloride salts, which are highly volatile and very common in the contaminated plutonium. "The process heats the material up under a vacuum to about 950 degrees [Celsius]. ... The salts distill out of the hot region and deposit downstream in a cold region of the furnace," Fink said. After testing in the laboratory, test runs took place last year at HB-Line, which included the installation of a pilot furnace to heat up the material. Fink hopes that plans to put in a full-scale furnace will eventually be realized.

The focus of the research has now shifted to fluoride salts, which are the next most common salt contaminant but are more difficult to remove. "By adding potassium hydroxide solid and mixing it in before we start heating it up you get a reaction that makes the fluoride salts become volatile. The equipment is fairly the same. We'll add a removable liner. The chloride salts, they deposit, crystallize real nicely and are easy to handle in the line," Fink said. So far there has only been small-scale laboratory testing on fluoride salt removal, but researchers intend to begin

demonstration in HB-Line around August, with a report on the process expected in the first quarter of FY 2013. "Once the test results are out and documented an evaluation would have to be made to decide whether to proceed with

processing at that point or not," Bates said, noting that could hinge on whether or not NNSA decides to use the material for MOX. ■

Wrap Up

IN DOD

President Obama, as expected, this week announced his intent to nominate James Miller as Under Secretary of Defense for Policy. Miller is currently serving as the principal deputy to current Under Secretary of Defense for Policy Michele Fluornoy, who is stepping down from the

post Feb. 3. Miller joined the Pentagon in 2009 after serving as the Senior Vice President and Director of Studies at the Center for a New American Security. He served in the Pentagon during the Clinton Administration, and was a staffer on the House Armed Services Committee from 1988 to 1992. ■

Calendar

January

31 Speech: "New START: A Year Later—How New START has Increased Our National Security and Next Steps with Russia," Rose Gottemoeller, Assistant Secretary of State for Arms Control, Verification, and Compliance, at the American Security Project, 1100 New York Ave., NW, Suite 710W, Conference Room E, Washington, D.C., noon-2 p.m.

31 **Conference: "Twenty Years of Kazakhstan Independence and US-Kazakhstan Relations," sponsored by the Atlantic Council, The Ritz-Carlton Hotel, 1150 22nd Street NW, Washington, D.C., 9 a.m.-4:15 a.m.**

February

2 Scoping Meeting: Amended Notice of Intent to Modify the Scope of the Surplus Plutonium Disposition Supplemental

Environmental Impact Statement, Cities of Gold Hotel, 10-A Cities of Gold Road, Pojoaque, N.M., 5:30-8 p.m.

14-17

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(Changes from previous Calendar in Bold)

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Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
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Volume 16 No. 5

February 3, 2012

— INSIDE HIGHLIGHTS —

While the federal workforce at the Y-12 National Security Complex and the Pantex Plant is expected to shrink as part of the consolidation of the management and operating contracts at the sites, don't expect it to happen too quickly. 2

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Efforts to streamline support functions and reduce costs across parts of DOE received an endorsement from the GAO this week, though the watchdog agency noted in a report that future consolidation and streamlining attempts could run into challenges from the contractors that manage NNSA and Science sites. 9

The NNSA took its new pit disassembly and conversion plans public this week, but while a scoping meeting in Northern New Mexico featured plenty of opposition from the public, it included few specifics about how the agency was planning to ramp up work at Los Alamos National Laboratory on the project. 10

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FED MANAGER OF COMBINED PRODUCTION OFFICE CAUTIOUS ABOUT REDUCTIONS

While the federal workforce at the Y-12 National Security Complex and the Pantex Plant is expected to shrink as part of the consolidation of the management and operating contracts at the sites, don't expect it to happen too quickly. Pantex Site Office Manager Steve Erhart, who has been tapped to head up the new Nuclear Security Production Office, said in a recent interview with *NW&M Monitor* that the initial focus of the new office will be to support the consolidated M&O contract when transition begins. NNSA officials have said they're hoping to have a new contractor in place by the start of 2013; only after that happens would federal restructuring happen in earnest, according to Erhart, who said he hoped the new Nuclear Security Production Office would be established a month before transition begins. "The feds provide the stability in contract changeovers. I don't want to do a lot of consolidation and have a bunch of changes to the federal structure" at first, said Erhart, who has begun establishing the management structure of the new site office while continuing to head up the Pantex Site Office. "We want to minimize those changes but be in a position to facilitate the transition."

The agency formally named Erhart as the head of the new office last month, an important move that will allow Erhart to begin the work of establishing the new office. In the near future, he said that means putting in place the senior management structure of the site office as he takes a top down approach to assembling the federal framework to oversee the new contract. "We have to be in a position with the site offices being brought together at the top, at my level, so that way we are in a position to communicate effectively up and down the federal chains as well as outward to the contractor with a single voice," Erhart said. "That needs to be done to start up the contract."

A Consolidated Office, But Where?

One thing that remains unclear, and is likely to remain unclear for a while, is the ultimate location of the new federal office. The NNSA hasn't decided where the new office will be physically located, and Erhart suggested that isn't likely to be decided any time soon, either. He said he hasn't been informed of the location, and is prepared to move out of Amarillo if necessary. "I don't think there's a big rush right now to get that settled and I really don't personally think there's a need for that," he said. "As long as I have access to the folks I need to talk with to get all of this work done, I can do it from right where I'm sitting, which is what I'm doing."

He cautioned against reading into the decision to name him the head of the new office and draw conclusions that the office would be headquartered in Amarillo, stressing that it would be important to maintain a federal presence at each site. "As a manager, I want access to both sites. I think managing requires you to have the ability to be at either site when I need to be," Erhart said. "I prefer being near one of them if that's a possibility but that's a preference. I've seen it done a bunch of different ways. We could create a town called 'Oakarillo' or something and put me right between them but I don't know if that's in the cards. There are a lot of considerations and the discussions aren't to a point where I'm convinced that we're getting close to even deciding that."

Workforce Reductions Unclear

As for the amount of eventual reductions that will occur through the consolidation of the site offices, Erhart would not offer specifics. Currently, Navigant Consulting is analyzing federal staffing requirements across the weapons complex under a \$2.1 million contract that was awarded last year, and that study will help drive reductions at the Nuclear Security Production Office. The Navigant study is currently in draft form and is out for comment. "There will

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NNSA ISSUES AMENDMENT TO Y-12/PANTEX REQUEST FOR PROPOSALS

The National Nuclear Security Administration has amended the final Request for Proposals for the combined Y-12 National Security Complex/Pantex Plant procurement, clearing up details about the amount of time prospective bidders can earn share-in savings through the contract and notifying bidders that only key personnel are allowed to be present when oral presentations take place once proposals are submitted. In addition to a handful of other minor administrative changes and clarifications, the agency altered language in the final RFP to clarify that if cost savings are implemented in the middle of the year, contractors will be able to earn fee from the savings for 24 months—not for part of the first year and all of the second year. The new language in the RFP defines the share-in savings period as “the average number of years the Offeror will receive share in savings for the savings initiatives for the given year. The Offeror share in savings period begins on the implementation of the savings and shall not exceed 24 months.”

The window that contractors are able to earn fee from cost savings initiatives was a subject of some concern for industry when the final RFP was released in December. Initially, the agency said that contractors would be able to earn fee for cost savings proposals for the duration of what could be a 10-year contract, but it made changes to the fee structure to “foster efficiencies” in the contract, though the agency said it will consider expanding the share period beyond two years in cases that it is “advantageous to the government” because it leads to greater savings. Also this week, the agency released the sixth and seventh sets of Questions and Answers for the contract, most notably clarifying that the winning team will be expected to negotiate collective bargaining agreements with non-security union workers at the sites shortly after taking over control of the contract. The collective bargaining agreements at the sites expire in the spring of 2013. ■

be an expectation to do more with less people and so that’s certainly one of our drivers,” Erhart said, declining to offer any guesses on the percentage of reductions at the site offices. “I do know we’ll be focused on mission support-type functional areas, administrative things, and obviously the contract and business management functions because there will be a single contract, so that’s an area where you expect some consolidation.”

But he noted that despite some consolidation, there will always be a federal presence at both sites. “An example would be our facility reps that are required to be in the facilities,” Erhart said. “That wouldn’t make much sense to put facility reps on airplanes and cover two facilities one thousand miles apart. That’s how we’ll be proceeding, but it’s too early for me to take a guess at what kind of federal footprint reduction is in order.”

Learning From Bettis, Knolls Consolidation

As he looks to consolidate the federal presence at the sites, he said he would take into account lessons learned from past efforts to merge the federal offices at the Bettis and Knolls Atomic Power Laboratories. Management of those Office of Naval Reactors labs were merged under one contract in 2009. He said despite the fact that Bettis and Knolls had very similar missions, officials there found that it was important to establish a shared vision for the consolidated federal office. “You want to make sure everybody wants to have a shared vision and a shared set of values

that guides your journey there, and we’re taking the time right now with the leadership team to work on that,” Erhart said. “Without that it’s hard to rally the people around something to move them into the new structure.”

Erhart Addresses Fee Concerns

He also addressed concerns from the bidding community about potential shortcomings in the federal management of the contract, and specifically the shared savings that will make up a large portion of the fee. It will be up to the NNSA to approve the cost savings plans proposed by the eventual winning bidder of the contract, giving the agency a large say over how much fee could be earned through the savings. “The important thing is that there is a common understanding at the beginning [of the contract] as to what constitutes a savings in the first place and I think that understanding has to be common between the feds and the contractors. That’s all important,” he said. Erhart suggested that because such a large portion of the new contract focused on cost savings, there would be fewer issues because federal and contractor officials would be on the same page. “I think it will go a lot smoother than it has in the past,” Erhart said. “That’s another good reason to do this under a contract that has specific requirements for that because you have a better chance if it’s in the contract of coming to a mutual understanding of what the savings are and we’ll be in a position to reward the contractors for the savings.”

—Todd Jacobson

NNSA, EM TO REVIEW POLICY ON RELEASE OF PERFORMANCE EVALUATION REVIEWS

With criticism mounting about the refusal by the National Nuclear Security Administration and the Department of Energy's Office of Environmental Management to release contractor fee evaluations, the programs have begun a review of their procedures that could eventually lead to a more relaxed policy on the release of the contractor Performance Evaluation Reviews. A variety of issues will likely factor into the evaluation, including legal questions, stakeholder input, and procurement rules, and NNSA spokesman Josh McConaha stressed this week that no decision has been made and provided no timetable for the review. "We are currently reviewing our policies related to the release of fee determination information," McConaha told *NW&M Monitor*. "As we have consistently said, we are committed to being open and transparent, including as it relates to the public release of contractor performance information. We also have a responsibility to balance that commitment to openness and transparency with our responsibility to protect procurement sensitive information." EM spokeswoman Shari Davenport said the cleanup program is also participating in a parallel review of release practices of fee determination information.

2009 Policy Switch Led to Change

The decision by NNSA and EM to shield the reviews, which serve as report cards for the contractors that run various sites and projects and detail how and why the contractors are paid, dates to a 2009 policy change made by the NNSA. In an October 2009 memo, then-NNSA Acquisition and Supply Management chief David Boyd said the reviews would be shielded from release for three years, citing Federal Acquisition Regulation 4.1503(b), which prohibits disclosure of the reviews because they "could cause harm both to the commercial interest of the Government and to the competitive position of the contractor being evaluated as well as impede the efficiency of Government operations."

For its part, EM has no formal policy guiding how fee determination information is released. It can vary site-by-site, and contractor-by-contractor as to whether fee determination letters are made public. However, EM has also largely withheld releasing Performance Evaluation Reviews. Both programs have said the contractors can release the information themselves, but none have done so. In the place of the full reviews, NNSA and EM have provided one-page 'desk' statements summarizing the report cards, but the information contained in the statements often varies from site to site. Previously, NNSA released fee data and Performance Evaluation Reviews

approximately two-to-three months after the end of the fiscal year.

Opposition to Policy Growing

The decision to withhold the reviews has come under fire from some lawmakers, Congressional aides, watchdog groups and former NNSA officials, as well as from the Department of Energy's own Office of Hearings and Appeals. Responding to a challenge by FOIA Group Inc., the Office of Hearings and Appeals last year challenged NNSA's decision to withhold the Performance Evaluation Reviews based on its claim that it was protecting source selection information. "The information requested is completed during the performance of a contract, not for the purpose of evaluating a bid or proposal to enter into a contract with DOE. ... Therefore, we do not believe that this requested information falls under the definition of 'source selection information' as defined in the Procurement Integrity Act." The Office remanded the issue back to the Office of Procurement for a new determination either releasing the requested information or issuing a new justification. NNSA and EM, however, stood by their decisions to not release the reviews, arguing that they still represent protected information.

Watchdog Group Threatens to Sue

The agency could face an additional legal challenge if it chooses to continue shielding the reviews from public scrutiny. A nuclear watchdog group that successfully sued to get the agency to release its 10-year site plans several years ago says it will take the agency to court over its refusal to release the PERs. Like many news organizations, including *NW&M Monitor*, Nuclear Watch New Mexico has filed Freedom of Information Act requests to compel the NNSA to release the documents. Over the last two years, those requests have been denied. "If our requests are denied and an appeal rejected, yes, we would be eager to go to court," Nuclear Watch New Mexico Executive Director Jay Coghlan said. "Public release of these documents is critical for contractor accountability, and as a matter of executive order federal agencies are suppose to have a bias towards disclosure. But here NNSA offers flimsy excuses for withholding that we are confident we can demolish in court, and demolish them we will." Nuclear Watch New Mexico sued the agency in 2006 to release the 10-year site plans, and the NNSA relented in late 2008, posting the plans on the Internet.

—Todd Jacobson

ENTERPRISE CONSTRUCTION MGMT. SERVICES CONTRACT GOES TO PARSONS

Parsons, whose pursuit of the National Nuclear Security Administration's Enterprise Construction Management Services contract was the subject of much internal debate, has been awarded the contract to help strengthen the agency's project management portfolio. Teamed with Project Assistance Corp. and Vector Resources, Parsons beat out teams led by Project Time and Cost, Booz Allen Hamilton and Logistics Management Institute to win the contract, which could be worth up to \$125 million over five years. The contract includes one base year and four one-year options. Bob Raines, NNSA's Associate Administrator for Acquisition and Project Management, said in a statement that the contract "will play an important role in allowing us to efficiently and effectively accomplish our mission. We're continuously improving the way we do business, and awarding the ECMS contract is a perfect example of how we're working to be responsible stewards of taxpayer dollars."

The NNSA announced plans for the contract in September, significantly scaling back what had once been anticipated as a multi-billion-dollar complex-wide construction management opportunity. Of the original major engineering, procurement and construction companies that pursued the construction management contract, Parsons was the only one to bid on the scaled-down opportunity to help provide front-end project planning support. Most major companies opted not to compete for the contract because of strict conflict of interest rules that will bar Parsons from competing for NNSA construction or M&O work for up to eight years (up to five years while it's working under the contract and a three-year buffer).

Parsons, which had pushed the NNSA to create a construction management contract for years, debated whether to bid for the opportunity and ultimately did so as a way of increasing its presence in the NNSA market. Parsons is building the Salt Waste Processing Facility for the Office of Environmental Management, but has little work in NNSA. Scott Smith will serve as the Parsons' project manager for the new contract, *NW&M Monitor* has learned. Smith has headed up Army Corps of Engineers construction work for Parsons in the past. Parsons declined to comment on the award, referring questions to the NNSA.

Addressing a Need

Parsons will provide professional and technical services to strengthen NNSA's project management efforts and will serve as a project integrator for projects across the complex

valued between \$10 million to \$750 million. As part of the contract, it will "support NNSA in the planning and management of projects throughout the various stages of development from concept to construction, commissioning and closeout," the agency said. "Integrating tasks under a single contractor will result in improved checks and balances, enhance federal oversight and construction management, and reduce costs." Parsons will also provide technical expertise that "can be deployed to any NNSA project location and provide support to any NNSA federal project director's team," the agency said.

The Government Accountability Office has kept the agency on its High-Risk List for the last two decades, specifically highlighting cost estimating as one of the agency's biggest weaknesses, and the importance of project management is expected to be raised over the next decade as the NNSA modernizes much of its aging infrastructure. It's unclear if any of the losing teams will protest the contract award. NNSA spokesman Josh McConaha said that the agency will offer debriefings to all of the unsuccessful bidders.

—Todd Jacobson

DARLING LEAVING UNIV. OF CALIFORNIA FOR NAT'L ACADEMY OF SCIENCES POST

Bruce Darling, the University of California's top laboratory official, is joining the National Academy of Sciences and the National Research Council as executive officer, taking over for William Colglazier. As the Vice President for Laboratory Management at the University of California since 2008, Darling has overseen UC's management of three national laboratories: Los Alamos, Lawrence Livermore and Lawrence Berkeley National Laboratories. UC solely manages Berkeley, and runs Los Alamos and Livermore with private partners.

Darling recently headed up the UC-led searches for Los Alamos and Lawrence Livermore's directors, and from 1996 to 2008, he served as the university system's vice president for university and external relations, senior vice president for university affairs, and executive vice president for university affairs. Colglazier left NAS last year to serve as a science and technology advisor to Secretary of State Hillary Clinton. "Bruce Darling is a talented and experienced analyst of science and engineering programs, of science policy, and of higher education," Ralph Cicerone, the president of the National Academy of Sciences and chair of the National Research Council, said in a statement. "His experience in managing major science enterprises for the federal government on behalf of leading academic institutions will serve us well."

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|---|---|---|---------------------------------|----------------|--|--|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Reopen | Contract with CH2M-WG Idaho to expire in 2012. | Sources sought notice issued June. 24, 2010. | Undetermined/ Up to 10 years | Undetermined | Environmental Remediation, D&D, Waste Management | DOE to award three-year sole source extension to CWI. |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2012. | DOE has authorized a five-year extension for Battelle to stretch its contract through 2017. | Undetermined | Unrestricted | Laboratory Management | Negotiations between DOE and Battelle are ongoing. |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | One-year extension authorized Dec. 16 to allow time for contract competition to take place. | Undetermined | Unrestricted | Laboratory Management | |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2012. | Energy Secretary Steven Chu has authorized a five year extension. | Undetermined | Unrestricted | Laboratory Management | Negotiations on contract details ongoing. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Sept. 30, 2012, with two three-month options; SRS tritium currently part of Savannah River Nuclear Solutions contract. | Final RFP released Dec. 14. Proposals due March 13. | Undetermined | Full and Open | Management and Operation | SEB Chair Patty Wagner retiring Feb. 3; Bob Scott named as Wagner's replacement. |
| Enterprise Construction Management Services | N/A | Parsons notified of contract award Jan. 31. | Up to 5 years/ \$125 million | Full and Open | Construction Management Services | NNSA abandoned plans for complex-wide construction management contract, choosing to seek construction management services instead. |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expires March 28, 2012. | Comments to Nov. 14 draft solicitation due Dec. 2. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS and PES schedules. |

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER (Continued)

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|--|---|---|---|------------------------------|---|
| NNSA (Continued) Y-12, Pantex and Oak Ridge Security | Y-12 and Oak Ridge contracts held by WSI expire in June of 2012. Pantex security currently provided by B&W Pantex. | NNSA decided Nov. 15 to strip protective forces out of final RFP for consolidated Y-12/Pantex M&O contract. Sources Sought Notice gauging small business interest new contract issued Dec. 6. | More than \$1 billion a year | Undetermined | Security Services | Statements of Capability for small businesses accepted through Dec. 23. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | |
| MISC. SITES/PROJECTS Hanford Occupational Medical Services | Contract held by CSC Hanford Occupational Health Services set to expire in 2014. | Request for Proposals issued Nov. 14, 2011. Bids due by Feb. 15, 2012. | 6 years/ \$102 million | Small Business Set-Aside | Support Services | |
| Legacy Management Support Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | |
| Moab Mill Tailings | Contract held by EnergySolutions set to expire mid-2011. | New contract awarded to Portage Nov. 4, 2011. | 5 years/ \$121 million | ID/IQ Small Business Set-Aside | Environmental Remediation | Award under protest by Gonzales-Stoller and TerranearPMC-EnergySolutions. |
| WIPP Management and Operations | Contract held by Washington TRU Solutions set to expire Sept. 30, 2012. | Request for Proposals issued June 20, 2011. Bids submitted Aug. 17, 2011. | 10 years/ \$135 million per year | Full and Open | Facility Management | |
| WIPP Transportation Services | Contracts held by CAST Speciality Transportation and Visionary Solutions set to expire mid-March 2012. | New contracts awarded to CAST Speciality Transportation and Visionary Solutions Jan. 9, 2012. | 5 years/ Approx. \$120 million each | Small Business Set-Aside | Waste Transportation | |

The NAS did not say when Darling would begin his new job, only saying that he would transition to his new role over the next few months. UC spokesman Chris Harrington said UC President Mark Yudof and Norm Pattiz, the chair of the Los Alamos National Security and Lawrence Livermore National Security Boards of Governors, will begin to discuss the future management of UC lab operations soon, but he said there was no immediate plan because Darling is not leaving immediately. "There will be plenty of time for any necessary transitions," Harrington said. Former Los Alamos weapons chief Glenn Mara currently serves as UC's Acting Associate Vice President for Laboratory Programs, while Robert Van Ness serves as UC's Associate Vice President for Lab Operations.

—Todd Jacobson

FORMER Y-12 FED MANAGER TED SHERRY ACCEPTS POST AT ORNL

Ted Sherry, the former manager of the National Nuclear Security Administration's Y-12 Site Office, has accepted a contractor position at Oak Ridge National Laboratory and, on Feb. 6, will report to work as Director of Advanced Programs in ORNL's Global Security Directorate. "I think it's going to be a lot of fun," Sherry said. "I couldn't be happier. I'm thrilled." Sherry said one of the things that attracted him to the ORNL job is that he gets to continue working in national security programs, which has been the backbone of his career in the U.S. Navy and at the Department of Energy.

He also said he wanted to find work that would be bigger than himself and meaningful, and he said the ORNL post has that kind of potential. But he stressed that he has a lot of learning to do in order to understand the scientific and overall research capabilities and the lab and help match those resources with the needs of customers for national security projects.

Sherry to Focus on Advanced Manufacturing Initiative

Brent Park, the associate lab director at ORNL in charge of the Global Security programs, said Sherry will initially focus on "broadening the engagement of the national security community in ORNL's new Advanced Manufacturing Initiative." In a statement, he said, "Ted will draw on his extensive background in national security to focus initially on broadening the engagement of the national security community in ORNL's new Advanced Manufacturing Initiative."

At the end of 2011, Sherry retired from federal service at the young age of 47, thanks to an opportunity in the

National Nuclear Security Administration's VERA (Voluntary Early Retirement Authority) program. Sherry said he believed that if he'd stayed at the NNSA, he would have been required to move because of the pending consolidation of the Y-12 and Pantex contracts. He said his top priority was to find a job in Oak Ridge so his two children could finish high school at Oak Ridge High School. He had high praise for the leadership at ORNL, citing Lab Director Thom Mason, and the lab's vision and the tools and resources available there.

—From staff reports

GOVERNMENT WATCHDOG GROUP CALLS FOR SCALED BACK B61 LEP PROGRAM

If the Obama Administration wants to trim funding for the nation's nuclear deterrent, the Project on Government Oversight says it should look to the National Nuclear Security Administration's plan to refurbish B61 nuclear bombs slated for deployment in Europe. In a Feb. 1 letter to Defense Secretary Leon Panetta, POGO Executive Director Danielle Brian urged the Administration to ax plans to refurbish approximately 200 B61 nuclear bombs that currently reside at six NATO airbases across Europe. The bombs are part of a larger program to extend the life of many of the B61 bombs in the nation's nuclear stockpile, and short of killing plans to refurbish the bombs, Brian suggested that the U.S. should force its NATO allies to begin picking up the tab for part of the expensive refurbishment effort, which POGO said could cost \$5.2 billion. "Given the magnitude of U.S. fiscal concerns, continuing to spend billions of dollars on weapons whose military efficacy is questionable at best and whose security is not assured is not justifiable," Brian said in her letter.

The Administration has yet to decide the exact path forward for refurbishing the B61 as the Nuclear Weapons Council several times has pushed back a decision to commit to a life extension plan for the bomb. The NWC appears to have zeroed in on an option that would cost \$5.2 billion, POGO said, putting the cost of refurbishing the B61s stored in Europe at approximately \$2.1 billion. Congress is withholding \$134 million in Fiscal Year 2012 funds until the Administration commits to a life extension plan, and has tasked the JASON Defense Advisory Group to examine how much work needs to be done to "enhance the safety, security and maintainability" of the bomb and how much the changes could impact the "long-term safety, security, reliability, and military characteristics" of the weapon. At the same time, NATO is currently reviewing its nuclear deterrent posture, and while the results of the alliance's review could impact the nuclear deterrent in

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February 14-17, 2012

Marriott Renaissance Arlington Capital View
Arlington, Virginia

Additional Speakers... (as of 2/3/12)

William Fairecloth, Associate Director
for Operations, Defense Threat
Reduction Agency

John Harvey, Principal Deputy
Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense

Laura Holgate, Senior Director,
Weapons of Mass Destruction
Terrorism and Threat Reduction, White
House National Security Council
(NSC)

Brig. Gen. Sandra Finan, Principal
Assistant Deputy Administrator for
Military Application, NNSA

Robert Nassif, Director, Office of
Financial Management, NNSA

Robert Raines, Associate
Administrator for Acquisition and
Project Management, NNSA

Joe Waddell, Director, Acquisition
and Supply Mgmt. NNSA

Geoffrey Beausoleil, Deputy Manager
NNSA Pantex Site Office

Amb. Linton Brooks, former
Administrator, NNSA

Amb. Paul Robinson, former Dir.
Sandia Nat'l Laboratories

Chris Gentile, President, Kansas
City Plant, Honeywell FM&T

Ray Juzaitis, President,
NSTec, Nevada Test Site

Darrel Kohlhorst, President and
General Manager, B&W Y-12

Kelly Trice, President,
Shaw-AREVA MOX Services

John Woolery, President,
B&W Pantex

Taunja Berquam, Minority Staff,
House Energy and Water
Appropriations Subcommittee

Leland Cogliani, Majority Staff,
Senate Energy & Water Appropriations
Subcommittee

Rob Soofer, Professional Staff
Member, Office of Sen. Jon Kyl

Tyler Przybylek, former General
Counsel, NNSA

Keynote presentations from...

The Honorable Jon Kyl, U.S. Senator, Arizona

The Honorable Michael Turner, U.S. Congressman, Ohio

The Honorable Daniel Poneman, Deputy Secretary,
U.S. Department of Energy

Major General William Chambers, Asst. Chief of Staff,
Strategic Deterrence and Nuclear Integration, USAF

The Honorable James Miller, Principal Deputy Under
Secretary for Policy, U.S. Department of Defense

The Honorable Neile Miller, Principal Dep. Administrator,
U.S. National Nuclear Security Administration

The Honorable Rose Gottemoeller, Assistant Secretary,
Arms Control, Verification and Compliance,
U.S. Department of State

The Honorable Madelyn Creedon, Assistant Secretary for
Global Strategic Affairs, U.S. Dept. of Defense

Graham Allison, Director, Belfer Center for Science and
International Affairs, Harvard University

Also featuring...

The Honorable Don Cook, Dep. Administrator
Defense Programs, NNSA

The Honorable Anne Harrington, Dep. Administrator for
Defense Nuclear Nonproliferation, NNSA

Penrose "Parney" Albright, Director, Lawrence Livermore
National Laboratory

Paul Hommert, Director, Sandia National Laboratories

Johnny Foster, Member of the Strategic Posture Commission
and former Director, Lawrence Livermore Nat'l. Lab

Adm. Richard Mies (Ret.), former commander, U.S.
Strategic Command

Charles Shank, Co-chairman of the National Academy of
Sciences Study on Lab Management

Eugene Aloise, Director, Natural Resources and Environment,
U.S. Government Accountability Office

— THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT —

AGENDA

Tuesday, February 14

3:00 **REGISTRATION OPENS
SUMMIT SUPPORT MATERIALS**

Partners:

Booz Allen Hamilton

Tetra Tech

WSI - G4S

Black & Veatch

Longenecker & Associates

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tonight Recognizing...

Babcock & Wilcox

Wednesday, February 15

Today Recognizing...

Shaw Group

TechSource

Northrop Grumman

7:30 **CONTINENTAL BREAKFAST**

8:30 **WELCOME/OPENING REMARKS**

Edward Helminski, President
EM Publications & Forums

8:35 **OPENING KEYNOTE PLENARY**

The Honorable James Miller,
Principal Deputy Under Secretary for
Policy, U.S. Dept. of Defense

OPEN DISCUSSION

9:10 **NNSA: Doing What Needs to be Done
in a Climate of Fiscal Austerity**

MODERATOR: **Greg Meyer**, Senior
Vice President, Fluor Government Group

The Honorable Neile Miller,
Principal Deputy Administrator,
National Nuclear Security
Administration

OPEN DISCUSSION

9:45 **A Geopolitical Perspective: What We
Need to Do to Assure Global Nuclear
Deterrence**

Ambassador Linton Brooks,
Independent Consultant (*former
Administrator, National Nuclear
Security Administration*)

OPEN DISCUSSION

10:15 **COFFEE BREAK**

10:35 **Putting in Place a Command and
Control Structure to Meet New
Challenges**

MODERATOR: **Gary Gilmartin**, Vice
President, Longenecker & Associates

Adm. Richard Mies (Ret.),
Chairman, STRATCOM Strategic
Advisory Group (*former Commander,
U.S. Strategic Command*)

OPEN DISCUSSION

11:10 **Is 20th Century Deterrence Obsolete?**

MODERATOR: **Miles A. Pomper**, Senior
Research Associate, James Martin Center
for Nonproliferation Studies, Monterey
Institute of International Studies

Graham Allison, Director, Belfer
Center for Science and International
Affairs, Harvard University

OPEN DISCUSSION

11:45 **Perspectives on the 2013 Budget Request
and President Obama's Guidance on the
Future of the U.S. Nuclear Weapons
Program**

Hans Kristensen, Director, Nuclear
Information Project, Federation of
American Scientists

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **Putting in Place a Policy Framework
to Guide the Future of U.S. Nuclear
Forces, Missile Defense and
Nonproliferation**

MODERATOR: **Jonathan Medalia**
Specialist in Nuclear Weapons Policy
Congressional Research Service

The Honorable Madelyn Creedon,
Assistant Secretary for Global
Strategic Affairs, U.S. Dept. of
Defense

OPEN DISCUSSION

1:45 **The Management of the Weapons
Labs—Insight from the National
Academy of Sciences Assessment**

Charles Shank, Chairman
National Academy of Sciences Study
Committee

OPEN DISCUSSION

2:15 **NNSA Management of the Weapons
Labs: A Need to Further Enhance
Operations and Current Practices**

MODERATOR: **Johnny Foster**,
Member, Strategic Posture Commission
(*former Director Lawrence Livermore
Nat'l Lab*)

Steve Guidice, Independent Consultant
(*former Head of Operations and
Weapons, Albuquerque Field Office, U.S.
DOE*)

Ambassador Paul Robinson,
President Emeritus, Sandia National
Laboratories

Ambassador Linton Brooks,
Independent Consultant (*former
Administrator, National Nuclear
Security Administration*)

Tyler Przybylek, Independent
Consultant (*former General Counsel,
National Nuclear Security
Administration*)

OPEN DISCUSSION

3:45 **COFFEE BREAK**

4:05 **An Integrated Path Forward to Assure a
Credible Nuclear Deterrent**

MODERATOR: **Bryan Wilkes**, Vice
President for Energy and National
Security Programs, Shaw Group

John Harvey, Principal Deputy Assistant
Secretary for Nuclear, Chemical and
Biological Defense Programs, U.S. Dept.
of Defense

OPEN DISCUSSION

4:35 **Stockpile Management Challenges Across
the Complex**

MODERATOR: **Bill Brownlie**,
President, Tetra Tech HEI

Darrel Kohlhorst, President and
General Manager, B&W Y-12

John Woolery, President
B&W Pantex

OPEN DISCUSSION

5:30 **ADJOURN**

5:45 **COCKTAIL RECEPTION**

— Strengthening Capabilities to Prevent the Use of Nuclear Weapons —

Thursday, February 16

Today Recognizing...

URS

Parsons

Bechtel National Inc.

Fluor Corporation

SAIC

7:00 **CONTINENTAL BREAKFAST**

8:00 **OPENING KEYNOTE PLENARY**

The Necessity to Modernize the Weapons Complex

The Honorable John Kyl

U.S. Senator, Arizona

OPEN DISCUSSION

8:30 **Transparency and Verification: The Administration's Strategy for Nuclear Deterrence and Arms Control**

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

The Honorable Don Cook, Deputy Administrator for Defense Programs, National Nuclear Security Administration

The Honorable Anne Harrington, Deputy Administrator for Defense Nuclear Nonproliferation, National Nuclear Security Administration

The Honorable Rose Gottemoeller, Assistant Secretary for Arms Control, Verification and Compliance U.S. Department of State

William Faircloth, Associate Director for Operations, Defense Threat Reduction Agency

OPEN DISCUSSION

10:00 **COFFEE BREAK**

10:20 **A Russian Perspective on the Future of Arms Control and Mutual Deterrence**

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

Vladimir Rybachenkov, Senior Research Scientist at the Moscow Center for Arms Control Studies; (*former Nuclear Counselor, Russian Embassy in Washington*)

OPEN DISCUSSION

10:50 **Progress on Assuring Global Nuclear Material Security and Meeting the Challenge of Nuclear Terrorism**

MODERATOR: **Bryan Wilkes**, Vice President for Energy and National Security Programs, Shaw Group

Laura Holgate, Senior Director Weapons of Mass Destruction Terrorism & Threat Reduction, White House National Security Council

Eugene Aloise, Director, Natural Resources and Environment, U.S. Government Accountability Office

(*Additional Speaker TBD*)

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **The Challenges Facing the National Weapons Laboratories to Assure the Credibility of the Nuclear Deterrent**

MODERATOR: **Stephen Younger**, Vice President, Northrop Grumman Technical Services

Paul Hommert, Director Sandia National Laboratories

Penrose "Parney" Albright, Director, Lawrence Livermore National Laboratory

OPEN DISCUSSION

2:15 **Maintaining Modernization Within a Constrained Budget**

MODERATOR: **Richard Goffi**,
Booz Allen Hamilton

Robert Nassif, Director Office of Financial Management, National Nuclear Security Administration

Leland Cogliani, Majority Staff Senate Energy and Water Appropriations Subcommittee

Allison Bawden, Assistant Director Government Accountability Office

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:30 **Improving Integration Between NNSA, DoD and STRATCOM**

Brig. Gen. Sandra Finan, Principal Asst. Deputy Administrator for Military Application, National Nuclear Security Administration

(*Additional Speaker from DoD TBD*)

OPEN DISCUSSION

4:20 **Improving Construction and Project Management Across the Complex**

MODERATOR: **Roy Schepens**,
Vice President, Parsons

Robert Raines, Associate Administrator for Acquisition and Project Management, National Nuclear Security Administration

Ryan Coles, Assistant Director Government Accountability Office

John Gertsen, Vice President UPF Programs, B&W Y-12

Kelly Trice, President Shaw-AREVA MOX Services

OPEN DISCUSSION

5:30 **The Future of NNSA Contracting**

MODERATOR: **Brian D'Andrea**,
President/CEO, TechSource, Inc.

Joe Waddell, Director Office of Acquisition and Supply Chain Management, National Nuclear Security Administration

OPEN DISCUSSION

6:00 **ADJOURN**

6:15 **COCKTAIL RECEPTION**

Friday, February 17

Today Recognizing...

Honeywell

7:00 **CONTINENTAL BREAKFAST**

8:00 **OPENING KEYNOTE PLENARY**

Strengthening Deterrence in Fiscally Constrained Times

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

Major General William Chambers, Assistant Chief of Staff, Strategic Deterrence and Nuclear Integration, U.S. Air Force

OPEN DISCUSSION

8:30 **A Nonproliferation Approach to Support the Expansion of Civilian Nuclear Power**

The Honorable Daniel Poneman, Deputy Secretary, U.S. Dept. of Energy

— THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT —

OPEN DISCUSSION

9:00 **A Congressional Perspective on the U.S. Nuclear Deterrent**

The Honorable Michael Turner,
U.S. Representative, Ohio

OPEN DISCUSSION

9:30 **Improving Site Management and Integration**

MODERATOR: **Darrel Kohlhorst**,
President/General Manager, B&W Y-12

Ray Juzaitis, President
NSTec, Nevada Test Site

Chris Gentile, President
Kansas City Plant
Honeywell FM&T

Geoffrey Beausoleil, Deputy Manager
National Nuclear Security Administration
Pantex Site Office

OPEN DISCUSSION

10:30 **COFFEE BREAK**

10:50 **Are We Rebuilding a Nuclear Stockpile for a World That Doesn't Exist?**

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

Ambassador Paul Robinson
President Emeritus, Sandia National
Laboratories

OPEN DISCUSSION

11:20 **Perspective from Congress on the Direction and Financial Support for U.S. Nuclear Deterrence Strategy**

MODERATOR: **Todd Jacobson**, Reporter
Nuclear Weapons & Materials Monitor

Rob Soofer, Professional Staff Member,
Office of Sen. Jon Kyl

Tim Morrison, Majority Staff, House
Armed Services Strategic Forces
Subcommittee

Taunja Berquam, Minority Staff
House Energy and Water Appropriations
Subcommittee

OPEN DISCUSSION

12:30 **SUMMIT ADJOURNS**

About the Summit...

For more than 20 years, ExchangeMonitor Publications & Forums has been bringing together national and global decisionmakers to address critical issues surrounding the production and reduction of nuclear weapons. The Nuclear Deterrence Summit, started in 2008, follows in the footsteps of the Nuclear Security Decisionmakers Forum convened just after the creation of NNSA and 10 years of forums on the U.S.-Russian Plutonium Disposition program.

The Nuclear Deterrence Summit is the only international conference devoted specifically to addressing the U.S. nuclear weapons program and the responsibilities of the key government agencies—**The National Nuclear Security Administration, the Dept. of State and the Dept of Defense, including STRATCOM**. For the past two years, opening keynote addresses were given by Under Secretary of State Ellen Tauscher and Russian Ambassador Sergei Kislyak. The list of past speakers and participants reads like a who's who of the global nuclear weapons and nonproliferation community.

Past Summits attracted more than 300 participants and achieved recognition by major national and international media.

— PARTNERSHIP OPPORTUNITIES... —

Want to enhance recognition of your organization's involvement or interest in getting involved with NNSA or DoD programs with responsibilities for nuclear operations?

Become a ***Nuclear Deterrence Summit Partner*** and publicize your company to the community directly involved in working in the NNSA and related DoD marketplace. This 2½ day event will attract participants from a broad spectrum of companies and organizations. The benefits include:

- Partner recognition on conference agenda and resource book;
- Inclusion of a 2 or 4 page 'marketing' flyer in the conference resource book;
- Moderating or speaking*;
- Free or discounted registrations*;
- Free or reduced fee for exhibit space; and
- Recognition during the conference via signage publicizing the company logo/trademark, etc.

(*Depends on level of partnership)

For details contact the Forums office at 1-877-303-7367 ext. 109 or email forums@exchangemonitor.com

— PAST ATTENDING ORGANIZATIONS —

| | | |
|---|--|--|
| AECOM | Idaho National Laboratory | Resource Alternatives, Inc. |
| Agence France-Presse | Innovative Environmental Technologies | RIA Novosti |
| Akerman | Inside Missile Defense | Russian Embassy |
| Alion Science & Technology | InsideDefense.com | SAIC |
| Allan Consulting | Interfax | Sandia National Laboratories |
| ARES Corporation | ISA | Savannah River National Laboratory |
| Arms Control Association | ITAR-TASS News Agency | School of Advanced Air & Space Studies |
| Associated Press | Jacobs Engineering | SEC |
| ATK Space Systems | James Martin Center for Nonproliferation Studies | Senate Energy & Water Approps Subcommittee |
| Atlantic Council of the United States | Janis-Bradburne Executive Recruiting LLC | SGT, Inc. |
| AWE plc | Johns Hopkins University | Shaw AREVA MOX Services |
| B&W Technical Services Y-12, LLC | Journal of College Science | Southeastern Universities Research Assn. |
| B&W Technical Services Group, Inc | K.A.Carlson, Inc. | Stanford University |
| Babcock Services, Inc | Kansas City Plant | State of South Carolina |
| Battelle Memorial Institute | Kiewit | Stockpile Stewardship |
| Bechtel National, Inc. | Lawrence Livermore National Laboratory | STRATCOM |
| BG4 Inc. | Lockheed Martin | Strategic Marketing Consultants |
| BGITM | Logan Research | Strategic Posture Commission |
| Black & Veatch | Longenecker & Associates | Sullivan International Group, Inc. |
| Booz Allen Hamilton | Los Alamos National Laboratory | Systematic Management Services |
| Bradburne Consulting | Los Alamos Study Group | TechSource, Inc |
| British Embassy | Merrick & Company | TerranearPMC |
| Brookhaven National Laboratory | National Institute for Public Policy | Tetra Tech HEI |
| Burns & McDonnell | National Journal Group | Tetra Tech, Inc |
| Carnegie Endowment for Int'l Peace | National Nuclear Security Administration | The Asahi Shimbun |
| CEA - France | National Secure Manufacturing Center | The Babcock & Wilcox Company |
| Center for Strategic & Int'l Studies | National Security Technologies, LLC | The Boeing Company |
| CH2M HILL | Nevada Alliance for Defense, Energy & Business | The Duffy Group |
| Chenega Security & Protection Services | Nevada Security Technologies, LLC | The KeySource Group, Inc. |
| C-SPAN | News Sentinel | The S.M. Stoller Corporation |
| Culmen International | NHK Japan Broadcasting | The Scowcroft Group |
| Decision Factors | Northrop Grumman Corporation | The Shaw Group |
| Embassy of Australia | Northrop Grumman Shipbuilding | The Yomiuri |
| Embassy of France | Northrop Grumman Technical Services | Trinity University |
| EnergySolutions | NSTec, Nevada Test Site | U.S. Air Force |
| ETEBA | Nuclear Safety Associates | U.S. Department of Defense |
| Federation of American Scientists | Nuclear Threat Institute | U.S. Department of Energy |
| Financial Times | Nuclear Weapon Surety and Quality Office | U.S. Department of Homeland Security |
| Fluor Government Group | Oak Ridge National Laboratory | U.S. Department of State |
| FOX News Channel | Office of U.S. Senator Jon Kyl | U.S. Government Accountability Office |
| Friends Committee on National Legislation | Pacific Northwest National Laboratory | U.S. House of Representatives |
| Global Security Newswire | Pantex Site Office | Union of Concerned Scientists |
| Great Basin Technology, Inc. | PaR Systems, Inc. / Environmental | Universities Research Association |
| GS&S - The Boeing Company | Parsons | University of Nevada, Las Vegas |
| GW's Elliott School of International Affairs | Partnership for Global Security | University of Texas at Austin |
| Honeywell Federal Manufacturing & Technologies | Patrick R Davidson & Associates LLC | URS Corporation |
| House Appropriations Committee Subcommittee on Energy & Water | Perma Fix Environmental Services | Wackenhut Services, Inc. |
| House Armed Services Committee | Physics Today | White House National Security Council |
| House Committee on Foreign Affairs | Platts | WorleyParsons Polestar |
| House Strategic Forces Subcommittee | Pro2Serve | WSI |
| IBM | Project On Government Oversight | Y-12 National Security Complex |

In Cooperation With...



Partnering Organizations...
(as of 2/2/2012)



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ACCOMMODATIONS

The rate for Summit attendees at the Renaissance Arlington Capital View is \$181.00 for single and double occupancy. These rates do not include a daily hotel services fee, along with applicable city and states taxes (which are currently 10.5%).

To guarantee a reservation, PLEASE USE THE LINK https://resweb.passkey.com/Resweb.do?mode=welcome_ei_new&eventID=6660490 to book directly into our room block.

If you would prefer to reserve your room by telephone, please contact the Group Housing office of the hotel at 1-877-212-5752, and identify yourself as a 4th Annual Nuclear Deterrence Summit attendee. If space is available, the above rate will apply for attendees three days prior and three days after our program dates. We recommend making your reservations EARLY to secure a guest room (no later than Feb. 9, 2012).

GROUND TRANSPORTATION

From Ronald Reagan Washington National Airport: The Renaissance Arlington Capital View is 1 mile east of Reagan National Airport. A courtesy phone is available, and airport shuttle service (scheduled) is complimentary. Alternatively, subway service is available from the airport (\$1.65 one way). A private taxi is also a reasonable choice, with an estimated fare of \$10.00 (one way). **From Baltimore Airport:** Call Super Shuttle and make reservations for the most economical rate. **From Dulles Airport:** Taxi will be around \$50.00.

MARRIOTT RENAISSANCE ARLINGTON CAPITAL VIEW

The Conference site is the Marriott Renaissance Arlington Capital View, 2800 South Potomac Ave, Arlington, VA 22202; Phone 703-413-1300. It is located just minutes away from Washington, D.C. Adjacent to the Crystal City Metro Station, the entire Washington D.C. metropolitan area is at your disposal, with the Smithsonian Museum, Holocaust Museum, National Zoo, and the national monuments just a metro ride away. Plus, it is just one mile from the Ronald Reagan National Airport.

SUMMIT SCHEDULE AND REGISTRATION INFORMATION

Registration opens at 3:00 p.m. Tuesday, Feb. 14 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary begins at 8:00 a.m., Wednesday, Feb. 15. The Summit ends at 1:00 p.m., Fri., Feb. 17.

Registration Fees:

| | |
|---|------------|
| Federal Employees (non-speakers): | \$895.00 |
| Academic, Non-industry Not-for-Profit | \$895.00 |
| Subscribers to the <i>Nuclear Weapons & Materials Monitor</i> | \$1,395.00 |
| General Admission (includes Federal Contractors) | \$1,595.00 |

Register at www.deterrencesummit.com

(Registration includes: three continental breakfasts, two lunches, three receptions, one dinner, a copy of the Resource Book and conference proceedings).

Cancellation Policy: There is a \$200.00 service charge on cancellations after Jan. 27, 2012. No refunds will be made after Feb. 3, 2012 but substitutions are welcome.

Europe, its strategic plans aren't expected to be revealed until May.

NATO Deterrent Effectiveness Questioned

POGO, however, questioned the military effectiveness of the nuclear arms in Europe. Specifically, it cited Turkey's decision to not allow the U.S. to station a fighter wing at the Air Force's base at Incirlik. POGO points out that U.S. jets are to use 50 of the possible 60 to 70 nuclear bombs at the base, leaving approximately 10 to 20 bombs for Turkish F-16A/Bs that are not certified to carry nuclear weapons. U.S. jets would have to make a separate trip to Incirlik to be outfitted with B61s if they were ever needed, which POGO said raises questions about the strength of the NATO nuclear deterrent. "In another example, Germany plans for its replacement fighter aircraft not to be nuclear capable. This could influence other countries to do the same—leaving the United States in a position where U.S. dual-capable aircraft would be required to deploy to other bases in order to fly the nuclear mission," POGO said.

Brian also noted that the United States and its allies have had trouble protecting the weapons that are currently stored in Europe, and that problems that were identified in the Air Force's 2008 Blue Ribbon Review remain unfixed, including issues involving the storage of weapons. In 2010, a protest group was also able to penetrate the security perimeter a Kleine Brogel Air Force Base in Belgium, getting inside an area where nuclear weapons were believed to be stored. "Resolving these and other security issues only adds to the overall costs," the report said.

POGO to Allies: Pay Up

The cost of security upgrades and stockpile maintenance should at the least be shared between the U.S. and its NATO allies, POGO said. "The NATO Alliance was built on the concept of burden-sharing among the members," POGO said. "Since its inception, the U.S. has borne the lion's share of the military costs. If U.S. and European leaders really believe these nuclear weapons can be useful as a deterrent or that they remain essential to maintaining the political ties that bind the Alliance, the European members must agree to bear an increased share of the costs for these weapons. The U.S. should not be responsible for continuing to pay the majority of the cost to maintain a nuclear weapons capability in European countries, particularly given our nation's financial constraints."

—Todd Jacobson

GAO PUSHES NNSA TO STREAMLINE MORE SUPPORT FUNCTIONS

Efforts to streamline support functions and reduce costs across the National Nuclear Security Administration and the Department of Energy's Office of Science received an endorsement from the Government Accountability Office this week, though the watchdog agency noted in a report that future consolidation and streamlining attempts could run into challenges from the contractors that manage NNSA and Science sites. While lauding the programs for moving to streamline work across the complex, the GAO noted in the report, "Additional Opportunities Exist to Streamline Support Functions at NNSA and Office of Science Sites," that contractors were initially reluctant to participate in NNSA's successful Supply Chain Management Center because they were hesitant to relinquish control over some procurement activities, and said that Science had still declined to join the effort.

The NNSA, in particular, has pushed several streamlining and consolidation efforts over the last several years, including the consolidation of M&O contracts at the Y-12 National Security Complex and the Pantex Plant. "DOE spends over \$5 billion dollars each year on support functions provided by M&O contractors at NNSA and Science sites," the GAO said. "Growing federal deficits and increasingly uncertain future federal budgets have necessitated that M&O contractors evaluate areas that could be streamlined or provide cost savings in support costs at these sites, thereby maximizing funds available for the sites' national security, research, and energy development missions."

GAO Pushes Quality Control Improvements

DOE's ability to oversee efforts to streamline additional support functions has been hampered by incomplete and inconsistent data on support function costs, according to the GAO, which recommended that the Department fully implement a quality control system for cost data on sites' support functions. The system was intended to be completed in September, but its completion date has been pushed back to sometime in 2012, the government watchdog said. "Until a quality control system is completely implemented, DOE cannot have full confidence that the support cost data it collects and uses to oversee contractor performance are complete, accurate, and reliable," the GAO said.

The report, which was requested by members of the House Energy and Commerce Committee, also recommends that the Department of Energy move to ensure that "all appropriate streamlining steps are being taken" at the Depart-

ment's sites and that DOE clarify guidance on estimating cost savings from streamlining initiatives. DOE agreed with the GAO's recommendations.

Challenges to Consolidation Efforts Identified

Long lead times and high upfront costs also hindered other consolidation efforts, including the possibility of merging human resources activities across the NNSA's weapons complex, the GAO said. According to the report, the NNSA has said the initial costs of such a move could be between \$500 million and \$1 billion before benefits are realized. At Sandia National Laboratories, new postretirement health benefits were instituted in 2009, but substantial savings from that move won't be realized for many years as the impacted employees move toward retirement age. "Streamlining efforts undertaken at some sites may be appropriate at other NNSA or Science sites, and there may be other opportunities to streamline or reduce fragmentation that could be pilot-tested and implemented at sites," the GAO said. "Some of these opportunities will require close collaboration between DOE and its M&O contractors to reduce the effects of long-standing fragmentation of site management."

NNSA has moved to contractually compel contractors to consolidate, merging the Y-12 and Pantex contracts in an ongoing procurement, but even before that, the GAO noted it had pushed other consolidation efforts. Officials at Los Alamos and Lawrence Livermore National Laboratories have taken steps to merge some services, mainly in human resources, GAO said, noting that Los Alamos provides employee benefits accounting and other services for both sites. Officials at Y-12 and Pantex, which currently share common management through Babcock & Wilcox, also combined hiring, compensation, benefits administration, and other services.

The GAO also said that methods for estimating cost savings, and the effectiveness of streamlining and consolidation efforts across DOE, varied from site to site, making it difficult to compare savings. The GAO said that the Department has moved to standardize its guidance on how to estimate cost savings, but the guidance gives contractors lots of leeway in coming up with their own estimates. "Consequently, DOE's ability to determine whether contractors' efforts to further streamline costs are effective is limited," the GAO said.

—Todd Jacobson

FEW ANSWERS ON PIT DISASSEMBLY AND CONVERSION PLANS AT SCOPING MEETING

The National Nuclear Security Administration took its new pit disassembly and conversion plans public this week, but while a scoping meeting in Northern New Mexico featured plenty of opposition from the public, it included few specifics about how the agency was planning to ramp up work at Los Alamos National Laboratory on the project. After years of consideration, the NNSA said earlier this year that it was scrapping plans to build a standalone facility to disassemble and convert plutonium pits into an oxide feedstock for the Mixed Oxide Fuel Fabrication Facility and scaling back another option, using the Savannah River Site's K Area reactor facilities, for the effort. In its place, the agency will use several different facilities to help turn 34 metric tons of plutonium into commercial nuclear fuel, including Savannah River's H-Canyon, parts of the MOX facility, a small portion of K Area, and more of Los Alamos's Technical Area 55, where the lab has already been producing plutonium feedstock through its Advanced Recovery and Integrated Extraction System (ARIES).

'Everything Is Very Preliminary Right Now'

But Los Alamos officials would not say how much the ARIES work might be increased beyond its current mission to convert two metric tons of plutonium into oxide fuel. "Everything is very preliminary right now," Los Alamos Site Office spokeswoman Toni Chiri said on the sidelines of a Feb. 2 public scoping meeting in Pojoaque, N.M. "We don't have numbers on employment; we don't have estimates on any expansion or whether or not there will be expansion—that hasn't been determined." Those who are waiting for more concrete information will have to wait until a draft Supplemental Environmental Impact Statement is released. Document Manager Sachiko McAlhany, said that's where questions that have been raised will find a response and the details that emerge from the full analysis will be presented.

While cost and other details on the updated approach remain unclear, the move is expected to provide significant cost savings over previous plans. In recent years, the NNSA had focused on renovating Savannah River's K Area reactor facilities to create a home for the pit disassembly and conversion efforts, but estimates for the refurbishment between \$4.5 and 4.8 billion were much more expensive than NNSA officials had hoped for. Now, K Area is expected to be used for "possibly a small cutting capability," according to NNSA officials. "The fundamental question at hand is the cost associated with the PDCF, which was going to be a sister facility to the MOX facility

constructed at Savannah River Site,” said Juan Griego, acting deputy manager for the Los Alamos Site Office. “The cost growth on that and the schedule delays in getting that facility off the ground is what’s motivated going back and revisiting the previous administrative decisions and the previous surplus plutonium disposition.”

Locals Speak Out Against Plan

Those who spoke at the meeting made it clear that the amended program proposals were not well received by the local community. “We strongly support safeguarding plutonium against future use in nuclear weapons and keeping plutonium out of the environment,” said Santa Fe resident Scott Kovac, the Research and Operations Director of Nuclear Watch New Mexico. “But the controversial mixed oxide fuel program, which has been going on for 16 years, is not the solution.” Specifically concerning work at Los Alamos, he asked questions about floor space requirements, the impacts to other operations in the lab’s Plutonium Facility, the number of pits to be disassembled and the amount of plutonium to be processed annually and a list of all the wastes to be generated by the program. He was one of a score of people who spoke against the project.

A sole proponent, Charles Richardson, who lives and works at the laboratory in Los Alamos, said he thought most people supported the disposition and destruction of surplus nuclear weapons, but he noted that a program relying only on immobilizing pit plutonium “implies a Yucca Mountain”—referencing failed attempts to create a permanent repository for nuclear waste. “The MOX approach will not be easy, but we need to overcome these challenges,” he said.

—From staff reports

KEY LOS ALAMOS NATIONAL LABORATORY PLUTONIUM UPGRADES COMPLETED

Los Alamos National Laboratory has completed key upgrades aimed at reducing earthquake accident risks, and additional work between now and April should further lower the dangers of a worst-case earthquake-fire scenario, National Nuclear Security Administration chief Don Cook wrote in a Jan. 30 letter to the Defense Nuclear Facilities Safety Board. Cook’s letter repeated the NNSA’s central argument about the issue—that the risks, while real, are sufficiently small to permit continued operations at the lab’s Plutonium Facility (PF-4) while upgrades are completed. “Upon analysis,” Cook wrote, “the actual risk to the public was so small, given the rarity of the postulated earthquake and fire event, that NNSA concluded that it

was prudent to allow continued operations while we took measures to modernize the facility.”

The key issue was a calculation that showed the 1970s-era Plutonium Facility could collapse in a worst case earthquake scenario. Calculations on dose risk from a subsequent plutonium release exceeded Department of Energy action guidelines—a 2,100 rem Total Effective Dose Equivalent to the maximally exposed individual, when the DOE guideline is 25 REM. A structural upgrade involving a new roof beam was completed last October, and the calculated worst case accident scenario has reduced the dose level to 143 rem in a once-every-2,000-years earthquake scenario—an improvement but still well above the DOE’s 25 rem standard. Additional repairs now underway will drop that to below the 25 rem level by April, Cook said in his letter.

NNSA: Risks Are ‘Very Low’

Cook’s memo, which goes to great lengths to compare PF-4 accident risks to other societal risks, appears aimed at blunting criticism the lab received from members of the Safety Board during a November hearing in Santa Fe, N.M. Board members questioned whether the lab and NNSA were merely trying to meet the 25 rem standard, or whether they were trying to reduce risk even more. “That’s not what we should aim for for adequate protection of public health and safety,” DNFSB member John Mansfield said of the 25 rem guideline. “It should be significantly less than 25 rem.” (*NW&M Monitor*, Vol. 15 No. 45) In a memorandum attached to Cook’s letter, NNSA noted that a 70-year resident of Los Alamos has a lifetime natural dose of 50 rem. “While the risks should be further reduced,” the memo argues, “they are also very low. An earthquake large enough to significantly damage PF-4 and cause these increases in long-term cancer risk will also cause significant damage and acute injuries and fatalities in the surrounding communities. The latter would likely be the dominant public health concern if the postulated major earthquake occurred.”

To further reduce the risk, according to one of the memos accompanying Cook’s letter, repair of three mezzanine areas will be completed, lab ceilings will be reinforced with steel and further analysis of roof joints will be done. Based on that work, the lab believes operations will no longer require a “Justification for Continued Operations,” which is needed to allow work to continue when the safety standards are not met.

—From staff reports

STATE DEPT. OFFICIAL REITERATES ADMIN. SUPPORT FOR MODERNIZATION PROGRAM

With Budget Request Weeks Away, Chief New START Negotiator Blames Congress for Funding Woes

While the Obama Administration's recent decision to delay work on a replacement for the Ohio class nuclear submarine and the expectation of a massive cut to funding for the Chemistry and Metallurgy Research Replacement-Nuclear Facility have led some lawmakers to accuse the Administration of backing off of its modernization promises, a senior State Department official this week pointed the finger back at Congress. Speaking at an event at the American Security Project in Washington, D.C., chief New START negotiator Rose Gottemoeller said the Administration remains committed to the commitment to modernization it made during debate on the New START Treaty in 2010.

That commitment called for approximately \$88 billion over the next decade for the NNSA's weapons program and about \$125 billion to modernize the nation's nuclear delivery vehicles, but Congress cut back significantly on the Administration's request for the NNSA's weapons program in Fiscal Year 2012. "For those who are raising questions about it, I would say that we really need to work with Capitol Hill to ensure the budget for the Stockpile Stewardship Program and the modernization of the nuclear weapons infrastructure is supported," Gottemoeller said, adding: "The pressure on this budget has come from Capitol Hill. It has not come from the executive branch. We are continuing to express our commitment and push the budget forward. If it's not supported on Capitol Hill we will continue to push it. That's all I can say."

Gottemoeller, who is expected to step in for Ellen Tauscher as the Under Secretary of State for Arms Control and International Security when Tauscher leaves her post next week, did not address the potential impact of potential modernization cutbacks on future arms control agreements, but Congressional Republicans have suggested that future efforts could be hindered. Notably, Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, accused the Administration of "backing off" the modernization deal made during debate in the Senate on the New START Treaty after the Administration announced that it was delaying the Ohio class nuclear submarine replacement program by two years, and he has promised to keep a close eye on other modernization promises. That includes plans to build the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory; lab officials are bracing for a massive cut to the Administration's request for work on the facility in FY2013.

'Homework' Phase of Consideration of Cuts Continues

Gottemoeller suggested that the Administration was still doing its "homework" in advance of future negotiations with Russia and she said that its position would be impacted by the current deterrence review going on in the Pentagon and by NATO's own deterrence review that is expected to be wrapped up by the NATO Summit in Chicago in May. The Administration has signaled that the next round of arms control negotiations with Russia include not only strategic nuclear weapons, but tactical nuclear weapons, where Russia is believed to have a significant numerical advantage. "We've always known there would be further assessment and further analysis to understand what further reductions might be possible once we have determined the details of our deterrence and targeting policy going forward," Gottemoeller said.

While she suggested that negotiations are not on the near-term horizon—at the least, Presidential elections in both countries this year make the political environment inhospitable to negotiations—she said that the Administration has already started "discussions" with Russia on the concepts and ideas that would be involved in the treaty, likening the current dialogue between the countries to preliminary talks that occurred from April 2009 to July 2009 on the New START Treaty. More work also needs to be done in the technical community on how the sides could tackle monitoring and verification problems that arise from the need to count specific warheads in an arms control agreement, rather than the current approach that involves counting delivering vehicles and attributing warheads to them. "We're not immediately ready for the negotiating table," she said, "but we are ready for a discussion and we are further talking."

A Positive Sign for Talks?

Gottemoeller noted Russian concerns about future arms control negotiations, including Russia's opposition to U.S. missile defense plans in Europe and Moscow's long-held position that it wouldn't negotiate on tactical nuclear weapons until the U.S. removed its tactical nuclear weapons from Europe, where they provide a nuclear deterrent for NATO. But Gottemoeller said she noticed a softening to Russia's negotiating stance in recent months that gave her optimism for future talks. "I do take note of the fact that recently the Russians have begun to talk not about conditions to be fulfilled but factors that must be taken into account," she said. "That's an important nuance that to me shows an intensification of the consideration of basically the conceptual outlines of issues and issues that must be pursued in advance of new negotiations."

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT OAK RIDGE PROGRESS ON HEUMF LAWSUIT SETTLEMENT?

Construction of the Highly Enriched Uranium Materials Facility was accomplished in 2009, more than two years ago, and the loading of the Y-12 National Security Complex's stocks of bomb-grade uranium into the high-security, fortress-like storage facility was completed last year. However, the government project is not yet a done deal because tens of millions of dollars in claims from construction outfits are still pending in U.S. District Court in Knoxville. But there apparently is some light at the end of the tunnel because of recent high-level talks involving B&W Y-12, the NNSA's managing contractor at the Oak Ridge plant, and executives with Caddell-Blaine Joint Venture, the construction partnership that built the \$549 million HEUMF.

Warren Barrow executive vice president of Caddell Construction, confirmed there's been several recent meetings that included himself, Dorman Blaine of Blaine Construction and Darrel Kohlhorst, president and general manager of B&W Y-12. He also said there had been an attempt at mediation on a major part of the litigation. "It was not successful," he said. "But I think I can say that no

one has given up the hope that we will find a way to settle. We're still in communication with B&W." Kohlhorst also confirmed the talks. In a statement, the B&W Y-12 chief said, "We continue to work with our general contractor (Caddell-Blaine) to resolve these claims and complete this project. It is in everyone's best interest to get this wrapped up."

The HEUMF construction team, headed by Caddell-Blaine Joint Venture, filed about \$60 million in claims associated with the government project, and B&W Y-12, the managing contractor at Y-12, countersued in U.S. District Court. Both sides claim breach of contract. There were numerous difficulties encountered during the construction of HEUMF, many of them associated with mid-project design changes to meet evolving security requirements to make sure the new storage facility was protective against terrorist assaults and other scenarios. Millions of dollars in payments to the project's construction manager, Caddell/Blaine Joint Venture, and its subcontractors, were withheld, reportedly creating severe financial hardships and near-bankruptcies for some of the companies involved.

AT OAK RIDGE NNSA LOOKING TO CUT SECURITY COSTS

The National Nuclear Security Administration and its security contractor, WSI-Oak Ridge, in recent months have conducted a number of security reviews and planning exercises to try to reduce costs, apparently setting the stage for personnel reductions and other measures. While acknowledging changes are under way, neither the federal agency or its contractor specify a savings goal or say how many jobs may be eliminated. Courtney Henry, a spokeswoman for WSI, said NNSA conducted a review in 2011 to "confirm the level of funding required to sustain the Safeguards & Security program at the Y-12 National Security Complex, right-size the mission support security functions and reduce the security footprint by eliminating activities clearly above those required to support NNSA's national security mission requirements."

She said similar action was taken by DOE's Oak Ridge Office. "Since then, WSI has actively engaged in the review of the size of its Oak Ridge work force to obtain efficiencies and cost savings and take advantage of the recommendations provided by these reviews," she said. "This is an ongoing activity, the outcome of which is not yet determined." If a workforce reduction is required, it will be spread out not only at the Y-12 operations—where the majority of WSI's security police officers are assigned—but at all of the Oak Ridge operations, such as Oak Ridge National Laboratory, the East Tennessee

Technology Park and the Federal Office Building, Henry said. "This will not have an impact on the level of security at the Oak Ridge facilities as dramatic improvements in physical security have been completed in recent years, thus allowing us to achieve the same high level of security with a smaller workforce," Henry said.

NNSA Mum on Changes

Steven Wyatt, a spokesman for the National Nuclear Security Administration, offered few details of the security changes, except to say there had been some changes in "pro-force deployment" at Y-12 and a reduction in "the amount of technical and site support" associated with the security program. "Other recommendations that were developed as a result of the review are still under evaluation for possible implementation in the future," Wyatt said. "We expect that there will be additional changes in Y-12 site security in the coming years."

Asked for examples of "dramatic" improvements in physical security at Y-12, Wyatt said, "Over the past few years we made several improvements in overall site security, including material consolidation that has led to fewer locations requiring high level security, the construction of additional physical barriers, including pedestrian/vehicle delay barriers, the installation and operation

of new security towers in key locations, the movement of Bear Creek Road, which provides an additional standoff distance from our Enriched Uranium Operations, as well as enhanced Proforce equipment and training.” Wyatt said it’s

too early to discuss the savings in security costs. He said the 2012 security budget at Y-12 is about \$150 million, which is roughly the same as it was in 2011. ■

Wrap Up

IN THE NNSA

Shaw AREVA MOX Services announced this week that it reached 7 million consecutive work hours without a lost workday on construction at the National Nuclear Security Administration’s Mixed Oxide Fuel Fabrication Facility. The contractor achieved the new safety record for the project on Jan. 19. MOX Services also announced that their annual data revealed that the project had an Occupational Safety and Health Administration recordable injury rate of 0.51 per 200,000 work hours, which the contractor called “far below the industry average.” Kelly Trice, president and chief operating officer of Shaw AREVA MOX Services, said in a statement, “This new safety record illustrates the degree to which our more than 2,400 employees and subcontractors have embraced our safety culture.”

Los Alamos National Laboratory will hold a free general construction services solicitation conference from 7:45 a.m. to 12:30 p.m. Feb. 9 at the Buffalo Thunder Resort in Pojoaque, N.M. Laboratory procurement, construction and contract management staff will provide information about the lab’s master task order agreements as well as the lab’s safety, security, quality assurance, and engineering standards for general construction services, including civil, architectural-structural, electrical, mechanical and piping contractors. The lab said it expects to award approximately \$200 million in master task order agreements for general construction services. Ninety one-minute “speed dating” session will also be available to businesses on a first come, first served basis.

Companies must register to attend the conference by Feb. 7 via email at business@lanl.gov or by calling (505) 667-4419. Speed dating slots can be reserved by contacting Jim Carrigan of the lab’s Small Business Program Office at (505) 667-4419.

The National Nuclear Security Administration is offering research grants and cooperative agreements to help stimulate academic research involving the maintenance of the nation’s nuclear stockpile. The agency announced the funding opportunity for the stewardship Science Academic Alliances Program this week, which it said would promote academic efforts and help recruit researchers to work on issues involving the safety, security and effectiveness of the nation’s nuclear deterrent. The funding opportunity is for grants and centers of excellence for the research areas of low-energy nuclear science; properties of materials under extreme conditions and/or hydrodynamics; radiochemistry. Centers of excellence can earn funding for research into high energy density physics. A research grant is typically awarded for up to three years and can range between \$50,000 and \$300,000; cooperative agreements can run up to five years and are typically between \$1 million and \$3 million. “This funding opportunity demonstrates NNSA’s commitment to training students who will contribute to scientific discovery and potentially be employed at one of our national laboratories,” Don Cook, NNSA’s Deputy Administrator for Defense Programs, said in a statement. “It’s important that NNSA enhances and promotes the academic efforts of future scientific leaders.” ■

Calendar

February

3-5 **Munich Security Conference, Munich, Germany.**

6 **Speech: “The Next Step for Arms Control: A Nuclear Control Regime,” former U.S. Principal Deputy Undersecretary of Defense Jan Lodal, George Washington University, Linder Family Commons, 1957 E St., NW, Sixth Floor, Washington, D.C., 9-10:30 a.m.**

6 **Site tour: Pantex Plant, open to potential bidders for the Y-12/Pantex/Savannah River tritium combined M&O procurement.**

6-7 **Conference: “Sixth Annual Workshop on Reducing the Risk from Radioactive and Nuclear Materials: Addressing the Insider Threat,” Institute of Nuclear Materials Management, University of California Washington Center, 1608 Rhode Island Ave., NW, Washington, D.C.**

8 **Site tour: Y-12 National Security Complex, open to potential bidders for the Y-12/Pantex/Savannah River tritium combined M&O procurement.**

9 **Conference: Los Alamos National Laboratory construction services conference, Buffalo Thunder Resort, Pojoaque, N.M., 7:45 a.m.-12:30 p.m. Registration is free,**

but companies must register by the end of the workday on February 7 through business@lanl.gov or by calling (505) 667-4419.

10 Site tour: Savannah River Site tritium operations, open to potential bidders for the Y-12/Pantex/Savannah River tritium combined M&O procurement

14-17

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13 **OBAMA ADMINISTRATION SUBMITS FISCAL YEAR 2013 BUDGET REQUEST TO CONGRESS.**

15 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.

20 EM PUBS CLOSED FOR PRESIDENT DAY

23 Discussion: "The Nuclear Chessboard, 2012," former Secretary of State George Shultz, former Defense Secretary William Perry, and former Sen. Sam Nunn, Commonwealth Club, 595 Market St., Second Floor, San Francisco, 6 p.m.

March

14 Meeting: Idaho Citizens Advisory Board; Hilton Garden, 700 Lindsay Boulevard, Idaho Falls, Idaho.

21 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility; Las Vegas, NV 89030.

April

3-4: Meeting: 2012 DOE Project Management Workshop; the Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, VA., 22311.

11 Meeting: Nevada Site-Specific Advisory Board.

12-13 Meeting: Hanford Advisory Board.

April 30 - May 3

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Mike Davis, Pres. and CEO, National Institute of Clean
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(Changes from previous Calendar in Bold)

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Volume 16 No. 6

February 10, 2012

— INSIDE HIGHLIGHTS —

The nuclear weapons complex has turned with increasing frequency to reverse auctions to help procure goods and services at lower costs, but industry officials say the agency has begun to go too far. 2

A First Production Unit on the refurbished B61 bomb won't be completed until 2019, two years later than had been previously planned. 3

Two senior House lawmakers this week unveiled competing plans for legislation about the nation's nuclear weapons budget, one that seeks to preserve funding and another that would drastically cut into the money spent on the nation's nuclear deterrent. 5

In the competition for the combined management and operating contract for the Y-12 National Security Complex and the Pantex Plant, the team led by incumbent Babcock & Wilcox is getting a little bit bigger. 6

The National Academy of Sciences panel that for the last year has examined the impact of privatization on the nation's nuclear weapons laboratories is expected to release its long-awaited report next week in advance of a Feb. 16 Congressional hearing. 6

Rose Gottemoeller, as expected, has been named the acting Under Secretary of State for Arms Control and International Security, replacing Ellen Tauscher, who stepped down from the position Feb. 6. 7

The New START Treaty celebrated its first birthday this week, and the State Department said over the weekend that both the United States and Russia conducted the maximum 18 inspections of each other's nuclear arsenals during the treaty's first year. 7

While the NNSA and DoD are currently able to manage known limitations to the nation's nuclear weapons stockpile, Pentagon officials have raised concerns that the effect of the limitations could be intensified by reductions to the nation's nuclear arsenal, according to a report released this week by the Government Accountability Office. 7

Following the recent decision by GE Hitachi to suspend its development of a technology to produce medical isotopes from low-enriched uranium, the NNSA is evaluating its support of the fledgling U.S. market and whether it's doing enough to jumpstart the industry. 8

The only way to keep nuclear materials out of the hands of terrorists and pave the way for a world without nuclear weapons—'global zero'—is to create a comprehensive control regime accounting for all nuclear weapons and materials, former U.S. Principal Deputy Under Secretary of Defense Jan Lodal said this week. 10

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INDUSTRY OFFICIALS QUESTION USE OF REVERSE AUCTIONS FOR TECH. WORK

As the National Nuclear Security Administration's Supply Chain Management Center has matured, the nuclear weapons complex has turned with increasing frequency to reverse auctions to help procure goods and services at lower costs. But industry officials say the agency has begun to go too far, using reverse auctions to save money to procure highly technical support to nuclear weapons work, which they say is an inappropriate use of the contracting tool. The issue has come to a head on a Los Alamos National Laboratory procurement for Quality Assurance Technical Services for the laboratory's Institutional Quality Division as bidders have questioned the use of a reverse auction to procure technical support for nuclear weapons work at the laboratory. The online reverse auction practice is often described as "eBay in reverse," where bidders compete against each other to lower their prices. "If you're buying copy paper or standard commodities like toilet paper or paper towels it makes perfect sense; everybody does it," one industry official told *NW&M Monitor*. "But this is nuclear weapons work and nuclear safety work. It's pretty important. I would think we would have a little more sense than this."

Reverse Auctions: \$138M in Savings From FY09-11

According to the NNSA's Supply Chain Management Center, reverse auctions only began to become common across the weapons complex over the last five years. But in that time, they've quickly become a valuable tool used to save money, according to the center. From Fiscal Year 2009 to FY2011, reverse auctions were used across the weapons complex 992 times, generating \$138.1 million in savings. In FY2011 alone, 385 reverse auction events generated \$59.1 million in savings, and the practice has drawn praise from NNSA leadership. In 2010, NNSA Principal Deputy Administrator Neile Miller lauded the

success of the Supply Chain Management Center, which, in part driven by reverse auctions, said it saved the agency \$109 million in FY2010. "At NNSA, we are committed to being responsible stewards of tax dollars," Miller said at the time. "We cannot expect Congress and the American people to support large increases in NNSA's budget unless we do everything possible to steer those resources directly to mission work. The Supply Chain Management Center is an excellent example of our effort to apply sensible, common sense approaches to saving the taxpayers money across our enterprise."

But industry officials say reverse auctions are ill-suited for use on highly technical procurements, especially those involving support services, where the importance of personnel is paramount. "When it comes to salary, the better people make more money," another industry official told *NW&M Monitor*. "If you start doing these reverse auctions for support services, you're forcing people to pick the cheapest people they can provide. Quality assurance is not a 'phone and fax' contract, and if you don't realize how important it is to have good quality QA support at a nuclear weapons site, shame on you."

Complex Officials Defend Approach

According to solicitation documents for the Los Alamos Quality Assurance Technical Services procurement, an online reverse auction will be part of the bidding process, but officials at the lab and at the NNSA's Supply Chain Management Center defended the approach, noting that the technical acceptability of a potential bidder will be evaluated before the lab begins to solicit real-time, competitive bids for a labor rate discount that would be applied to a potential bidder's proposal. "LANS will apply this discount to the labor rates for each category for all three years, to determine your final pricing structure and ranking of the proposals from lowest to highest," the lab said in a

ExchangeMonitor Publications' Nuclear Team (*WC Monitor*, *NW&M Monitor*, *RW Monitor*)

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message to bidders. The contract could be worth as much as \$60 million over five years. Bids are due Feb. 29.

According to lab and Supply Chain Management Center officials, the price will be used to select a winning contractor, but it should not be the only factor that will be used to select a winner. "The price is not the only determining factor," said Wallis Spangler, the director of the NNSA's Supply Chain Management Center. "In this [Los Alamos] case they had technical requirements, they had the initial price, and the reverse auction had the percent discount. And they will take all three of those variables into account to select the best value." He also noted that the Quality Assurance support services contract at Los Alamos would have personnel reporting to laboratory officials. "Those folks actually will report to and are overseen by Los Alamos personnel," Spangler said. "They will be put in place, but then they're not just turned loose and free to do whatever they want to do. They're supervised and overseen by Los Alamos personnel. There are safeguards put in at multiple levels."

Lab: Personnel an Important Evaluation Factor

Los Alamos spokesman Steve Sandoval also noted that the reverse auction would only be part of the procurement process. He said in complex procurements, the lab typically tries to get a qualified group of bidders, "set our technical acceptance criteria at an appropriate level, and then make an award to the technically acceptable bidder(s) that offer the best price." He said personnel would be an important factor in the quality assurance contract that is currently out for bid at the lab. "We will ask prospective bidders to demonstrate that their company has the technical expertise, i.e., personnel they plan to 'dedicate,' if you will, to ensuring the successful execution of the contract," Sandoval said.

However, in a Jan. 24 response to bidder questions, Los Alamos said that the "technical acceptability" of a bidder will be graded on a "pass/fail evaluation." Industry officials have argued that with that approach, there are companies out there that could undercut bids, and that the quality of work would then suffer. "They don't care whether I've got superstars compared to someone else," the industry official said. "We all pass and then it's lowest price and then it's reverse auction. If we're all compliant, let's say five of us, we all pass, and someone underbids me by 50 percent. They cannot take into account, the way they've structured it, the quality of people. They just can't. They've set themselves up to pick the lowest price."

Reverse Auction Approach Varies Across Complex

The approach to reverse auctions across the weapons complex appears to differ at various sites. While several sites declined to provide information about exactly how they treat reverse auctions or did not respond to inquiries about their reverse auction practices, a spokesman for B&W Pantex said it is the practice of the Pantex Plant contractor not to contract out for work directly with nuclear weapons, quality assurance, and technical support. But reverse auctions are used for other procurements at the site. "Reverse auctions have proven to be effective in both best value contract and low-priced technically acceptable source selections," B&W Pantex spokesman Greg Cunningham said. "The source selection technique used is governed by multiple factors such as the nature of the work to be performed or goods to be purchased and the technical requirements of the acquisition and is determined a case-by-case basis. With either approach, the use of the reverse auction tool is a business decision expected to result in reduced cost to B&W Pantex."

Market Research Key to Approach

Spangler said there is no procedure for determining when exactly to use a reverse auction, but he said it is policy across the weapons complex to conduct extensive market research before deciding on how to procure a specific service. "You have to do a complete market analysis and environmental analysis on this thing and understand what is available to you, but if it's that technical, that complex, my guess is that, no, you would not be doing a reverse auction because there are not that many competitors out there because it's so unique and specialized that it wouldn't make sense."

He said suggestions that the approach was irresponsible were off the mark. "If somebody needed to go out and source for 30 nuclear engineers and they just put an ad in the paper and told folks we're going to do a reverse auction without doing a technical analysis, without really understanding these guys' qualifications, and we're just going to solely hire these guys on whoever is the cheapest, and we're just going to turn them loose in our business, that would be a concern," Spangler said. "But nobody comes close to operating that way. That's just a huge risk. There is a lot of upfront work that goes in prior to any reverse auction. The biggest piece of it is the technical evaluation to make sure whoever is going to participate in that reverse auction is qualified and would meet the technical requirements of the contract."

—Todd Jacobson

NNSA TO DELAY COMPLETION OF B61 FIRST PRODUCTION UNIT BY TWO YEARS

Previous Target of 2017 FPU Moved Back to 2019

A First Production Unit on the refurbished B61 bomb won't be completed until 2019, *NW&M Monitor* has learned, two years later than had been previously planned. Rep. Mike Turner (R-Ohio) hinted at the delay in a statement this week, and officials with knowledge of the National Nuclear Security Administration's plans confirmed that the two-year delay was driven by new assumptions about the need to replace limited life components in the bomb and a still-pending decision on the path forward for the life extension program.

Though the agency had once planned to begin the engineering work on the weapon in October, the Nuclear Weapons Council has yet to authorize the path forward for the life extension program and won't do so until this summer. The NWC is believed to have zeroed in on an option that costs \$5.2 billion, but has tasked the Department of Defense's Cost Assessment and Program Evaluation group with validating the NNSA's cost and schedule estimate for the refurbishment. That study isn't expected to be completed until July, pushing a potential decision by the NWC on the path forward for the refurbishment toward the end of the summer.

Milestones Ahead

Congress is also withholding \$134 million in Fiscal Year 2012 funds until the Administration commits to a life extension plan, and has tasked the JASON Defense Advisory Group to examine how much work needs to be done to "enhance the safety, security and maintainability" of the bomb and how much the changes could impact the "long-term safety, security, reliability, and military characteristics" of the weapon. The extent of the refurbishment could also be impacted by NATO action on its nuclear deterrent, which is made up of B61 bombs. NATO is currently reviewing its nuclear deterrent posture, and while the results of the alliance's review could impact the nuclear deterrent in Europe, its strategic plans aren't expected to be revealed until May.

Without a significant increase in work across the weapons complex—which would mean an unlikely influx of funding in budget-challenged times—the NNSA has begun to privately acknowledge that it won't be able to meet the 2017 FPU deadline. "The only solution would've been to request more money and have the labs and Sandia and Kansas City in particular in overdrive but this puts them almost a year behind schedule," the official with knowledge of the agency's plan said. The decision is sure to anger Congressional Republicans, especially those in the

Senate that voted for the New START Treaty in large part due to the Administration's commitment to modernize the nation's nuclear weapons stockpile and weapons complex. That includes life extension work on three weapons systems, the W76, B61 and W78. Recognizing the change in plans, Turner has already promised to introduce an updated version of his New START Implementation Act (*see related story*) that, like the 2011 version of the legislation, would likely tie future stockpile reductions to progress on modernization.

'You're Just Introducing More Risk'

The 2017 deadline for the refurbished B61 FPU was driven largely by a need to swap out components that were nearing the end of their service life, primarily the neutron generators, gas transfer system, radar and battery. "They know what the limits are of these limited life components and some can be swapped out in the meantime and some can last a little longer than expected," the official said. Moving the deadline back to 2019 means that the NNSA and Department of Defense will accept more risk that some of the components could fail. "It doesn't mean that in 2017 everything goes down and you have a dud of a weapon," the official said. "You're just introducing more risk. Some of the components may not meet the full performance margin. That doesn't mean it won't work. It's just below their comfort level."

NNSA spokesman Josh McConaha declined to comment on the agency's plans, referring *NW&M Monitor* to the agency's November statement. At that time, McConaha said the NWC had decided on a "recommendation of going with an option but decided that further analytical work needs to be completed on the B61 LEP before a final decision is made. We are now internally working on the next steps."

Plans for Refurbished Bomb Outlined

Before it began the design definition and cost study, the Administration said that the upgrade to the gravity bomb would help save money, lower demands on the weapons complex and allow for stockpile reductions by consolidating four warhead modifications—tactical warheads known as 'mods' 3, 4, and 10, and a strategic warhead known as mod 7—into the newest B61 modification, known as the B61-12. Specifically, the arming, fuzing and firing portion of the warhead would be upgraded to increase reliability, according to the U.S. Strategic Command. Increased security features would reduce risks if the bomb were to fall into unauthorized hands or be involved in an accident, and increased safety would improve weapons handling, maintenance and storage. The parachute that helps slow the descent of the bomb would also be removed from the

warhead's tail kit to allow for increased design space for reliability, safety and security features, according to planning documents.

—Todd Jacobson

AS BUDGET LOOMS, HOUSE LAWMAKERS UNVEIL COMPETING NUKE FUNDING BILLS

Two senior House lawmakers this week unveiled competing plans for legislation about the nation's nuclear weapons budget, one that seeks to preserve funding and another that would drastically cut into the money spent on the nation's nuclear deterrent. At almost the same time that Rep. Ed Markey (D-Mass.) introduced a bill to cut \$100 billion in nuclear spending over the next 10 years, Rep. Mike Turner (R-Ohio) said that he would introduce an update to his 2011 "New START Implementation Act" next week due to concerns that President Obama's Fiscal Year 2013 budget request would slash funding for one of the Administration's major nuclear construction projects, the Chemistry and Metallurgy Research Replacement-Nuclear Facility, and delay the B61 life extension program. He said it will be called the "Maintaining the President's Commitment to our Nuclear Deterrent and National Security Act of 2012."

The CMRR-NF and B61 projects were part of the modernization plan to which the Administration committed in order to earn the Senate's support of the New START Treaty in 2010. "The ratification of the New START treaty was a package deal, and President Obama is now changing the terms of the Senate's ratification of the treaty," Turner, the chairman of the House Armed Services Strategic Forces Subcommittee, said in a Feb. 9 statement. "Congress cannot allow the President to walk away from his promises, nor can we afford to continue to reduce our nuclear forces to reach treaty mandated levels without the robust modernization of the remaining U.S. nuclear weapons forces the President promised."

Modernization Cuts Loom in Budget Release

The Administration won't release its FY2013 budget until Feb. 13, but there have been signs over the last few months that budgetary pressure is forcing it to scale back its plans to modernize the nation's weapons complex. In a preview of the Department of Defense budget in late January, Defense Secretary Leon Panetta said the Pentagon was delaying the replacement of its Ohio class nuclear-capable ballistic missile submarines by two years, and Turner said that the deadline for the completion of a First Production Unit on the B61 had been delayed past 2017. *NW&M Monitor* has learned that the new plan for the completion

of the FPU is 2019 (*see related story*). The Nuclear Weapons Council still hasn't signed off on the path forward for the bomb's life extension program, a move that would set a cost and schedule baseline and allow the NNSA to move to the development engineering stage of the refurbishment.

There are also signs that the request for the NNSA's weapons program will be far less than the \$7.9 billion the Administration projected a year ago, and at Los Alamos National Laboratory, officials have been bracing for cuts to the CMRR-NF project. The CMRR-NF decision would signal that the Administration has chosen to pursue construction of the Uranium Processing Facility at the Y-12 National Security Complex over CMRR-NF, though it remains unclear how much the Administration plans to slow down the CMRR-NF project.

Turner Questions New START Without Modernization

In his statement, Turner noted that President Obama had committed to construction of the CMRR-NF during debate on the New START Treaty, including in a February 2011 statement in which Obama said he intended to "accelerate, to the extent possible, the design and engineering phase of the Chemistry and Metallurgy Research Replacement (CMRR) building and the Uranium Processing Facility (UPF)" and "request full funding, including on a multi-year basis as appropriate, for the CMRR building and the UPF upon completion of the design and engineering phase for such facilities." Language in the House version of the FY2012 Defense Authorization Act would have tied stockpile reductions to progress on modernization, but the language was softened in the final version of the bill passed by Congress late last year and replaced with a "sense of Congress that sustained investments in the nuclear weapons stockpile and the nuclear security complex are needed to ensure a safe, secure, reliable, and credible nuclear deterrent and that such investments could enable additional reductions in the hedge stockpile in the future."

Turner suggested that the New START Treaty would not have been approved without the modernization commitment. However, Administration officials, like New START negotiator Rose Gottemoeller, have pointed the finger at Congress (*NW&M Monitor*, Vol. 16 No. 5), which cut nearly \$400 million from the Administration's \$7.6 billion FY2012 request for the weapons program. "President Obama made a lot of promises to convince the Senate that it was safe to ratify the New START treaty," Turner said this week. "Without specific and detailed promises to modernize the nation's nuclear weapons stockpile, delivery vehicles, and infrastructure, there is no doubt that the New START Treaty would not have been approved."

Markey Calls Nuclear Spending ‘Insane’

In Markey’s bill—dubbed the SANE Act, short for the Smarter Approach to Nuclear Expenditures Act of 2012—the Massachusetts Democrat calls for the termination of the CMRR-NF and the B61, and a lot more. The bill, which has 34 co-sponsors but little chance of gaining any traction in the Republican-led House, would cut approximately \$100 billion in spending on the nation’s nuclear arsenal over the next decade, including the W78 warhead life extension program, the UPF and the Mixed Oxide Fuel Fabrication Facility. It would also delay work on a new nuclear-capable submarine until 2023 and would limit the size of the nuclear submarine fleet to eight while delaying the development of a new bomber until 2023, canceling the nuclear mission of the B-2 and B-52 bombers and the F-35 Joint Strike Fighter, and terminating the development of a new intercontinental ballistic missile.

Markey, who has been an outspoken critic of the nation’s nuclear weapons spending, called the nation’s nuclear weapons budget “insane” and said it doesn’t reflect the country’s 21st century security needs in a floor statement yesterday. “It’s insane to spend \$10 billion building new plants to make uranium and plutonium for new nuclear bombs when we’re cutting our nuclear arsenal and the plants we have now work just fine,” Markey said, referring to the CMRR-NF and UPF.

—Todd Jacobson

TEAMS BIDDING ON Y-12/PANTEX CONSOLIDATED CONTRACT GET BIGGER

In the competition for the combined management and operating contract for the Y-12 National Security Complex and the Pantex Plant, the team led by incumbent Babcock & Wilcox is getting a little bit bigger. The B&W-led team already includes URS, Northrop Grumman and Honeywell, but *NW&M Monitor* has learned that the team has recently added the Shaw Group and EnergySolutions. Neither company will be part of the limited liability corporation that will be formed to compete for the contract, but both will be preferred subcontractors designed to bolster the group’s bid. EnergySolutions brings waste management experience to the bid, while Shaw brings significant commercial nuclear construction experience and a successful ongoing tenure building the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site that is expected to be useful in bidding for the portion of the combined contract that deals with construction of the Uranium Processing Facility.

But the addition of two more contracting heavyweights to the already-top heavy team have generated questions among industry observers about exactly how the work on the contract might be divided, and whether the team may be too unwieldy. “You have to start wondering how they’re going to parcel out the work, and whether there are too many chefs in the kitchen,” one industry official said. At the same time, another industry official downplayed the size of the team, noting that it’s been the clear strategy of the team to win the contract and worry about the dividing up the money later. “Sure, it’s a big team, but if it works out as they’re hoping, what you have is a winner’s problem, and that’s not the worst problem in the world to have,” the official said.

The combined Y-12/Pantex M&O contract, which includes an option to add Savannah River Site tritium operations to the contract, has been the crown jewel of the NNSA’s contracting efforts for the past five years, but for much of the procurement, the B&W-led team has been the only clear bidder. That has changed over the last six months as two more teams have emerged to challenge B&W: a team led by Lockheed Martin and including Bechtel and ATK and a team led by Fluor that also includes Jacobs and Pro2Serve. Oak Ridge-based Pro2Serve is the latest addition to that team, added over the last few weeks, to bolster the team’s Y-12 expertise. “They’ve got a lot of folks with Y-12 experience, and that’s something that Fluor and Jacobs could use,” another industry official told *NW&M Monitor*.

—Todd Jacobson

NAS LABORATORY MANAGEMENT REPORT EXPECTED TO BE RELEASED NEXT WEEK

Study Expected Feb. 15, the Day Before House Hearing on NNSA Governance

The National Academy of Sciences panel that for the last year has examined the impact of privatization on the nation’s nuclear weapons laboratories is expected to release its long-awaited report next week in advance of a Feb. 16 Congressional hearing. Chaired by former Lawrence Berkeley National Laboratory Director Charles Shank and UCLA professor Kumar Patel, the panel held a handful of meetings over the last year, traveling to Los Alamos, Lawrence Livermore and Sandia national laboratories to meet with lab employees and administrators and holding several hearings in Washington, D.C., with National Nuclear Security Administration and Department of Energy officials. Dick Rowberg, the Deputy Executive Director in the Division on Engineering and Physical Sciences of the National Research Council of the National Academies, told *NW&M Monitor* that the report is expected to be released Feb. 15. At one point, NAS officials

had hoped to release the report before Christmas, but internal reviews and approvals had delayed the process, Rowberg said. He said that the substance of the report was not in question.

The report is expected to draw considerable attention as it tackles a significant issue within the weapons complex: whether the privatization of Los Alamos and Livermore National Laboratories in recent years has impacted the quality of work at the labs, and whether the NNSA is getting value for the increased fee that it is paying teams led by Bechtel and the University of California to run the labs. Charles Shank, the Lawrence Berkeley National Laboratory Director that co-chaired the study, is scheduled to testify at the Feb. 16 hearing along with study committee member Charles Curtis and Gene Aloise, the Government Accountability Office's Director of Natural Resources and Environment. Also scheduled to testify are former Los Alamos National Laboratory Director Michael Anastasio, former Sandia National Laboratories Director Paul Robinson, former Lawrence Livermore National Laboratory Director George Miller, and former Babcock & Wilcox Technical Services Group President Bob Cochran.

—Todd Jacobson

REPLACING TAUSCHER, GOTTEMOELLER NAMED ACTING UNDER SEC. OF STATE

Rose Gottemoeller, as expected, has been named the acting Under Secretary of State for Arms Control and International Security, replacing Ellen Tauscher, who stepped down from the position Feb. 6. Gottemoeller, the Administration's lead negotiator on the New START Treaty with Russia, will head up the State Department's "T" Bureau while still serving as Assistant Secretary of State for Arms Control, Verification and Compliance, a position that she has held for most of the Obama Administration. Gottemoeller is not expected to be named as the permanent replacement for Tauscher, largely due to the politics surrounding Presidential nominees during an election year, and is expected to remain as the acting head of the office through November.

Tauscher is in good health after battling esophageal cancer for the last 18 months, and will move into a new role as a "special envoy for strategic stability and missile defense" that will give her time to pursue work as an advocate for cancer patients. She also will serve as the Vice Chair of the Atlantic Council's Brent Scowcroft Center on International Security when it opens later this year. "Ellen brings just the sort of expertise we need at the founding moment of the Scowcroft Center, including impressive knowledge of an array of strategic issues that are crucial to the future of

NATO and global security," said former Obama Administration national security advisor General James L. Jones, who will serve as the director of the Scowcroft Center.

In her advisory role to Clinton, Tauscher is expected to continue to pursue several issues she championed during her time as under secretary, staying on as the chief U.S. representative on the President's Bilateral Commission on Strategic Stability with Russia and implementing civilian nuclear cooperation deals with countries around the world. She'll also maintain a role in negotiating with Russia on the missile defense cooperation and will continue to advocate for the National Nuclear Security Administration and the nation's nuclear weapons laboratories. She was an ardent supporter of the NNSA during her 13 years in the House of Representatives and as the chair of the House Armed Services Strategic Forces Subcommittee.

—Todd Jacobson

U.S., RUSSIA CONDUCT 18 INSPECTIONS A PIECE DURING 'NEW START' FIRST YEAR

The New START Treaty celebrated its first birthday this week, and the State Department said over the weekend that both the United States and Russia conducted the maximum 18 inspections of each other's nuclear arsenals during the treaty's first year. The State Department also said that the U.S. and Russia conducted 1,800 data exchanges during the treaty's first year, and carried out three exhibitions required by the treaty, including Russia's exhibition of the RS-24 mobile ICBM and its launcher in March which represented the first time the U.S. had a chance to see the ICBM. The U.S. exhibited the B-2A heavy bomber and demonstrated that the B-1B heavy bomber was no longer used for nuclear missions. "The New START Treaty data exchanges are providing a very detailed picture of U.S. and Russian strategic forces, and the inspections enable each side to confirm the validity of that data," the State Department said in a Feb. 3 statement. The treaty will cap the strategic deployed nuclear arsenals of each country at 1,550 warheads; as of Sept. 1, 1,566 deployed nuclear weapons were attributed to Russia and 1,790 were attributed to the United States.

—Todd Jacobson

GAO QUESTIONS IMPACT OF WEAPONS LIMITATIONS ON SMALLER STOCKPILE

While the National Nuclear Security Administration and Department of Defense are currently able to manage known limitations to the nation's nuclear weapons stockpile, Pentagon officials have raised concerns that the effect

of the limitations could be intensified by reductions to the nation's nuclear arsenal, according to a report released this week by the Government Accountability Office. Limitations are developed by the nation's nuclear weapons laboratories as guidance for where the weapon may not meet certain military requirements, and the GAO identified 52 different limitations on various nuclear weapons in the nation's stockpile ranging from detonation safety under abnormal conditions to nuclear yield and worker safety. The GAO said that DoD officials "were confident that nuclear weapon limitations do not currently reduce the effectiveness of the nation's strategic deterrent," but it said that a national laboratory official expressed concern that a "smaller stockpile may not be able to support required mitigation actions if additional limitations, especially those that result in large decreases to weapon reliability, are identified in the future."

The GAO criticized the NNSA for not providing complete information to DoD about limitations, noting that the guidance it provides "does not cover all limitations and some DOD officials said that it may not provide them with relevant information for some limitations." The GAO said that the guidance addresses approximately 60 percent of all limitations, but not limitations that deal with certain weapons components. The watchdog group said that one senior DoD official said the guidance "did not help clarify the potential impact that a particular limitation may have on weapon operation and maintenance."

GAO: NNSA Needs to Better Maintain Limitations Info
The GAO also criticized the NNSA for not maintaining up-to-date information on nuclear weapons limitations, and urged the agency to expand its guidance to the Pentagon, streamline the requirements and limitations where possible and fully implement the recommendations contained in a 2010 draft surveillance program management review that identified weaknesses in the surveillance program. "The stockpile surveillance program provides critical data that informs stockpile decisions," the GAO said in the report. "A smaller, aging stockpile calls for increasingly complex and time-sensitive data."

According to the report, the agency had not implemented corrective actions from three prior surveillance program management reviews. The GAO said in its report that White House Office of Management and Budget guidelines require that an implementation plan should include "specific dates, assigned responsibilities, and metrics to measure progress and hold management accountable," but a senior NNSA official told the government auditors that no specific approach for implementation had been created, though the agency has undergone some changes since the 2010 surveillance program management review, creating a new "senior technical advisor" for stockpile surveillance

and establishing a "formal process for setting surveillance testing requirements." Implementing the corrective action plan, however, was important to "demonstrate to key stakeholders, such as Congress and [the Department of Defense], that NNSA is committed to improving the surveillance program," the GAO said.

—Todd Jacobson

NNSA TO RECONSIDER HOW TO JUMPSTART ISOTOPE INDUSTRY

GE-Hitachi Suspending Plans To Produce Isotopes From LEU

Following the recent decision by GE Hitachi to suspend its development of a technology to produce medical isotopes from low-enriched uranium, the National Nuclear Security Administration is evaluating its support of the fledgling U.S. market and whether it's doing enough to jumpstart the industry. GE Hitachi was one of four firms that the NNSA has been helping through cost-sharing cooperative agreements to develop technology to produce molybdenum-99, the medical isotope that is used in 16 million medical procedures annually in the United States. The isotope has typically been produced outside the U.S. by government-subsidized efforts utilizing proliferation-sensitive highly enriched uranium.

Parrish Staples, the director of the NNSA's Office of European and African Threat Reduction, told *NW&M Monitor* that the cooperative agreements are designed to bridge the gap between the development and maturation process for technologies and when companies could expect to begin recovering the full costs of their efforts in two or three years. The agency had provided funding to four firms in the form of 50-50 cost-sharing agreements, promising up to \$25 million in help for each effort, but GE Hitachi's decision has caused the agency to take another look at its approach. "We were assuming that the support we were providing was sufficient to bridge the gap from a subsidized industry to a full cost recovery industry. The first step on the path forward is to evaluate if the support that we have been providing is appropriate and sufficient to help industry bridge that gap," Staples said.

Pressure From Abroad

A large part of the problem is that all four of the technologies supported by the NNSA face significant pressure from international competition. Currently, the bulk of the world's Moly-99 is produced in Canadian and Dutch reactors that are subsidized by their governments and utilize HEU. That dependence caused a worldwide shortage in 2009 when the Canadian and Dutch reactors were shut down for repairs, and it jump-started NNSA's efforts

***A New START: Sustaining a Credible
Deterrent Through Modernization***

February 14-17, 2012

Marriott Renaissance Arlington Capital View
Arlington, Virginia

Additional Speakers... (as of 2/9/12)

William Faircloth, Associate Director
for Operations, Defense Threat
Reduction Agency

John Harvey, Principal Deputy
Assistant Secretary for Nuclear,
Chemical and Biological Defense
Programs, U.S. Dept. of Defense

Laura Holgate, Sr. Dir., Weapons of
Mass Destruction Terrorism & Threat
Reduction, White House National
Security Council (NSC)

Brig. Gen. Sandra Finan, Principal
Assistant Deputy Administrator for
Military Application, NNSA

Steve Henry, Dep. Assist. Secretary
for Nuclear Matters, DoD

Robert Nassif, Director, Office of
Financial Management, NNSA

Robert Raines, Associate
Administrator for Acquisition and
Project Management, NNSA

Joe Waddell, Director, Acquisition
and Supply Mgmt. NNSA

Geoffrey Beausoleil, Deputy Manager
NNSA Pantex Site Office

Amb. Linton Brooks, former
Administrator, NNSA

Amb. Paul Robinson, former Dir.
Sandia Nat'l Laboratories

Chris Gentile, President, Kansas
City Plant, Honeywell FM&T

Ray Juzaitis, President,
NSTec, Nevada Test Site

Kelly Trice, President,
Shaw-AREVA MOX Services

Dianne Ely, Acting Deputy General
Manager, B&W Pantex

Taunja Berquam, Minority Staff,
House Energy and Water
Appropriations Subcommittee

Leland Cogliani, Majority Staff,
Senate Energy & Water Appropriations
Subcommittee

Rob Soofer, Professional Staff
Member, Office of Sen. Jon Kyl

Tyler Przybylek, former General
Counsel, NNSA

Keynote presentations from...

The Honorable Jon Kyl, U.S. Senator, Arizona

The Honorable Michael Turner, U.S. Congressman, Ohio

The Honorable Daniel Poneman, Deputy Secretary,
U.S. Department of Energy

Major General William Chambers, Asst. Chief of Staff,
Strategic Deterrence and Nuclear Integration, USAF

The Honorable James Miller, Principal Deputy Under
Secretary for Policy, U.S. Department of Defense

The Honorable Neile Miller, Principal Dep. Administrator,
U.S. National Nuclear Security Administration

The Honorable Rose Gottemoeller, Acting Under Secretary
for Arms Control and International Security and
Assistant Secretary for Arms Control, Verification and
Compliance, U.S. Department of State

The Honorable Madelyn Creedon, Assistant Secretary for
Global Strategic Affairs, U.S. Dept. of Defense

Graham Allison, Director, Belfer Center for Science and
International Affairs, Harvard University

Also featuring...

The Honorable Don Cook, Dep. Administrator
Defense Programs, NNSA

The Honorable Anne Harrington, Dep. Administrator for
Defense Nuclear Nonproliferation, NNSA

Penrose "Parney" Albright, Director, Lawrence Livermore
National Laboratory

Paul Hommert, Director, Sandia National Laboratories

Greg Weaver, Deputy Director, Plans and Policy, USSTRATCOM

Johnny Foster, Member of the Strategic Posture Commission
and former Director, Lawrence Livermore Nat'l. Lab

Charles Shank, Co-chairman of the National Academy of
Sciences Study on Lab Management

Eugene Aloise, Director, Natural Resources and Environment,
U.S. Government Accountability Office

— THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT —

AGENDA

Tuesday, February 14

3:00 **REGISTRATION OPENS
SUMMIT SUPPORT MATERIALS**

Partners:

Booz Allen Hamilton

Tetra Tech

WSI - G4S

Black & Veatch

Longenecker & Associates

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tonight Recognizing...

Babcock & Wilcox

Wednesday, February 15

Today Recognizing...

Shaw Group

TechSource

Northrop Grumman

7:30 **CONTINENTAL BREAKFAST**

8:30 **WELCOME/OPENING REMARKS**

Edward Helminski, President
EM Publications & Forums

8:35 **OPENING KEYNOTE PLENARY**

The Honorable James Miller,
Principal Deputy Under Secretary for
Policy, U.S. Dept. of Defense

OPEN DISCUSSION

9:10 **NNSA: Doing What Needs to be Done
in a Climate of Fiscal Austerity**

MODERATOR: **Greg Meyer**, Senior
Vice President, Fluor Government Group

The Honorable Neile Miller,
Principal Deputy Administrator,
National Nuclear Security
Administration

OPEN DISCUSSION

9:45 **A Geopolitical Perspective: What We
Need to Do to Assure Global Nuclear
Deterrence**

Ambassador Linton Brooks,
Independent Consultant (*former
Administrator, National Nuclear
Security Administration*)

OPEN DISCUSSION

10:15 **COFFEE BREAK**

10:35 **Are We Rebuilding a Nuclear
Stockpile for a World That Doesn't
Exist?**

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

Ambassador Paul Robinson,
President Emeritus, Sandia National
Laboratories

OPEN DISCUSSION

11:10 **Is 20th Century Deterrence Obsolete?**

MODERATOR: **Miles A. Pomper**, Senior
Research Associate, James Martin Center
for Nonproliferation Studies, Monterey
Institute of International Studies

Graham Allison, Director, Belfer
Center for Science and International
Affairs, Harvard University

OPEN DISCUSSION

11:45 **Perspectives on the 2013 Budget Request
and President Obama's Guidance on the
Future of the U.S. Nuclear Weapons
Program**

Hans Kristensen, Director, Nuclear
Information Project, Federation of
American Scientists

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **Putting in Place a Policy Framework
to Guide the Future of U.S. Nuclear
Forces, Missile Defense and
Nonproliferation**

MODERATOR: **Jonathan Medalia**,
Specialist in Nuclear Weapons Policy
Congressional Research Service

The Honorable Madelyn Crendon,
Assistant Secretary for Global
Strategic Affairs, U.S. Dept. of
Defense

OPEN DISCUSSION

1:45 **The Management of the Weapons
Labs—Insight from the National
Academy of Sciences Assessment**

Charles Shank, Chairman
National Academy of Sciences Study
Committee

OPEN DISCUSSION

2:15 **NNSA Management of the Weapons
Labs: A Need to Further Enhance
Operations and Current Practices**

MODERATOR: **Johnny Foster**,
Member, Strategic Posture Commission
(*former Director Lawrence Livermore
National Lab*)

Steve Guidice, Independent
Consultant (*former Head of
Operations and Weapons,
Albuquerque Field Office, U.S. DOE*)

Ambassador Paul Robinson,
President Emeritus
Sandia National Laboratories

Ambassador Linton Brooks,
Independent Consultant (*former
Administrator, National Nuclear
Security Administration*)

Tyler Przybylek, Independent
Consultant (*former General Counsel,
National Nuclear Security
Administration*)

OPEN DISCUSSION

3:45 **COFFEE BREAK**

4:05 **An Integrated Path Forward to Assure a
Credible Nuclear Deterrent**

MODERATOR: **Bryan Wilkes**, Vice
President for Energy and National
Security Programs, Shaw Group

John Harvey, Principal Deputy Assistant
Secretary for Nuclear, Chemical and
Biological Defense Programs, U.S. Dept.
of Defense

OPEN DISCUSSION

4:35 **Stockpile Management Challenges Across
the Complex**

MODERATOR: **Bill Brownlie**,
President, Tetra Tech HEI

Carl V. Mauney, Vice President
Program Management, B&W Y-12

Dianne Ely, Acting Deputy General
Manager, B&W Pantex

OPEN DISCUSSION

5:30 **ADJOURN**

5:45 **COCKTAIL RECEPTION**

— Strengthening Capabilities to Prevent the Use of Nuclear Weapons —

Thursday, February 16

Today Recognizing...

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Parsons
Bechtel National Inc.
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7:00 **CONTINENTAL BREAKFAST**

8:00 **OPENING KEYNOTE PLENARY**

The Necessity to Modernize the Weapons Complex

The Honorable Jon Kyl,
U.S. Senator, Arizona

OPEN DISCUSSION

8:30 **Transparency and Verification: The Administration's Strategy for Nuclear Deterrence and Arms Control**

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

The Honorable Don Cook, Deputy Administrator for Defense Programs, National Nuclear Security Administration

The Honorable Anne Harrington, Deputy Administrator for Defense Nuclear Nonproliferation, National Nuclear Security Administration

The Honorable Rose Gottemoeller, Acting Under Secretary for Arms Control and International Security and Assistant Secretary for Arms Control, Verification and Compliance, U.S. Department of State

William Faircloth, Associate Director for Operations, Defense Threat Reduction Agency

OPEN DISCUSSION

10:00 **COFFEE BREAK**

10:20 **STRATCOM in the New START Era and Beyond**

Greg Weaver, Deputy Director Plans and Policy, USSTRATCOM

OPEN DISCUSSION

10:50 **Progress on Assuring Global Nuclear Material Security and Meeting the Challenge of Nuclear Terrorism**

MODERATOR: **Bryan Wilkes**, Vice President for Energy and National Security Programs, Shaw Group

Laura Holgate, Senior Director Weapons of Mass Destruction Terrorism & Threat Reduction, White House National Security Council

Eugene Aloise, Director, Natural Resources and Environment, U.S. Government Accountability Office

OPEN DISCUSSION

11:45 **A Russian Perspective on the Future of Arms Control and Mutual Deterrence**

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

Vladimir Rybachenkov, Senior Research Scientist at the Moscow Center for Arms Control Studies (*former Nuclear Counselor, Russian Embassy in Washington*)

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **The Challenges Facing the National Weapons Laboratories to Assure the Credibility of the Nuclear Deterrent**

MODERATOR: **Stephen Younger**, Vice President, Northrop Grumman Technical Services

Paul Hommert, Director Sandia National Laboratories

Penrose "Parney" Albright, Director, Lawrence Livermore National Laboratory

OPEN DISCUSSION

2:15 **Maintaining Modernization Within a Constrained Budget**

MODERATOR: **Richard Goffi**,
Booz Allen Hamilton

Robert Nassif, Director Office of Financial Management, National Nuclear Security Administration

Leland Cogliani, Majority Staff Senate Energy and Water Appropriations Subcommittee

Allison Bawden, Assistant Director Government Accountability Office

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:30 **Improving Integration Between NNSA, DoD and STRATCOM**

MODERATOR: **Gary Gilmartin**, Vice President, Longenecker & Associates

Brig. Gen. Sandra Finan, Principal Asst. Deputy Administrator for Military Application, National Nuclear Security Administration

Steve Henry, Dep. Assistant Secretary for Nuclear Matters, DoD

OPEN DISCUSSION

4:20 **Improving Construction and Project Management Across the Complex**

MODERATOR: **Roy Schepens**,
Vice President, Parsons

Robert Raines, Associate Administrator for Acquisition and Project Management, National Nuclear Security Administration

Ryan Coles, Assistant Director Government Accountability Office

John Gertsen, Vice President UPF Programs, B&W Y-12

Kelly Trice, President Shaw AREVA MOX Services

OPEN DISCUSSION

5:30 **The Future of NNSA Contracting**

MODERATOR: **Brian D'Andrea**,
President/CEO, TechSource, Inc.

Joe Waddell, Director Office of Acquisition and Supply Chain Management, National Nuclear Security Administration

OPEN DISCUSSION

6:00 **ADJOURN**

6:15 **COCKTAIL RECEPTION**

Friday, February 17

Today Recognizing...
Honeywell

7:00 **CONTINENTAL BREAKFAST**

— THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT —

8:00 **OPENING KEYNOTE PLENARY**

Strengthening Deterrence in Fiscally Constrained Times

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

Major General William Chambers,
Assistant Chief of Staff, Strategic
Deterrence and Nuclear Integration,
U.S. Air Force

OPEN DISCUSSION

8:30 **A Nonproliferation Approach to Support the Expansion of Civilian Nuclear Power**

The Honorable Daniel Poneman,
Deputy Secretary, U.S. Department
of Energy

OPEN DISCUSSION

9:00 **A Congressional Perspective on the U.S. Nuclear Deterrent**

The Honorable Michael Turner,
U.S. Representative, Ohio

OPEN DISCUSSION

9:30 **Improving Site Management and Integration**

MODERATOR: **Brenda Hunter**, U.S./U.K.
Plants Liaison, B&W Y-12, on Detail to
National Nuclear Security Administration

Ray Juzaitis, President
NSTec, Nevada Test Site

Chris Gentile, President
Kansas City Plant
Honeywell FM&T

Geoffrey Beausoleil, Deputy Manager
National Nuclear Security Administration
Pantex Site Office

OPEN DISCUSSION

10:30 **COFFEE BREAK**

10:45 **Incorporating Counterterrorism Into Our Nuclear Deterrence Strategy**

MODERATOR: **Edward Helminski**,
President, EM Publications & Forums

Peter Huessy, President
GeoStrategic Analysis, and Senior
National Security Fellow, American
Foreign Policy Council

OPEN DISCUSSION

11:15 **Perspective from Congress on the Direction and Financial Support for U.S. Nuclear Deterrence Strategy**

MODERATOR: **Todd Jacobson**, Reporter
Nuclear Weapons & Materials Monitor

Rob Soofer, Professional Staff Member,
Office of Sen. Jon Kyl

Tim Morrison, Majority Staff, House
Armed Services Strategic Forces
Subcommittee

Tanjia Berquam, Minority Staff
House Energy and Water Appropriations
Subcommittee

OPEN DISCUSSION

12:30 **SUMMIT ADJOURNS**

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GROUND TRANSPORTATION

From Ronald Reagan Washington National Airport: The Renaissance Arlington Capital View is 1 mile east of Reagan National Airport. A courtesy phone is available, and airport shuttle service (scheduled) is complimentary. Alternatively, subway service is available from the airport (\$1.65 one way). A private taxi is also a reasonable choice, with an estimated fare of \$10.00 (one way). **From Baltimore Airport:** Call Super Shuttle and make reservations for the most economical rate. **From Dulles Airport:** Taxi will be around \$50.00.

MARRIOTT RENAISSANCE ARLINGTON CAPITAL VIEW

The Conference site is the Marriott Renaissance Arlington Capital View, 2800 South Potomac Ave, Arlington, VA 22202; Phone 703-413-1300. It is located just minutes away from Washington, D.C. Adjacent to the Crystal City Metro Station, the entire Washington D.C. metropolitan area is at your disposal, with the Smithsonian Museum, Holocaust Museum, National Zoo, and the national monuments just a metro ride away. Plus, it is just one mile from the Ronald Reagan National Airport.

SUMMIT SCHEDULE AND REGISTRATION INFORMATION

Registration opens at 3:00 p.m. Tuesday, Feb. 14 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary begins at 8:00 a.m., Wednesday, Feb. 15. The Summit ends at 1:00 p.m., Fri., Feb. 17.

Registration Fees:

| | |
|---|------------|
| Federal Employees: | \$895.00 |
| Academic, Non-industry Not-for-Profit | \$895.00 |
| Subscribers to the <i>Nuclear Weapons & Materials Monitor</i> | \$1,395.00 |
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(Registration includes: three continental breakfasts, two lunches, three receptions, one dinner, a copy of the Resource Book and conference proceedings).

Cancellation Policy: There is a \$200.00 service charge on cancellations after Jan. 27, 2012. No refunds will be made after Feb. 3, 2012 but substitutions are welcome.

to help develop a domestic production capability for non-HEU-based sources. But the future of the medical isotopes market in the future is tricky. While the license for Canada's Chalk River reactor will expire in four years, Russia has signaled that it plans to enter the Moly-99 market, a move that experts say is concerning not only because it could impact the domestic market, but because it could undercut other non-HEU-based production efforts.

A group of public health, medical, and nuclear nonproliferation experts last month urged Congress to restrict the use of medical isotopes produced from HEU in Russia (*NW&M Monitor*, Vol. 16 No. 3), arguing that Russian-based production of Moly-99 could result in an "outcome worse than the current situation" and that "past and future spending on domestic production would be wasted." But balancing the needs of companies just starting up with the goal of establishing a reliable supply of Moly-99 in the future while avoiding subsidizing the industry can be difficult, Staples acknowledged. "We have to balance the support we do provide, as it would be very disingenuous from a U.S. perspective if we were advocating adherence to this internationally supported full cost recovery principle yet we were developing a system or a situation here in the U.S. where we were heavily subsidizing the industry," Staples said. "We would be exacerbating the problem that led to the market's failure. We recognize this situation and have to manage that very carefully."

GE: Decision Was Financial

GE Hitachi spokesman Michael Tetuan said the company was wrapping up work under the first phase of a \$2.25 million 50-50 cost share agreement with the NNSA to study using a commercial nuclear reactor to produce Moly-99, but would not proceed with further development because "the financial projections for molybdenum-99 production do not support the remaining cost" to partner with a processor and complete development work on the technology. GE Hitachi had planned to utilize a small opening in GE's existing commercial reactors designed to allow workers to count neutrons in the reactor. Instead of calculating neutron density, a natural molybdenum target would be inserted into the reactor, and when it absorbed one neutron, it would transform into Moly-99.

Tetuan said that GE Hitachi had confidence that the technology would work, but had paused the program solely because of financial concerns, though he suggested that the decision could be revisited if market factors change. "Work on the project has been captured and stored by our engineering staff," he said. "Over the next several years, as the current test reactors that produce molybdenum-99 are taken out of service, and the demand for molybdenum-99 grows, the information developed in phase 1 will enable

GEH to reexamine the viability of continuing with the second phase of the program."

Perma-Fix Environmental Services is developing a Mo-99 manufacturing process and planned to partner with GE Hitachi. Perma-Fix has "created a new resin that would solve all the problems people have had trying to do it with Moly directly," CEP and Chairman Lou Centofanti told *RW Monitor*. The company's process also encompasses the full production cycle from reactor to final medical supply. Unlike conventional sources, the new process can produce Tc-99m from natural Molybdenum using research or commercial reactors. Centofanti told *NW&M Monitor* this week that he believed GE was pausing their efforts to wait for Perma-Fix and companies with similar processes to receive approval from the U.S. Food and Drug Administration. "They've decided that the companies that are working on the replacements, like ourselves, are still two years away from meeting large quantities," Centofanti said. "So they've just delayed putting the effort, finalizing the efforts in a commercial plant. It's not stopping, they're just slowing down until everyone catches up."

But, Centofanti said, if GE Hitachi did decide to step away from Mo-99 production permanently, that wouldn't slow Perma-Fix's efforts. "The reality is we designed our system for smaller reactors. So, for us, the research reactors will be fine to use. ... If GE comes along and does this, their power is a little bit greater than the research reactors in terms of neutron supply, so it would work fine for us either way." Centofanti said Perma-Fix is about three-to-six months away from submitting an application for FDA approval for its resin process.

NNSA Considering Further Actions

Staples said the NNSA respected GE Hitachi's decision, but he hoped that future actions by the NNSA could change the company's mind. Those actions could include making non-HEU-based Moly-99 more attractive to medical providers through the development of industry-wide incentives for preferentially procuring the material, which could include labeling or other World Trade Organization-consistent trade measures for non-HEU-based medical isotopes, additional constraints on the export of HEU for isotope production, and possible changes to the cost, fees, and reimbursement process for medical procedures that utilize non-HEU-based Moly-99. "We would hope actions that we've been putting in play to move away from subsidies will help convince GE to reengage and enter the market as soon as possible and would also make the environment conducive for others to develop their respective medical isotope production projects further, both those that are associated with the

government funding and those that are working independently,” Staples said.

In addition to GE Hitachi, the NNSA has supported three other domestic efforts to develop non-HEU-based Moly-99: with Babcock and Wilcox for \$9 million to aid the development of its liquid phase nuclear technology, which uses small and accessible nuclear reactors to produce Mo-99, a \$4.6 million agreement with NorthStar Medical Radioisotopes, LLC, and \$500,000 to a team from the University of Wisconsin’s Morgridge Institute for Research. Staples said those efforts are progressing well. “We’re extremely happy with the progress that they’re making. We were very happy with the progress GE was making,” Staples said. “All of our Cooperative Agreement holders have to evaluate and justify their own business case. This is certainly a message to us from GE that we also need to evaluate exactly what support we’re providing to make sure it’s appropriate and necessary to help bridge this gap between subsidized Mo-99 production and the development of a full cost recovery industry.”

—Todd Jacobson and Sarah Herness

FORMER DEFENSE DEPT. OFFICIAL CALLS FOR NEW NUCLEAR CONTROL REGIME

The only way to keep nuclear materials out of the hands of terrorists and pave the way for a world without nuclear weapons—‘global zero’—is to create a comprehensive control regime accounting for all nuclear weapons and materials, former U.S. Principal Deputy Under Secretary of Defense Jan Lodal said this week. The nuclear control regime would be a complete inventory of all highly enriched uranium and plutonium in the world, including military materials, and was first proposed in a recent essay by Lodal and Richard Burt, chief negotiator of the first Strategic Arms Reduction Treaty with Russia. “It’s necessary because terrorists only need a few pounds to make a weapon and the world simply doesn’t have any institution in place that can ensure that they can’t get those few pounds,” Lodal said this week in a speech at George Washington University in Washington. He added, “If you want to be on the path to zero, you can’t conceivably get there without a regime like this because nobody is going to reduce their weapons to a very low level unless they are quite sure that everyone is complying with the agreement. So you are going to have to account for not only the weapons, but the nuclear weapons material.”

Such a regime could be built on the existing foundation of the United Nations, the International Atomic Energy Agency and the Nuclear Non-Proliferation Treaty, Lodal emphasized. “There are a lot of other things that are either

underway or agreed that you could package with this and would fill a lot of gaps in these agreements to get where we want to go,” Lodal said. “So what do you have to add? You have to add the verification of the military-related nuclear material and you have to add a rigorous enforcement mechanism. We are not suggesting something that has to be created from scratch or invented from scratch. You can build on what’s there.” To kick start the process, he called on President Obama to endorse the concept at the next Nuclear Security Summit, scheduled to be held in March in Seoul, South Korea.

Monitoring of Nuke Materials to Be Done By the IAEA

International monitoring could largely be done by ramping up existing efforts by the IAEA that would be “much beefed up” with additional funding for the program, Lodal said, while a new institution could handle monitoring of military nuclear materials. After initial numbers are established, there would be continuous auditing of the materials. “This system would be intrusive enough in this respect that if material went missing all of a sudden it would detect it. It would show up as a red light very rapidly,” Lodal said. He emphasized that such accounting would prevent the emergence of situations like the A.Q. Khan network, in which a Pakistani scientist sold nuclear technology and material to North Korea and Iran.

While getting countries to agree to this level of transparency may initially be difficult, Lodal said it would be feasible when they see it is in their best benefit. “You have to make it clear to every state that you are not proposing to interfere with their nuclear activities with this agreement. This agreement doesn’t put any constraints on how many weapons they can have. It actually doesn’t put any constraints on a non-nuclear state’s ability to go nuclear,” Lodal said. “We are simply saying you’ve got to keep track of all this stuff. It’s dangerous, it’s dangerous to mankind, it’s dangerous to your own people and being dangerous is contrary to your own national policy.”

Enforcement to Be Completed by U.N. Resolution

Lodal said that enforcement would be the most challenging aspect to implementing the plan. However, he suggested that the solution would be establishment of a veto-free U.N. authority that would be established by a Security Council resolution. “It doesn’t specify exactly who is permitted to take the actions. It says a coalition of the willing can come together, members of the United Nations and take all necessary measures to enforce this resolution,” he said. “So we believe that if you have got this new nuclear control regime agreed and there is a new treaty that embodies this, you would by definition have gotten China and Russia and all the members of the security council to

agree to it because it has to be universal. ... So if they have agreed to this thing, they ought to be willing to agree to set up a procedure whereby it can be enforced without the threat of an enforcement being bought by a U.N. veto." Lodal said that such a resolution should be renewed on a periodic basis, such as every five years.

The formation of a new control regime will ultimately be more successful than focusing solely on negotiations with Russia, Lodal said, which has been the center of U.S. nonproliferation policy in recent years during development

of the New START treaty. "My view is, you don't want to focus on the U.S.-Russia reductions as your next step. ... What we need to do is begin building a coalition to do this without Russia having to be a first step," Lodal said. "I don't think they have much interest in the kind of agreement that would include all weapons and bring total numbers down, which is where you have to go to really begin to deal with the kind of problems we are talking about. You have to subject these types of weapons to the types of inventory control and management efforts we are talking about."

—Kenneth Fletcher

At the Weapons Labs/DOE Sites

AT LIVERMORE MEDIATION SESSIONS HELD IN AGE DISCRIMINATION LAWSUIT

Lawyers from both sides of the age discrimination lawsuit against Lawrence Livermore National Laboratory met twice this week for talks aimed at settling the lawsuit before it goes to trial. Previous efforts to settle the lawsuit had failed, but there appears to have been progress at a mediation session conducted Feb. 7, leading to the addition of a second mediation session Feb. 9, though it's unclear how close to a settlement both sides may be. Lab spokesman Jim Bono declined to comment. Gary Gwilliam, the lead lawyer for the group of 130 former lab employees that have alleged that age discrimination led to them being singled out during a round of 440 layoffs in 2008, said the mediation session on Feb. 7 lasted the entire day. "We're in mediation and settlement talks are ongoing but I can't comment beyond that," he told *NW&M Monitor*.

Also this week, Alameda County (Calif.) Superior Court Judge Robert Freedman indefinitely postponed the start of the trial, which had been scheduled to begin Feb. 27, in order to give lawyers involved in the case more time to prepare after he opened the door in a Monday decision for the plaintiffs to overturn his January ruling that would have prevented the plaintiffs from using a "disparate impact" age discrimination claim—one of the cornerstones of the case against the lab. Gwilliam said the decision was an "important ruling" in the case. "This is good news for us," he said. "Age discrimination is back in the case. We're moving forward to try the case if we don't get a settlement."

AT OAK RIDGE GUARDS UNION CHIEF EXPECTING LAYOFFS

Randy Lawson, the president of the International Guards Union of America in Oak Ridge, confirmed that he'd been told that there could be potential layoffs on the way from WSI-Oak Ridge, the government contractor that provides protective force services at the Y-12 National Security Complex and other federal facilities in Oak Ridge. "I've been told to expect some layoffs," he said. Lawson said WSI would not specify potential numbers, but he said there was information that the cuts could come within the next couple of months as the security contractor and B&W Y-12, the managing contractor at Y-12, address potential budget shortfalls. The union leader said he'd been told earlier that the job reductions probably wouldn't come until October, the beginning of Fiscal Year 2013, and the years beyond.

The National Nuclear Security Administration and WSI-Oak Ridge have acknowledged a series of reviews aimed at reducing the costs in the security programs while retaining the same level of protection. Lawson said "budgetary issues" were a concern at all of the Department of Energy/NNSA sites in Oak Ridge. Initially, the assumption was that the job cuts would probably come at the East Tennessee Technology Park, where security reductions were expected as cleanup missions at the site are completed. But Lawson said he's now been told that the job reductions could come at all of the Oak Ridge facilities. He said WSI had indicated the layoffs could be "minimal," but didn't define what minimal meant in terms of jobs. If there are layoffs, they will be dealt with by seniority in the bargaining unit, with the least senior personnel the first to go, Lawson said.

AT OAK RIDGE ORNL DIRECTOR PREDICTS BRIGHT FUTURE FOR HFIR

Oak Ridge National Laboratory Director Thom Mason acknowledged there are budget pressures on the High Flux Isotope Reactor, as there are on other lab facilities, but he said the 1960s-era reactor is still doing important work and should be in good physical condition until sometime after 2020. The 85-megawatt research reactor was shut down Jan. 10 because of an electrical problem and will remain down as part of an extended maintenance period until March 26. There have been unconfirmed rumors that the funding issues could impact the operations. "Everything, I mean, is under pressure from a funding point of view," Mason said. "We'll see what happens when the President's budget comes out [for Fiscal Year 2013]. I think, based on past experience, what we've seen is that most of the areas we're in—and that would certainly include the neutron facilities and materials and so on—are a pretty high priority. So, we may get squeezed, but I'm not anticipating [any funding problems that would require shutdown]."

The Department of Energy has invested tens of millions of dollars in the ORNL research reactor in recent years. "With the improvements and the upgrades and the beryllium [reflector] changes that we did about 10 years ago, it's not in need of any major investment in the physical plant until the early '20s, like '22, '23, and obviously at that point in time there's an important decision to make because it's been running for quite a long time," Mason said. Until then, he said, "It's more or less at the level that it can continue to be scientifically productive." There are about 450 research users at the facility, where neutron-scattering experiments are performed and radioisotopes are produced. Asked about the recent electrical problem that forced the shutdown of the reactor early in a new fuel cycle, Mason noted that the HFIR had experienced a great run of reliability in recent years, with operations at about 99 percent of expectations. "Sooner or later, I guess, the law of averages bring you home," he said. ■

Wrap Up

IN THE NNSA

Kairos Consulting Worldwide has been awarded a \$1.5 million contract to integrate financial systems for the National Nuclear Security Administration. Through the three-year contract, Kairos will develop a new financial system for the agency, it said in a statement this week. "The NNSA is extremely focused on ensuring that this new system is flexible, efficient and effective to meet current demand while having the capacity to adapt to emerging infrastructure needs," said Lynn Sutton, Kairos Consulting Worldwide managing principal. "What's most compelling, especially to American taxpayers, is that this effort will measurably improve performance and reduce long-term administrative costs."

IN DOE

The nation's second highest-ranking military officer spent two days in Oak Ridge this week, receiving tours and briefings on capabilities at Oak Ridge National Laboratory and the Y-12 National Security Complex. U.S. Navy Admiral James "Sandy" Winnefeld Jr., vice chairman of the Joint Chiefs of Staff, was at Y-12 on Feb. 6 and ORNL the next day. He was accompanied by Gary Samore, the White House coordinator for WMD Counterterrorism and Arms Control, and others. Y-12 spokesman Steven Wyatt said Winnefeld toured "key facilities" and was briefed on nuclear security projects and "plans for sustaining future operations." At ORNL, the admiral was involved in five hours of briefings on technologies such as tagging/tracking/locating devices, carbon foam, superhydrophobics, additive manufacturing, nuclear forensics and thermomagnetic processing, the lab said. ■

Calendar

February

- 13 OBAMA ADMINISTRATION SUBMITS FISCAL YEAR 2013 BUDGET REQUEST TO CONGRESS.
- 13 **Discussion: "From Moscow to Washington to Seoul: Locking Down Nuclear Material,"** Laura Holgate, Senior Director, National Security Council, Weapons of Mass Destruction Terrorism and Threat Reduction, at George Washington University's Elliott School of International

Affairs, Lindner Family Commons, 1957 E Street NW, Room 602, 5:30-7 p.m.

- 14 **Discussion: "Debating Disarmament: Bridging the Gap in the Nuclear Order,"** Harald Müller, Peace Research Institute Frankfurt, and George Perkovich, Carnegie Endowment, at the Carnegie Endowment, 1779 Massachusetts Ave. NW, Washington, D.C., 9-10:30 a.m.

14 **Hearing: Defense Department Budget, Senate Armed Services Committee, with Defense Secretary Leon Panetta and Joint Chiefs of Staff Chairman Gen. Martin Dempsey, Dirksen Senate Office Building Room G50, 9:30 a.m.**

14-17 **Summit: THE FOURTH ANNUAL NUCLEAR DETERRENCE SUMMIT: A New START: Sustaining a Credible Deterrent Through Modernization**; Renaissance Arlington Capital View Hotel, Arlington, Virginia; Bookmark www.deterrencesummit.com for Registration and Program Details; Information: 1-877-303-7367 ext. 109 or email: forums@exchangemonitor.com

15 **Hearing: Defense Department Budget, House Armed Services Committee, with Defense Secretary Leon Panetta and Joint Chiefs of Staff Chairman Gen. Martin Dempsey, Rayburn House Office Building Room 2118, Washington, D.C., 10 a.m.**

15 **NATIONAL ACADEMY OF SCIENCES LAB MANAGEMENT STUDY RELEASE (expected).**

15 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.

16 **Hearing: Defense Department budget, House Appropriations Defense Subcommittee, with Defense Secretary Leon Panetta, Joint Chiefs of Staff Chairman Gen. Martin Dempsey and Undersecretary of Defense (Comptroller) Robert Hale, Rayburn House Office Building Room 2359, Washington, D.C., 10 a.m.**

16 **Hearing: "Governance, Oversight and Management of the Nuclear Security Enterprise to Ensure High Quality Science, Engineering and Mission Effectiveness in an Age of Austerity," House Armed Services Strategic Forces Subcommittee, NAS lab management study co-chair Charles Shank, NAS lab management study member**

Charles Curtis, Government Accountability Office Natural Resources and Environment Director Gene Aloise, former Los Alamos National Laboratory Director Michael Anastasio, former Sandia National Laboratories Director Paul Robinson, former Lawrence Livermore National Laboratory Director George Miller, Rayburn House Office Building Room 2212, Washington, D.C., 11 a.m.

20 EM PUBS CLOSED FOR PRESIDENT DAY

23 Discussion: "The Nuclear Chessboard, 2012," former Secretary of State George Shultz, former Defense Secretary William Perry, and former Sen. Sam Nunn, Commonwealth Club, 595 Market St., Second Floor, San Francisco, 6 p.m.

March

21 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, NV 89030.

April

3-4 Meeting: 2012 DOE Project Management Workshop; the Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, VA., 22311.

April 30 - May 3

Conference: **THE ELEVENTH ANNUAL CARBON CAPTURE TILIZATION & SEQUESTRATION CONFERENCE**: David L. Lawrence Convention Center, Pittsburgh, Pennsylvania; Bookmark www.carbonsq.com for Registration and Program Details; Information: 1-877-303-7367 ext. 109 or email: carbonsq@exchangemonitor.com

May

16 **Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.**

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 7

Special FY 2013 Budget Edition

February 14, 2012

— *INSIDE HIGHLIGHTS* —

Shrinking federal budgets forced the NNSA to pick between its two multi-billion-dollar construction projects, and the winner is the Uranium Processing Facility planned for the Y-12 National Security Complex. 4

In a major shift in focus for the NNSA’s nonproliferation account, the agency is seeking to slash funding for its Second Line of Defense programs in FY 2013 while continuing its emphasis on the Global Threat Reduction Initiative. 6

A National Academy of Sciences National Research Council study panel says “serious” management issues are hampering work at the NNSA’s nuclear weapons laboratories, noting a “persistent level of mistrust” between the labs and their federal overseers and calling the relationship “dysfunctional” and “broken.” 7

Reflecting its new approach to providing a pit disassembly and conversion capability, the NNSA is seeking increased funding for its Office of Fissile Materials Disposition in FY 2013. 9

Supporting its push for a research, development and deployment program for USEC’s American Centrifuge enrichment project, the National Nuclear Security Administration is asking Congress for \$150 million for the project under its Defense Nuclear Nonproliferation account. 10

DOE will no longer keep Performance Evaluation Reviews for NNSA and Office of Environmental Management sites under wraps, deciding late last week that the annual report cards should be made public. 11

Calendar 11

ADMINISTRATION REQUESTS \$7.58B FOR NNSA’S WEAPONS PROGRAM

After enjoying two years of marked funding increases, the National Nuclear Security Administration’s weapons program this year again received a boost in President Obama’s Fiscal Year 2013 budget submission to Congress. The Administration requested \$7.58 billion for the NNSA’s weapons program, a \$363.2 million increase over the amount Congress appropriated in FY2012 but well short of the \$7.95 billion the agency had said it thought it needed just a year ago. But with pressure from Congress to reduce spending impacting all government agencies, the NNSA was forced to pick and choose how it spends a shrinking pool of available funds.

That led the agency to defer the Chemistry and Metallurgy Research Replacement-Nuclear Facility in favor of accelerating work on another multi-billion-dollar construction project, the Uranium Processing Facility (*see related story*). It also caused the agency to find ways to reduce spending in security, and it pushed officials to shift money for the B61 life extension program while scaling back production of the refurbished W76 warhead. “When Congress hands you less than half of the increase you need to do the job, one is necessarily compelled to figure out how am I going to get the most important stuff done?” NNSA Administrator Tom D’Agostino said. “That’s what we have here in this program and budget.”

***NW&M Monitor* is publishing this special budget edition in lieu of an issue on Feb. 17. The next issue of *NW&M Monitor* will arrive at your desk Feb. 24, and the Morning Briefing will provide daily coverage of any breaking news in the interim.**

D'Agostino: Admin. Not Backing Down

Overall, the budget includes \$11.54 billion for the NNSA, including \$2.46 billion for the agency's nuclear nonproliferation program, \$1.09 billion for its Naval Reactors work, and \$411.28 million for the Office of the Administrator. But in a change from previous years, the budget does not include future funding projections for the agency's weapons program, indicating that it will submit projected outyear funding levels to Congress later this year. "The outyear numbers for Weapons Activities do not reflect programmatic requirements," the request states. "Rather, they are an extrapolation of the FY 2013 request based on rates of inflation in the Budget Control Act of 2011. The Administration will develop outyear funding levels based on actual programmatic requirements at a later date."

The lack of clarity about the future budget for the weapons program reflects the significant uncertainty about its budget. While D'Agostino strongly opposed suggestions that the budget request reflected a weakened commitment to modernizing the nation's nuclear arsenal and weapons complex, Congressional Republicans are sure to criticize the budget for not living up to previous promises. "There is no way anybody could ever say the Administration is backing down on its support and commitment for nuclear security. The kinds of increase [requested] in the NNSA are quite significant. ... The President for two years straight has asked for consistent increases in the program, consistent with the commitments and promises he made. But Congress requires, frankly, Congress to authorize and appropriate," D'Agostino said, noting that Congressional appropriators have slashed the weapons program budget in each of the last two years, and that this year's budget request represents a 7.2 percent increase over the funding levels enacted by Congress in FY2012. "The bottom line is the President continues his commitment, we have taken a look at what Congress has done and authorized and

appropriated, we've made our adjustments, and we've focused on what's important in the program and that's what we're asking for."

B61 Gets Boost, W76 LEP Slowed

While the NNSA altered its construction strategy, deferring work on the CMRR-NF, it also has changed its funding strategy for life extension programs. The Administration is requesting \$369 million for work on the B61 refurbishment, known as the B61-12, an increase of \$146.2 million over FY2012 funding for the program, and will offset the B61 boost by scaling back work on the W76 refurbishment. The Administration requested \$174.9 million for the W76 program, a decrease of \$81.3 million from FY2012. "Partly, this reflects cost increases and modest delays in both the B61-12 and the W76 life extension programs," the agency said in the budget submission. The agency didn't say how much production on the W76 would be slowed, nor did it reveal cost increases for the B61 refurbishment, but that program has experienced cost increases and delays over the last year.

The refurbishment effort is now expected to cost approximately \$5.2 billion and a First Production Unit isn't slated for completion until 2019, two years later than previously projected. The agency wrapped up a design definition and cost study on the refurbishment in the fall, but that effort was delayed nearly a year as Congress held up authorization of the nuclear portion of the study, and the Nuclear Weapons Council still hasn't authorized the start of the engineering phase of the refurbishment and isn't likely to do so until later this summer.

The NNSA was able to delay the project by two years due to new assumptions about the need to replace limited life components in the bomb. The 2017 deadline for the refurbished B61 FPU was driven largely by a need to swap out components that were nearing the end of their service

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FISCAL YEAR 2013 NATIONAL NUCLEAR SECURITY ADMINISTRATION BUDGET TRACKER
(Dollars in Millions)

| | FY 2012 BUDGET REQUEST <small>(Submitted 2-14-11)</small> | FY2012 FINAL APPROPS <small>(Filed 12-15-11)</small> | FY 2013 BUDGET REQUEST <small>(Submitted 2-13-12)</small> |
|--|--|---|--|
| WEAPONS ACTIVITIES | | | |
| Directed Stockpile Work | 1,963.58 | 1,879.53 | 2,088.74 |
| Campaigns | 1,796.70 | 1,701.98 | 1,690.77 |
| Readiness in Technical Base and Facilities | 2,326.13 | 2,009.15 | 2,239.83 |
| Facilities and Infrastructure Recapitalization | 96.38 | 96.38 | — |
| Secure Transportation Asset | 251.27 | 243.28 | 219.36 |
| Safeguards and Security | 849.47 | 824.62 | — |
| Nuclear Counterterrorism Incident Response | 222.15 | 222.15 | 247.55 |
| Site Stewardship | 104.00 | 78.68 | 90.00 |
| National Security Applications | 20.00 | 10.00 | 18.25 |
| Legacy Contractor Pensions | * | 168.23 | 185.00 |
| Science, Technology, and Engineering Capability | — | — | — |
| Defense Nuclear Security | — | — | 643.29 |
| NNSA CIO Activities | — | — | 155.02 |
| Rescission | (40.33) | — | — |
| TOTAL WEAPONS ACTIVITIES | 7,589.38 | 7,233.99 | 7,577.34 |
| DEFENSE NONPROLIFERATION | | | |
| Nonproliferation & Verification R&D | 417.60 | 356.15 | 548.19 |
| Nonproliferation & International Security | 161.83 | 155.30 | 150.12 |
| International Materials Protection & Cooperation | 571.64 | 571.64 | 311.00 |
| Global Threat Reduction Initiative | 508.27 | 500.00 | 466.02 |
| Rescission | (30.00) | (21.00) | — |
| Fissile Materials Disposition | | | |
| U.S. Surplus Materials (Operation & Maintenance) | 301.22 | 231.63 | 528.72 |
| Russian Surplus Materials | 10.17 | 1.00 | 3.79 |
| MOX Fuel Fabrication Facility Construction | 385.17 | 435.17 | 388.80 |
| Pit Disassembly and Conversion | 176.00 | 0.00 | — |
| Waste Solidification Building Construction | 17.58 | 17.58 | — |
| Total Fissile Materials | 890.15 | 684.37 | 921.31 |
| TOTAL DEFENSE NONPROLIFERATION | 2,541.50 | 2,303.30 | 2,458.63 |
| NAVAL REACTORS | | | |
| Operations & Maintenance | 1,069.26 | 1,000.10 | 995.83 |
| Program Direction | 44.50 | 40.00 | 43.21 |
| Construction | 39.90 | 39.90 | 49.59 |
| Rescission | — | — | — |
| TOTAL NAVAL REACTORS | 1,153.66 | 1,080.00 | 1,088.64 |
| OFFICE OF THE ADMINISTRATOR | | | |
| Rescission | — | — | — |
| TOTAL NNSA | 11,782.93 | 11,000.00 | 11,535.89 |

***Pension funding requested in several different programs.**

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life, primarily the neutron generators, gas transfer system, radar and battery. NNSA Defense Programs chief Don Cook said if the agency hadn't been able to "resequence" the work on the limited life components "we'd still be driving to the earlier date rather than the later date, and now we have enough time to do the job correctly."

W78/W88 Refurbishment Study Funding Increased

The agency also requested an increase for work on the W78/W88 life extension study, asking for \$139.2 million, an increase of \$41.2 million from FY2012. "The increase reflects activities for life extension study ramp-up on program planning, systems engineering, design development, testing, and qualification," the agency said. "It also reflects direction to provide a common W78/W88 Warhead and integrate Arming Fuzing and Firing (AF&F) components." The Administration requested \$902.7 million for stockpile services, a \$50.8 million request over FY2012, which the NNSA said would be the result of increased neutron generate production at Sandia National Laboratories and increased detonator cable production at Los Alamos National Laboratory.

Weapons dismantlement funding would remain largely fixed as the Administration requested \$51.3 million, \$5.3 million less than was enacted in FY2012, a decrease that the NNSA said "reflects a reduced characterization and disposition of legacy weapon components and component disposition of ongoing dismantlement activity" but keeps the agency on track to dismantle all warheads retired as of FY2009 by FY2022.

Physical Security Funding Reduced

The NNSA has made no secret of its efforts to cut physical security costs across the weapons complex, and its \$643.3 million request for defense nuclear security represented a \$52.4 million cut from FY2012 funding. The agency said the cut reflected a 5 percent reduction to protective force workers guarding Category I sites as a result of security reviews conducted with the Department of Defense. Lawrence Livermore National Laboratory's Superblock facility is also expected to transition from a Category I nuclear facility to a Category III nuclear facility when an effort to remove all dangerous amounts of special nuclear material from the facility is completed.

The NNSA said it has repackaged 91 percent of the plutonium and highly enriched uranium that will be removed from the facility and has shipped 84 percent of the material off-site, and when the deinventory effort is complete, the agency will be able to spend considerably less money protecting the facility. However, the NNSA said it may need to use the Superblock facility to house

some nuclear materials that had been planned for storage at the now-deferred CMRR-NF, making it unclear whether the agency would actually be able to reduce security at the site.

Campaign Funding Level

The agency's funding request for its campaigns remained largely static. The agency requested \$1.690 billion for the work, down \$6.1 million, with its science campaign (\$350.1 million, up \$17.1 million), engineering campaign (\$150.6 million, up \$7.9 million) and readiness campaign (\$130.1 million, up \$1.7 million) receiving slight increases. The agency asked for \$460 million for its inertial confinement fusion ignition and high yield campaign, down \$14.8 million from FY2012, which the agency said reflected a decrease in funding for the National Ignition Campaign at Lawrence Livermore National Laboratory, which is wrapping up this fiscal year. Significant questions remain about whether the National Ignition Facility will achieve fusion ignition by the end of the FY2012, but the agency said the funding request would remain the same no matter the outcome of the push for fusion. "The program is balancing efforts with ignition by resuming funding with non-ignition, high-energy density physics research and experiments in support of stockpile science," the agency said. The Administration also requested \$600 million for the agency's advanced simulation and computing campaign, an \$18.1 million decrease.

—Todd Jacobson

UPF GETS BOOST IN FY13 BUDGET, CMRR-NF PROJECT DEFERRED

Shrinking federal budgets forced the National Nuclear Security Administration to pick between its two multi-billion-dollar construction projects, and the winner is the Uranium Processing Facility planned for the Y-12 National Security Complex. As it rolled out its Fiscal Year 2013 budget request yesterday, the Obama Administration said it planned to "defer" construction on the Chemistry and Metallurgy Research Replacement-Nuclear Facility slated for Los Alamos National Laboratory for "at least five years" while accelerating work on UPF. "Within these budget realities it was very clear we couldn't do both things in parallel at the same time," Energy Secretary Steven Chu told reporters yesterday. "We address the ones that we thought were the most critical."

As recently as last year, both projects were considered cornerstones of the Obama Administration's plan to modernize the nation's nuclear arsenal and weapons complex, but their rising price tags—combined with fiscal

belt-tightening across the federal government—forced the agency to rethink its plans. In the last few years, the estimated cost to build both facilities has nearly doubled. The price tag for CMRR-NF is estimated between \$3.7 and \$5.8 billion, while UPF is estimated to cost between \$4.2 and \$6.5 billion and an Army Corps of Engineers report completed last year indicated that the cost is likely to end up between \$6.5 and \$7.5 billion.

Lawmakers Question Choices

The decision is sure to be criticized by Congressional Republicans, who have sought to hold the President to the modernization promises he made during Senate debate on the New START Treaty in 2010. At the time, CMRR-NF and UPF were considered vital to the modernization effort, and in a statement last week, Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, accused the President of “changing the terms of the Senate’s ratification of the treaty.” A Turner spokesman declined to comment on the FY2013 budget release, but said the lawmaker still plans to introduce legislation this week to address the modernization commitments. On the other side of the aisle, Sen. Jeff Bingaman (D-N.M.) also questioned the about-face on the project. “For years we have been told the CMRR nuclear facility was necessary. Now we’re being told there may be alternatives. I look forward to hearing more from the administration about this change in plans,” Bingaman said in a statement.

Before zeroing out CMRR-NF funding in FY2013, previous budget documents indicated that NNSA had expected to request \$300 million for the project, but signs of Congressional discontent—at least among appropriators—with the project begun to appear last year. In FY2012, Congressional appropriators provided only \$200 million of the Administration’s \$300 million request and explicitly prohibited the lab from beginning to prepare the site for construction in FY2012. The Administration said it would avoid spending \$1.8 billion from 2013 to 2017 on the project, but experts believe if the NNSA ultimately decides to build the facility, the delays will add more costs to the final price tag. As for UPF, the Administration is requesting \$340 million for the project, nearly \$180 million more than was appropriated for the project in FY2012 and \$150 million more than the agency had projected spending a year ago. That move was applauded by Sen. Lamar Alexander (R-Tenn.), the ranking member of the Senate Energy and Water Appropriations Subcommittee. “Modernizing the nation’s nuclear weapons complex is of critical importance to our nation’s defense. I look forward to seeing a detailed plan for doing it on time and within budget,” Alexander said.

Looking at the ‘Big Picture’

It’s not clear if the NNSA will ever build the CMRR-NF as previously envisioned. While NNSA Administrator Tom D’Agostino stressed that the decision was a deferral and not a cancellation of the project, he said the decision would give the agency time to evaluate how to approach replacing the lab’s plutonium facility, which was built in 1978, is currently undergoing significant seismic upgrades, and will reach the end of its expected lifespan in several decades. “It’s very clear to us, if we’re going to get in the business of building billion dollar nuclear facilities that we need to take into consideration the big picture,” D’Agostino said. “Because of where we are financially this affords us the opportunity to do that and it also allows us to take a look at the existing plutonium capability we have that doesn’t rely solely on the old CMR [Chemistry and Metallurgy Research] facility.”

NNSA Defense Programs chief Don Cook said the increased funding for UPF would allow an acceleration of construction work on the project, particularly the massive amounts of concrete and reinforcing bar that will be needed. The increase “gets us the most efficient way to put the base build facility in place,” Cook said. The installation of tooling and equipment that will allow the agency to move out of the 9212 facility will remain on its previous schedule and will begin in 2019, Cook said. According to the budget request, the facility would be operational in the fourth quarter of 2022. The NNSA won’t commit to a baseline for the project until it reaches 90 percent design maturity at the end of FY2012 or the beginning of FY2013. “We’ll have this logic built into the baseline when we set the price,” Cook said.

Plutonium Options Drive Decision

Deferring the CMRR-NF project was easier than postponing UPF, D’Agostino said, because there were options to assume much of the facility’s mission. He said the agency will make use of the recently built Radiological Laboratory and Utility Office Building—that was to stand next to the CMRR-NF at Los Alamos’ Technical Area 55—for materials characterization and analytical chemistry and also lean on Lawrence Livermore National Laboratory’s Superblock facility. CMRR-NF was also designed to include a storage vault for plutonium from Los Alamos’ plutonium facility, but the Administration said efforts to process, package and dispose of excess nuclear materials and reduce material at risk in the plutonium facility would be accelerated through a \$35 million funding boost in FY2013. The Device Assembly Facility at the Nevada National Security Site also could be used to stage plutonium for future uses, the Administration said. “The country

had options on the plutonium side,” D’Agostino said. “It didn’t have any options on the uranium side.”

Y-12’s 9212 facility, where the nation’s enriched uranium processing efforts are housed, is widely regarded as being in dismal shape, and there is nowhere else in the weapons complex that the NNSA could move those processes, officials said. Cook described the facility as “used up” during a conference call with reporters yesterday. “We don’t have any option not to get out of 9212,” Cook said. “We need to.” D’Agostino said a review of the nation’s uranium and plutonium capabilities confirmed those opinions. “We took a look at our capabilities, both in the plutonium side and the uranium side, and it’s very clear when you do that that there is a clear and urgent need to move the functions we have in the 9212 building in uranium work, move it out of there,” D’Agostino said. “Because that’s a high risk activity, the Defense [Nuclear Facilities Safety] Board has told us that, we understand that, so we had to get moving on that.”

CMRR-NF Work to Continue Through FY2012

Cook said design work will still continue on CMRR-NF for the remainder of FY2012 so that the work is not lost. He said part of the \$200 million appropriated for the project in FY2012 also was destined for the RLUOB, which is expected to be completely outfitted by April of this year. “It’s the most prudent thing to do,” Cook said. “At this point we have a deferral for at least five years. What we want to make sure we do is wrap up the design, get this to a point where it could be taken forward into the future, modified as need be, rather than just stop the design work.”

—Todd Jacobson

NONPROLIFERATION REQUEST REFLECTS NNSA’S SHIFTING PRIORITIES FOR FY 2013

In a major shift in focus for the National Nuclear Security Administration’s nonproliferation account, the agency is seeking to slash funding for its Second Line of Defense programs in Fiscal Year 2013 while continuing its emphasis on the Global Threat Reduction Initiative. NNSA has asked for \$2.46 billion for Defense Nuclear Nonproliferation programs for FY 2013, an increase of \$163 million over the \$2.29 billion appropriated in FY12. The request “reflects completion of accelerated efforts to secure vulnerable nuclear materials within four years, the President’s stated timeframe,” according to the Department of Energy’s budget. “This proposal fully funds Administration priorities to secure and dispose of nuclear material, to develop technologies to prevent, deter, or detect nuclear

nonproliferation, and to implement international nonproliferation treaties, regulatory controls and safeguards.” The increase is mainly due to a heavier focus on the Office of Fissile Materials Disposition and an increase in nonproliferation verification research and development funding due to a new uranium enrichment program (*see related stories*).

But the SLD program faces by far the largest cuts as it transitions to what DOE has called a “sustainment phase.” NNSA is requesting \$93 million for the program, down \$169 million from \$262 million in FY12. The project involves installation of radiation detection equipment at ports and border crossings around the world to add an extra layer of security to prevent the trafficking of nuclear materials. However, the Administration is looking to wind down that work as it believes that the program’s original goals have already been exceeded. “SLD equipment is installed at many locations, and further expansion of the program would have diminishing impact except at certain priority sites. SLD’s installation activities are thus a lower priority in 2013, and the interagency process will work to identify and prioritize those elements of SLD that should continue,” the request states.

‘We Are Not Walking Away From the Program’

Anne Harrington, the NNSA’s Deputy Administrator for Defense Nuclear Nonproliferation, stressed that the program remains critical for NNSA. “The Second Line of Defense program continues to be an important element of our multi-layered defense against nuclear smuggling,” she told reporters during a conference call following the budget rollout. “We are not walking away from the program. What we will concentrate on in ‘13 is sustaining the program, continuing to work with law enforcement providing handheld equipment. In parallel we are going to stand back, work with our interagency partners and our international partners to look very hard at what the best combination of program assets is to address nuclear smuggling.”

The move represents a big shift in priorities, as last year DOE had expected to continue funding SLD at much higher levels. The Department’s FY 2012 request predicted a request of \$265 million for FY 2013, which would have been increased even higher in subsequent years, reaching \$452 million in FY2015. But NNSA has now decided that it will only focus on a few priority sites. “By the end of 2012, there will be SLD radiation detection equipment installed at almost 500 foreign ports and crossing sites, including all 383 customs sites in Russia,” the request states. The request notes, though, that “passive scanning technology has limitations. Furthermore, installing equipment at more foreign crossing sites would cost, on average,

\$1 million to \$2 million per site, and installing equipment at more foreign seaports would cost, on average \$8 million to \$15 million per seaport. Installations generally follow a prioritized scope of work. As SLD completes installations, the benefit of any significant expansion, except at certain priority sites, diminishes.”

GTRI On Track to Meet Four-Year Goal

GTRI, which has been at the center of the four-year plan to secure nuclear materials by the end of 2013, faces a more modest cut. NNSA requested \$466 million for the program, a reduction of \$32 million compared to the current funding level of \$498 million. But Harrington emphasized that the NNSA is still on track to meet the President’s four-year goal. “The Global Threat Reduction Initiative covers a broad scope of activities, not just the four-year effort,” Harrington said. “We are executing the highest-priority work that we must accomplish within a very constrained budget environment. So we look across all of the programs to see where we had any flexibility. Some of the radiological source recovery and security work could be deferred, so that’s what we have done. None of the adjustment in the budget was applied to the four-year effort.” NNSA has asked for \$200 million for nuclear and radiological material removal, compared to the \$246 million in enacted funding in FY 2012, the only cut within GTRI.

In the budget request, NNSA emphasized the successes of the program so far. “As of the end of FY 2011, NNSA’s Global Threat Reduction Initiative (GTRI) removed 3,125 kgs of vulnerable nuclear material (HEU/Pu) to secure locations, provided security upgrades to global nuclear and radiological facilities, and converted research reactors to use non-weapons-usable fuel,” according to the budget request. “Through FY 2012, GTRI will have converted or verified as shutdown 81 research reactors, removed 3,455 kilograms of vulnerable nuclear material, and secured an estimated 1,355 buildings containing high priority nuclear or radiological materials.” Future goals include shutting down an additional seven research reactors by September 2013 and removing HEU from nine countries by December 2013, including Mexico, Ukraine and Vietnam.

Nonproliferation and Verification R&D Gets a Boost

Nonproliferation and verification saw a large increase from the \$354 million in enacted FY 2012 funding, with NNSA’s request totaling \$548 million. The bulk of that \$194 million increase is taken up by \$150 million in R&D funding for USEC’s uranium enrichment technology (*see related story*). The remainder of the funding will allow the program to meet all six R&D goals in the NNSA’s 2011 strategic plan. It will also “increase effectiveness of multi-lab, interagency, large-scale field experimentation critical

for nonproliferation test monitoring and arms control. The increase also permits production of satellite sensors for nuclear detonation detection at the rate needed to sustain replenishment of current capability as required and sustains the capability to monitor nuclear threats to the U.S. such as surface and above-ground nuclear detonations.”

—*Kenneth Fletcher*

LAB PRIVATIZATION MOSTLY UNSCATHED AS REPORT NOTES MANAGEMENT ISSUES

A National Academy of Sciences National Research Council study panel says “serious” management issues are hampering work at the National Nuclear Security Administration’s nuclear weapons laboratories, noting a “persistent level of mistrust” between the labs and their federal overseers and calling the relationship “dysfunctional” and “broken.” The report, a copy of which was obtained by *NW&M Monitor*, will be released later this week in advance of a House hearing on the issue. Notably, the Congressionally mandated panel stopped short of placing blame for the problems on the transition to private management at the labs, an accusation that has been levied by weapons complex observers and largely drove the creation of the panel. “Many of the bureaucratic frustrations raised at all levels appear to be either within the power of the Laboratories to address or driven by governance strategies above the Laboratory level: they are not traceable to the M&O contractor or the contracts themselves,” the panel said in its report, “Managing for High-Quality Science and Engineering at the NNSA National Security Laboratories.”

Driven in large part by safety and security lapses at Los Alamos National Laboratory, Congress over the last decade forced the agency to compete the contracts for LANL, Lawrence Livermore National Laboratory and a handful of other laboratories where the management contract had been held by the same entity for decades. Teams led by the University of California, the longtime manager of both labs, and Bechtel won the contracts to manage the LANL and LLNL, taking over at Los Alamos in 2006 and at Livermore in 2007. The contract for Sandia National Laboratories is expected to be competed in the next few years, but it has been managed for nearly two decades by Lockheed Martin. NNSA officials have said that security and safety problems at the institutions have decreased in large part due to the new management systems that have been put in place. But the changes have come at a cost—the NNSA now pays significantly higher fees to manage the labs and workforce cuts accompanied both contract transitions. Additionally, lab employees have complained that the new management structure has

increased the focus on earning fee, sapping morale while adding to bureaucratic burden on scientists at the lab.

Panel Notes ‘Serious Management Issues’

While the study panel didn’t attribute the problems at the labs to the transition to private management, it did say that there are “serious management issues” rooted in the relationship between the labs and the NNSA. An offshoot of the safety and security problems at the labs in recent decades has been an increased administrative burden on managers and scientific staff, and the panel said that increased time on “operational and administrative matters” like gathering approval to work from home, remove lab computers from the facilities, purchase office supplies and bring uncleared visitors onto lab groups had cut into the time available for science and engineering work related to the mission of the labs. “If left unaddressed, this will erode scientific initiative,” the panel said.

The panel said that NNSA oversight has increased, according to the observations of laboratory staff and managers, despite promises that oversight was moving toward a less intrusive “eyes on, hands off” model. The NNSA’s oversight of the labs was attributed to an “erosion of trust on both sides of the relationship,” the panel said. “The study committee was repeatedly told that oversight officials frequently blur the line between oversight and evaluation and insert themselves in an operational role. This problem was reported to occur in many aspects of Laboratory activities,” the panel said.

Experimental Work Taking a Hit

Bureaucratic hurdles are already impacting the amount of experimental work being done at the labs, according to the panel. The panel said that it was told by staff at all three of the labs that “experimentation is becoming more difficult to pursue, and therefore less common, because of the burdensome steps that must be completed associated with purchasing, safety checks and certifications, and so on.” The panel said that the development has “worrisome” implications for science and engineering at the labs, which relies heavily on experimental science for new discoveries and to validate theories derived from modeling and simulation. “Operational formality, which has been the by-product of the loss of trust in the Laboratories’ ability to maintain fiscal integrity and the safety and security of its work, is not a good basis on which to conduct productive, creative, experimental work,” the panel said. “Its checklist-based methods are demonstrably valuable for high-risk tasks, but onerous when nimble thinking and innovation are required.”

The panel also noted lab managers—most notably former Los Alamos Director Michael Anastasio and former Livermore Director George Miller during meetings conducted by the panel at their respective labs—have called for a restoration of more partnering between the NNSA and the laboratories rather than a task-oriented relationship. “This approach precludes taking full advantage of the intellectual and management skills that taxpayer dollars have purchased,” the panel said, later adding: “Science and engineering quality is at risk when Laboratory scientists and engineers are not encouraged to bring forth their creative ideas in partnership with NNSA to solve problems vital to our national security.”

Composition of Fee a Concern?

The new contracts weren’t altogether without blame. The study panel noted that current LANL and LLNL managers reap significant financial rewards in their annual performance evaluation reviews for ensuring that work at the lab is conducted in “an environmentally responsible, safe and secure manner, and that operations of the Laboratory maintain fiscal integrity.” In order to attract competition for the contracts, NNSA officials upped the available fee pool for the labs during the competitions, and in Fiscal Year 2011, Los Alamos National Security, LLC, earned \$83.7 million to manage Los Alamos and Lawrence Livermore National Security, LLC, earned \$46.9 million. The University of California previously earned approximately \$8 million a year to manage each lab. The companies must also now pay taxes, and the study panel estimated that the additional cost of the contract to be about \$70 million, though Miller, Livermore’s former director, said that the lab estimated the added cost to be approximately \$130 million.

According to the panel, only 6 to 10 percent of the available fee is directly tied to the quality of science and engineering at the labs. “This formula is designed to provide incentives for a high degree of management performance, which can be constructive in many environments,” the panel said. “However, in an environment of broken trust, it carries a high risk that management will focus almost entirely on those contractual scoring criteria that account for the majority of the award fee, to the detriment of the science and engineering components of the mission.”

Panel: Fixes Won’t Happen Quickly

The panel said that undercurrent of broken trust has been the most disruptive to science and engineering at the labs. “There is a persistent level of mistrust,” the panel noted. “While some progress has been made in recent years under current NNSA and Laboratory leadership, much more is

needed to repair the damage that has been done.” It offered a handful of recommendations as part of its report, including those that urge:

- Congress to recognize that maintenance of the nuclear arsenal remains the core mission of the labs while endorsing an expanded mission for the institutions;
- Congress and NNSA to maintain strong support of the laboratory directed research and development program;
- Congress to reduce the number of “restrictive budget reporting categories” and relax restrictions on funding to help further develop science and engineering capabilities;
- NNSA and the labs to “commit to the goal of rebalancing the managerial and governance relationship to build in a higher level of trust in program execution and Laboratory operations in general;”
- NNSA and the labs to establish management boundaries, and lay out those boundaries in memoranda of understanding between the agency and the labs;
- NNSA, Congress and top lab officials to “recognize that safety and security systems at the Laboratories have been strengthened to the point where they no longer need special attention” and reduce administrative, safety and security costs; and
- NNSA reduce reporting and administrative burdens on laboratory directors, freeing them up to establish strategic science and engineering direction at the laboratories.

The necessary repairs won’t happen overnight, the panel said, suggesting that “mistrust” between the labs and the NNSA had accumulated like barnacles on the bottom of a boat. “Broken trust requires repair is the long-term performance of the Laboratory missions is not to suffer,” the panel said. “Due to the degree of mistrust that has en-crusted over time, repairing that broken trust will require considerable time and effort. Mistrust is a highly stable phenomenon and can last for years if not decades. Therefore, attempting to fix things all at once and quickly is naïve and likely to fail.”

—*Todd Jacobson*

NNSA SEEKS BOOST IN FUNDING FOR PLUTONIUM DISPOSITION PROGRAMS

Reflecting its new approach to providing a pit disassembly and conversion capability, the National Nuclear Security Administration is seeking increased funding for its Office of Fissile Materials Disposition in Fiscal Year 2013. Altogether, NNSA requested \$921 million for fissile materials disposition in FY 2013, a significant bump up

from the \$685 million appropriated for this year. The increase comes a month after the agency laid out its strategy for providing a PDC capability using a mix of existing facilities, instead of a standalone facility. Plutonium disposition programs saw the biggest increase as a result of both the new PDC plans and initiation of cold startup activities for the Mixed Oxide Fuel Fabrication Facility in FY 2013. The agency requested \$499 million for plutonium disposition, up \$293 million from the \$206 million in funding provided in FY 2012. Likewise, the Department eliminated its request for money for a stand-alone PDC facility.

The PDC process is a necessary step in preparing feedstock for the MOX facility, the main component of NNSA’s plans to disposition 34 metric tons of surplus plutonium by converting it into fuel for nuclear reactors. The NNSA detailed a new “preferred alternative” for PDC in January, when it submitted a Notice of Intent to modify the scope of the project’s Environmental Impact Statement. However, no final determination has been made on a path forward, and in the coming year NNSA plans to continue to fine tune its approach before releasing a Record of Decision in early 2013. According to budget documents, the shift in focus should end up being less expensive and more efficient than other plans. “In 2011, changes in plans for operation of the H-Canyon at SRS, as well as other newly developed alternatives, offered possibilities for reducing the cost of pit disassembly and conversion,” budget documents state, adding: “DOE anticipates significant cost avoidance from this alternative, and will be validating cost and schedule estimates for it over the coming year.”

NNSA’s Notice of Intent states that the Department is now looking at expanding or initiating PDC capabilities at four facilities: H-Canyon, K Area and the MOX facility at Savannah River and Technical Area 55 at Los Alamos National Laboratory. So far the NNSA has identified about 10 metric tons of potential feedstock for the MOX plant, including the 3.7 metric tons NNSA announced last fall will be processed in H-Canyon, 4.1 metric tons already at Savannah River and 2 metric tons slated for conversion at LANL’s ARIES line.

DOE to Request Change for S.C. Penalty Payments

The NNSA also requested less funding for construction of the MOX facility, asking for \$389 million, a decrease of \$46 million from the \$435 million in enacted funding. The decrease “primarily reflects the completion of long-lead procurements” for the project, according to DOE’s budget request. The MOX facility is slated to start operations in October 2016, and given that schedule, the Department expressed concern over potential penalties it faces of up to \$100 million per year to South Carolina. Current law,

which stems from pushback within South Carolina in the early 2000s about accepting additional plutonium, requires DOE to pay penalties to the state if it has not produced 1 metric ton of MOX fuel by the start of 2012. Failing that, DOE would need to remove 1 metric ton of defense plutonium from the state by 2014. That legislation “contains obsolete notional dates” for the startup of MOX, according to DOE’s budget request, which also notes that removing plutonium by 2014 would be “impossible to satisfy.”

According to the budget request, DOE will submit a legislative change proposal to amend current law. The issue has already caught the attention of some lawmakers, and late last year Sen. Lindsey Graham (R-S.C.) unsuccessfully moved to amend the FY 2012 Defense Authorization Act to extend those key milestones. The amendment, which ultimately was not taken up by the Senate, would have extended by one year the deadlines in current law (*NW&M Monitor*, Vol. 15 No. 46).

—*Kenneth Fletcher*

NNSA REQUESTS FUNDING FOR USEC CENTRIFUGE ENRICHMENT R&D PROGRAM

Supporting its push for a research, development and deployment program for USEC’s American Centrifuge enrichment project, the National Nuclear Security Administration is asking Congress for \$150 million for the project under its Defense Nuclear Nonproliferation accpimt. In its Fiscal Year 2013 budget request, the Department of Energy said that “a one-time addition of \$150 million to support domestic uranium enrichment RD&D will allow us to demonstrate technical leadership as we build a new framework for international nuclear cooperation, better understand the scale-up limits of uranium enrichment technologies for enhanced efficiency and to better assess potential proliferation of new uranium enrichment programs around the world.” The inclusion of the request within the NNSA’s budget, rather than DOE’s Office of Nuclear Energy, signals that national security concerns will continue to be the Administration’s primary argument for supporting the technology.

DOE has argued that USEC’s enrichment technology, which was first developed by the Department, is crucial for providing a source of enriched uranium for tritium production for the nation because peaceful use restrictions on foreign technology impede the use of other enrichment plants to produce material for the nation’s weapons program. However, that interpretation has been questioned by some lawmakers and at least one other enrichment company. DOE’s budget request listed a number of other

advantages to a domestic enrichment capability, stating that it “allows the United States to discourage the unnecessary spread of enrichment technology by contributing directly to sustained confidence in the international commercial enrichment market.” The program would also allow for a source of fuel for defense-related research reactors and naval propulsion reactors, allow the United States to better assess potential enrichment programs in other countries and help “preserve the technical knowledge base and the supply chain needed to support uranium enrichment capabilities.”

Interim Funding For Program Runs Through March

DOE first proposed a two-year enrichment RD&D program last fall, after prospects for a DOE loan guarantee faded and USEC’s centrifuge program faced financial issues that threatened the survival of the project. The project would involve development and deployment of a full train of 720 centrifuge machines to demonstrate the technology on a commercial scale. Funding for the program was set at \$150 million per year, and DOE requested transfer authority from Congress to pay for the FY 2012 portion using existing funds. However, Congress failed to back the measure amid concerns that it would represent an earmark for USEC. With USEC’s project remaining in a perilous position, last month the Department announced it was accepting \$44 million in liability for depleted uranium from the company, freeing up enough funding to keep the program running through March. In return, USEC agreed to enrich uranium at its Paducah plant that DOE could irradiate to produce tritium.

USEC applauded DOE’s FY 2013 request, and vowed to continue discussions with DOE and Congress on funding the program through the rest of FY 2012. “Inclusion in the President’s budget affirms that the American Centrifuge is a national priority, and we welcome this strong signal of support,” USEC CEO John Welch said in a statement. He added, “It’s important to remember that interim funding for this program is only available through March 2012 and we must still get RD&D funding for the remainder of government fiscal year 2012 to ensure that we can continue this vital activity.” And USEC’s supporters in Congress also heralded DOE’s decision to include funding that could ultimately lead to operation of the proposed plant in Ohio. Sen. Sherrod Brown (D-Ohio) said in a statement, “This takes us one step closer to realizing the 4,000 jobs that would be created through the American Centrifuge Project, but our fight for these jobs is far from over. I will continue working with business and community leaders to ensure that there is a path forward for ACP.”

—*Kenneth Fletcher*

FACING SCRUTINY, DOE TO REVERSE POLICY ON RELEASE OF FEE INFORMATION

The Department of Energy will no longer keep Performance Evaluation Reviews for National Nuclear Security Administration and Office of Environmental Management sites under wraps, deciding late last week that the annual report cards should be made public. The decision by Deputy Secretary of Energy Dan Poneman would reverse a 2009 decision by the NNSA to shield the reviews from public release that has resulted in scant information about the reviews being distributed over the last three years. The NNSA argued that the information was business sensitive, releasing only one-page summaries of the report cards, but in recent months, Congress, media outlets and government watchdog groups have ramped up pressure on the agency to change its policy. The Department hasn't publicly confirmed the decision, and it's unclear how soon the reviews will be released.

Earlier this month, the NNSA confirmed that it was reviewing its Performance Evaluation Review policy. The PERs serve as report cards of sorts for the contractors that run various sites and projects and detail how and why the contractors are paid, but then-NNSA Acquisition and Sup-

ply Management chief David Boyd said in 2009 that because the reviews contain potentially sensitive information, the reviews would remain hidden for three years. The NNSA has said contractors can release the information themselves, but none have done so. In the place of the full reviews, NNSA has provided one-page 'desk' statements summarizing the report cards, but the information contained in the statements often varies from site to site. Previously, NNSA released fee data and Performance Evaluation Reviews approximately two-to-three months after the end of the fiscal year.

Pressure from outside groups ramped up in recent months, with *NW&M Monitor*, *Albuquerque Journal* and *Knoxville News Sentinel* each urging the agency to release the fee information. A chorus of nuclear watchdog groups called for the release of the PERs as well, but most importantly, the NNSA's decision drew the attention of Congress, and Hill staffers pressed the agency on its decision, promising increased attention on the issue this year. Sen. Sherrod Brown (D-Ohio) also went on the record, saying he was "very concerned" and would "work with Congress and DOE to increase efficiency and transparency," according to his spokeswoman Lauren Kulik.

—Todd Jacobson

Calendar

February

- 15 Hearing: Defense Department Budget, House Armed Services Committee, with Defense Secretary Leon Panetta and Joint Chiefs of Staff Chairman Gen. Martin Dempsey, Rayburn House Office Building, Washington, D.C., 10 a.m.
- 15 NATIONAL ACADEMY OF SCIENCES LAB MANAGEMENT STUDY RELEASE (*EXPECTED*).
- 15 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, Las Vegas, NV.
- 16 Hearing: Defense Department budget, House Appropriations Defense Subcommittee, with Defense Secretary Leon Panetta, Joint Chiefs of Staff Chairman Gen. Martin Dempsey and Undersecretary of Defense (Comptroller) Robert Hale, Rayburn House Office Building, Washington, D.C., 10 a.m.
- 16 Hearing: "Governance, Oversight and Management of the Nuclear Security Enterprise to Ensure High Quality Science, Engineering and Mission Effectiveness in an Age of Austerity," House Armed Services Strategic Forces Subcommittee, NAS lab management study co-chair Charles Shank, NAS lab management study member Charles Curtis, GAO Natural Resources and Environment Director Gene Aloise, former LANL Director Michael Anastasio, former SNL Director Paul Robinson, former LLNL Director George Miller, Rayburn House Office Building, Washington, D.C., 11 a.m.

20 EM PUBS CLOSED FOR PRESIDENT DAY

23 Discussion: "The Nuclear Chessboard, 2012," former Secretary of State George Shultz, former Defense Secretary William Perry, and former Sen. Sam Nunn, Commonwealth Club, 595 Market St., Second Floor, San Francisco, 6 p.m.

March

21 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, NV 89030.

April

3-4 Meeting: 2012 DOE Project Management Workshop; the Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, VA., 22311.

April 30 - May 3

Conference: **THE ELEVENTH ANNUAL CARBON CAPTURE UTILIZATION & SEQUESTRATION CONFERENCE:** David L. Lawrence Convention Center, Pittsburgh, Pennsylvania; Bookmark www.carbonsq.com for Registration and Program Details; Information: 1-877-303-7367 ext. 109 or email: carbonsq@exchangemonitor.com

May

16 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.

28 EM PUBLS CLOSED FOR MEMORIAL DAY

July

4 EM PUBLS CLOSED FOR INDEPENDENCE DAY

18 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, NV 89030.

September

3 EM PUBLS CLOSED FOR LABOR DAY

4-7

THE SIXTH ANNUAL RADWASTE SUMMIT

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19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.

October

15-18

**THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR
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November

18-22 Conference: International Conference on Greenhouse Gas Technologies 11 (GHGT-11); Kyoto International Conference Center, Kyoto, Japan. Information: www.ghgt.info.

22-23 EM PUBLS CLOSED FOR THANKSGIVING

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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Volume 16 Nos. 8 & 9

Double Edition

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— *INSIDE HIGHLIGHTS* —

NNSA officials will make their first visit to Capitol Hill next week as the annual budget hearing process ramps up, and given the chilly reception the agency’s FY2013 budget request has received from some Republicans thus far, there are sure to be plenty of tense moments. 2

The NNSA’s decision to slow production of refurbished W76 warheads was designed to create flexibility within the agency’s maturing life extension activities and free up money for refurbishment work on another warhead, the B61. 4

In the wake of a National Academy of Sciences study on lab management, House lawmakers are expected to take a hard look at the NNSA and its weapons laboratories and how they could be better structured to meet the nation’s national security needs. 5

The nation’s requirement for a pit production capability of 50 to 80 pits hasn’t changed, but with the deferment of the Chemistry and Metallurgy Research Replacement-Nuclear Facility, how that target will be met is being adjusted. . . . 7

Los Alamos National Laboratory, facing a \$300 million budget cut this fiscal year, has taken the first steps toward cutting 400 to 800 jobs from its payroll. 8

Steve Erhart, the leader of the NNSA’s new NNSA Production Office, will relocate from Pantex to Oak Ridge as part of the creation of the new office, but he will split time between the two sites as part of a “virtual office” approach to overseeing a new combined Y-12/Pantex management and operating contract. 10

Conflict of interest claims are believed to be at the heart of a protest by Logistics Management Institute over the NNSA’s decision to award its Enterprise Construction Management Services contract to a team led by Parsons Infrastructure and Technology late last month. 10

The NNSA has clarified its approach to recompeting its Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement, refining the small business requirements for the proposed opportunity in a second draft solicitation released this week. 11

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NUCLEAR BATTLE LINES DRAWN IN CONGRESS AS BUDGET HEARINGS NEAR

National Nuclear Security Administration officials will make their first visit to Capitol Hill next week as the annual budget hearing process ramps up, and given the chilly reception the agency's Fiscal Year 2013 budget request has received from some Republicans thus far, there are sure to be plenty of tense moments as senior officials make the case for a lower-than-anticipated request. Notably, Sen. Jon Kyl (R-Ariz.) and Rep. Michael Turner (R-Ohio) have blasted the Obama Administration for slowing down its efforts to modernize the nation's nuclear weapons stockpile and arsenal, breaking promises made during Senate debate on the New START Treaty and outlined in the so-called 1251 report delivered to Congress last year. In what it said was a response to budgetary pressure, the Administration reduced its Fiscal Year 2013 request for the agency's weapons program to \$7.58 billion, approximately \$370 million less than it had projected a year ago, while deferring construction on one of the agency's biggest construction projects, the Chemistry and Metallurgy Research Replacement-Nuclear Facility planned for Los Alamos National Laboratory.

The agency has also extended the target date for the completion of the first refurbished B61 bomb from 2017 to 2019 and is slowing production work on the W76 life extension program. NNSA Administrator Tom D'Agostino and other senior officials will appear before House Energy and Water Appropriations Subcommittee Feb. 29 and March 6 to testify about the agency's weapons and nonproliferation programs. "They made an absolute commitment to me that the 2012 budget, 2013 budget, budgets thereafter, would contain the funding in the 1251 report and that commitment has now not been kept," Kyl said during a speech last week at the Fourth Annual Nuclear Deterrence Summit. "It isn't because of a lack of support in the United States Congress. So rather than redouble their efforts to make up the difference, they

basically threw in the towel. Perhaps they wanted to do that all along."

Defense Programs Chief Defends 'Strong Request'

In separate comments at the conference, NNSA Defense Programs chief Don Cook defended the Administration's new approach. "We have the budget we have, the President has made a strong request for 2013, even though it was not supported at this level in '12," Cook said. "Not only have we not given up but we're going as fast and as thoroughly and as smartly as we can." NNSA officials have also suggested that the budget request was in part a response to Congressional action with regard to the budget. In Fiscal Year 2012, Congressional appropriators cut nearly \$400 million from the Administration's \$7.6 billion request for the weapons program. However, that argument was criticized by Turner, the chairman of the House Armed Services Strategic Forces Subcommittee. "Some in the Administration are making 'he said, she said' statements, stating that the Administration has tried, but Congress won't fund the promises," Turner said in a separate speech at the conference. "I think that misses the point. The linkage is clear: Reductions are not in the U.S. national security interest without modernization. It simply isn't good enough to try when it comes to national security—we have to succeed. We have to be adults about these issues; the nuclear deterrent is too important to our national security."

Reductions Report Increases Tension

To further inflame the relations between Republicans and Congress, reports surfaced last week that the Administration was considering options to reduce the size of the nation's strategic deployed stockpile below New START levels as part of an ongoing deterrence review. The Associated Press said in a story quoting an anonymous Congressional staffer and a former government official that the Administration was examining options to bring the size

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NNSA BEGINNING TO LOOK BEYOND Y-12/PANTEX AT CONSOLIDATION OPTIONS

With bids for the National Nuclear Security Administration's combined Y-12/Pantex M&O contract due in less than a month, the agency has begun to look toward other consolidation efforts, but Principal Deputy Administrator Neile Miller told *NW&M Monitor* last week that the effort was only in its infancy. "Truly for me everything is open for discussion and I can tell you honestly, nothing is being discussed specifically right now," Miller said on the sidelines of the Fourth Annual Nuclear Deterrence Summit. "I don't have a group specifically looking at this but I expect to soon. We're open to pretty much whatever ideas people have so that we can evaluate the worth of those ideas in many ways."

One obvious potential area of consolidation involves non-nuclear production work at the Kansas City Plant and Sandia National Laboratories. The agency considered consolidating that work when it evaluated merging the Y-12/Pantex contracts in recent years, ultimately deciding that it would be best not to do so while a new home for the Kansas City Plant was being built. But with the agency preparing to re compete the Sandia contract—and with Honeywell Federal Manufacturing & Technologies' contract to run the Kansas City Plant expiring in 2013, though two one-year options could extend it to 2015—the time could be ripe to look again at that option. Miller, however, did not offer any specifics about what the agency might consider. "All options are open," she said. "It's all about what are the ideas out there. Once you take the ideas you kind of rack and stack them to the ones that make the most sense, are they doable, or are they harder to do but make the most sense? You have to really look at all of that. Where do you get the biggest bang for the buck versus how much effort do you have to spend to do that and is that going to be worth it?" ■

of the stockpile down to between 1,000-1,100, 700-800, or 300-400, far below the cap of 1,550 mandated by the New START treaty.

Jim Miller, the acting Under Secretary of Defense for Policy, declined to comment on the options being considered, only to say that he supported at least some form of reductions. "I do believe that there are steps we could take to further strengthen our deterrence posture and our assurance of allies and I believe that we can do so at lower numbers," Miller said in opening remarks at the Nuclear Deterrence Summit. He later emphasized that the status quo of 1,550 was also an option being considered. "I will not speak to the press reports about specific numbers, but I will say that today's posture and New START force levels represent one option. The status quo is the default option and we will see if we can shift from that in a way that will strengthen deterrence, strengthen stability and strengthen assurance at lower numbers," Miller said.

House Republican Calls Options 'Reckless Lunacy'

Republicans immediately blasted the plan. At a House Armed Services Committee hearing last week, Rep. Trent Franks (R-Ariz.) called the idea of major reductions "reckless lunacy" and made it clear that many in the GOP would oppose significant cuts. "There are many of us that are going to do everything we possibly can to make sure that this preposterous notion does not gain any real traction," he said. In his speech at the Nuclear Deterrence Summit, Kyl suggested there would be a "battle royale" in

Congress if the Administration pursues further reductions, and 34 members of the House Armed Services Committee—including Turner and committee chairman Buck McKeon (R-Calif.)—said further reductions would "undermine" the nation's nuclear deterrent in a Feb. 17 letter to President Obama. "We seek your assurance that in view of the ambitious nuclear weapons modernization programs of Russia, communist China, Pakistan and others, the deep cuts to U.S. conventional capabilities per the Budget Control Act, and your failure to follow through on your pledged section 1251 plan, that you will cease to pursue such unprecedented reductions in the U.S. deterrent and extended deterrent," the lawmakers wrote. "Surely you agree that blind ideology cannot drive a matter as important as U.S. nuclear forces over reality. This will certainly be our starting point when drafting this year's national defense authorization bill."

Staffers: Cuts to Have Lasting Impact

The issues are clearly not going to go away, Tim Morrison, the lead majority counsel for the House Armed Services Strategic Forces Subcommittee, said at the conference. He noted that while the Senate ratified the treaty, Congress has yet to approve funding to implement reductions under the New START Treaty, and Turner is expected to introduce the "Maintaining the President's Commitment to Our Nuclear Deterrent and National Security Act of 2012" when the House returns from recess next week. The bill is expected to tie stockpile reductions to progress on modernization. "It's now clear the Administration has completely

walked away from its commitments,” Morrison said during a panel discussion at the conference. “That’s going to be a concern for the Congress as it decides whether or not to support the President to make the New START Treaty force reductions. ... I think you’re going to see unfortunately a fight play out between now and probably 2018 if we don’t get the modernization program back on track to try to force the President to abide by his promises to the Congress last year.”

Another Congressional staffer, Rob Soofer from Kyl’s office, offered a grim outlook for future arms control agreements. “The fact that the Administration now is breaking its commitment ... is going to ensure there will be no more arms control agreements getting through the Senate, including the Comprehensive Test-Ban Treaty, and there is going to be mounting political pressure against any significant changes to the U.S. deterrent stockpile,” Soofer said.

Bingaman Presses Chu on CMRR-NF

Questions about the Administration’s modernization plan have already been the subject of some budget hearings. At a Feb. 16 Senate Energy and Natural Resources, Sen. Jeff Bingaman (D-N.M.) quizzed Energy Secretary Steven Chu about the decision to defer construction on CMRR-NF. “For many years now we’ve been told that the replacement nuclear facility was necessary. Now we are told there could be alternatives that the Department wants to pursue,” Bingaman said, asking Chu for a sense of what the alternatives might be.

Chu stressed that the National Nuclear Security Administration’s plutonium strategy had not been finalized. During budget briefings earlier this week, NNSA officials said the agency would use a mix of options to replace the functions of CMRR-NF, potentially using existing facilities at Los Alamos, the Nevada National Security Site and Lawrence Livermore National Laboratory. “We’re looking at some of the things that the CMRR [Nuclear Facility] building would have done,” Chu said. “We are looking to offload some of that to other [sites], for example, to what used to be called the Nevada Test Grounds; they have a new name for that. ... We are looking very closely at how we can best fulfill our obligations and needs for our nuclear security.”

A Question of Credibility?

Notably, the Administration’s decision to defer construction of CMRR-NF—after years of saying it was necessary—appears set to flavor the debate over the Administration’s request for the NNSA’s weapons program. At the Nuclear Deterrence Summit last week, a Government

Accountability Office official suggested that the CMRR-NF reversal called into question the Administration’s credibility and the faith in how it generates requirements for the weapons program. Allison Bawden, an Assistant Director at GAO, noted that the Administration’s budget justification did not indicate that it was accepting the additional risk of not building CMRR-NF only because of budget woes. “What it says is, ‘We have capability within the complex,’ and that’s a very different discussion than what’s been going on previously, so yeah, it does raise concerns,” Bawden said. Morrison suggested the credibility issue was emblematic of a “broken” relationship between the NNSA and its laboratories that was described in a National Academy of Sciences report released last week (*see related story*). “If you’ve been telling the Congress basically since 1983 that you need a replacement facility for plutonium and suddenly you wake up one morning and decide, ‘Well, not so much,’ that doesn’t encourage trust. That doesn’t encourage credibility,” Morrison said. “It would be one thing if the Administration just came up and said look, we need it, but we don’t have the money. But that’s not what they’re saying. Suddenly we have options. It becomes very difficult for Congress to trust the NNSA, for the NNSA to then trust the labs.”

Taunja Berquam, a staffer on the House Energy and Water Appropriations Subcommittee, agreed, and suggested that a broad analysis of the agency’s requirements was necessary. “If we’re told for years that there is only one solution to a problem, that this is mandatory for the efforts that we need to undertake, and then at some point that story changes—I really think what we’ve been pushing for is a rigorous analysis of what we need and try to go from there,” Berquam said.

—Todd Jacobson

WARHEAD LIFE EXTENSION PROGRAM SLOWDOWN CONCERNS TOP NAVY BRASS

Navy Adm. Greenert ‘Concerned’ About W76 Changes

The National Nuclear Security Administration’s decision to slow production of refurbished W76 warheads was designed to create flexibility within the agency’s maturing life extension activities and free up money for refurbishment work on another warhead, the B61. But the agency’s plan isn’t sitting well with Navy officials, who offered a chilly reception to the new schedule to stretch out production work on the warhead at a House Armed Services Committee hearing last week. Facing significant budget pressure, the Obama Administration requested \$174.9 million for the W76 refurbishment program in Fiscal Year 2013, \$80.1 million less than the Administration had projected a year ago, with the slow-down designed to stretch out production of the refurbished warheads,

building enough warheads to meet operational requirements through 2018 but pushing back work to build hedge W76s until 2021.

When asked about the changes by Rep. Michael Turner (R-Ohio) at a committee hearing Feb. 16, Navy Adm. Jonathan Greenert, the service's Chief of Naval Operations, said the Navy was "concerned" at the NNSA's plan beyond Fiscal Year 2013. Early in the Obama Administration, a choice was made to accelerate production work on the W76 refurbishment, a move that now appears to be reversed. "We have to keep our strategic nuclear systems, including the warheads, modernized," Greenert said. "That affects the targeting. It affects the numbers and our delivery. So looking at the '13 submission, we're okay with that. When we look at '14 and up, we are concerned."

The NNSA is also stretching out the B61 life extension program, pushing back the completion of the refurbished bomb's First Production Unit from 2017 to 2019. At the same time, it is requesting \$369 million for work in FY2013 on the B61 refurbishment, an increase of \$146.2 million over FY2012 funding for the program made possible by the W76 slowdown. Maj. Gen. William Chambers, the Air Force's Assistant Chief of Staff for Strategic Deterrence and Nuclear Integration, suggested that the new B61 timeline wasn't a huge hurdle. "We are comfortable," Chambers said at the Fourth Annual Nuclear Deterrence Summit last week, adding: "We believe that [2019 date] meets the commanders' needs. We believe it does take up a little bit of the flexibility in the timeline and it probably adds a little bit of risk but we believe that's manageable."

NNSA Downplays Impact of W76 Changes

The NNSA hasn't released out-year budget projections for any of its programs, but if funding for the W76 life extension program was to follow a flat trajectory, the plan would appear to trim \$245 million from the agency's budget over the next four years (the agency had previously said it would need \$255 million a year in FY2013-2015 and \$260.1 million in FY2016), though stretching out the program would likely raise the total cost of the effort. The NNSA did not say how the changes would impact the overall cost of the LEP. NNSA Defense Programs chief Don Cook downplayed the impact of the changes in comments to *NW&M Monitor* on the sidelines of the Fourth Annual Nuclear Deterrence Summit last week. He emphasized that the NNSA would still meet all of the Navy's production requirements by the end of 2018 while increasing work on the B61 life extension program, which will be entering its engineering phase, and the W78/W88 refurbishment study. "This will give us an ability to meet all operational requirements, build a hedge after that, and

that was the flexibility we were willing to take," Cook said.

He said Pantex had produced 104 percent of its requirements during FY2011, which he said "has built some confidence in where we are." He suggested the approach makes sense for technical reasons as well. "If we're building hedge warheads at the same time for a technical failure but they're the same design at the end of 2018, if we had built the hedge, then a number of those warheads would already be six or seven years old," Cook said.

Navy Will Push to 'Prioritize'

It's unclear if that rationale will satisfy the Navy. A Navy spokesman did not respond to a request to provide more detail on the service's concerns with the W76 refurbishment program, but Greenert suggested that the issue was not a closed matter and that there would be more discussions in the future about the path forward for the life extension program. "We have committed—the NNSA, the Department of Defense, the Navy's involved, the OSD [Office of the Secretary of Defense] staff. We're going to get together, shake this thing out, make sure we prioritize."

Hans Kristensen, the director of the Nuclear Information Project at the Federation of American Scientists, suggested that a change to the refurbishment schedule should not impact the Navy's targeting plans. "They can just delay the phase out of the ones that are in there," Kristensen said. "It's not on such a tight schedule, as far as I can imagine, that if they don't get it this week, we're really down. It seems more like a convenience that they have to change their plans." One Congressional aide suggested that it wouldn't be so easy for the Navy to change its plans. "They plan years in advance for when subs are going to come in, how to do the logistics trail, how to get the right number of warheads on the right number of missiles," the aide said. "NNSA is causing them to change that plan." Though the exact numbers of W76 warheads undergoing refurbishment is classified, Kristensen estimated that 1,200 warheads in all will go through the life extension program. He estimated that 300 had already been refurbished.

—Todd Jacobson

NAS LAB PANEL REVEALS PROBLEMS, BUT FIXES MUCH HARDER TO COME BY

A recently released National Academy of Sciences report documented long-standing concerns about the relationship between the National Nuclear Security Administration and the nation's nuclear weapons laboratories, calling the relationship "broken" and "dysfunctional." But in the wake

of the study, one of many that have raised concerns about the agency and its laboratories in recent years, there doesn't appear to be a clear sense of how to fix the problem of burdensome oversight, though lawmakers on the House Armed Services Strategic Forces Subcommittee are expected to take a hard look in the coming months at the agency and how it could be better structured to meet the nation's national security needs. "The bottom-line is that implementation of NNSA has failed to achieve what the NNSA Act intended to do: create a lean, effective, and well-managed organization that is focused on meeting the nuclear security needs of the country. Not on meeting the needs of the bureaucracy," Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, said last week at the Fourth Annual Nuclear Deterrence Summit.

In its report, "Managing for High-Quality Science and Engineering at the NNSA National Security Laboratories," the NAS panel stopped short of placing blame for the problems at the laboratories on the recent transition to private management, which partly drove the formation of the panel. Rather, the study panel suggested that "bureaucratic frustrations" were problems independent of the contracts, driven by a governance strategy that it said lacked the trust to allow the laboratories to do their jobs. The panel said there are "serious management issues" rooted in the relationship between the labs and the NNSA that have emerged in the wake of safety and security problems at the labs in recent decades, placing an increased administrative burden on managers and scientific staff. The panel suggested that increased time on "operational and administrative matters" had cut into the time available for science and engineering work related to the mission of the labs, and "if left unaddressed, this will erode scientific initiative."

Former LLNL Director: Labs 'Under Severe Stress'

During a Feb. 16 House Armed Services Strategic Forces Subcommittee hearing, three former leaders of the nation's nuclear weapons laboratories voiced support for the study panel's conclusions, suggesting that burdensome oversight was on the verge of suffocating science at the institutions. "In my view, the laboratories are under severe stress in their ability to perform these missions and they're increasingly constrained by federal oversight and the manner in which it is implemented," said former Lawrence Livermore National Laboratory Director George Miller, who testified along with former Los Alamos Director Michael Anastasio and former Sandia National Laboratories Director Paul Robinson. "Doing oversight a different way is really what we need to do. Not transactional, but do it in a performance-based way," Anastasio said. "There are plenty of accountability mechanisms in place already in our current

contracts to hold us accountable. We should be accountable. But do it in way that doesn't audit everything."

Robinson suggested more radical change to preserve the scientific capabilities at the lab, advocating that the NNSA be moved under the purview of the Defense Department. Such a move has long been opposed by many lawmakers, and an effort to explore the possibility at the beginning of the Obama Administration fizzled. Robinson said the laboratories flourished best during the World War II era when they were under the Department of War. "They cared about what the answer was—the missions," Robinson said. "They're the people who have to use those weapons that we design. They cared about the answer. No one in the present system seems to care about the mission. It's how are you doing all of your trivial chores. That's what we want to look at."

Study Members: Change Could Come From Within

Members of the study panel were not in favor of such a drastic move. At the House hearing last week, study co-chair Charles Shank, the former director of Lawrence Berkeley National Laboratory, suggested that fixes could be found within the NNSA. "I do believe there are excellent people there that are capable of doing the work," Shank said. "It's how it's structured, how the goals are put forward that could in fact make this whole thing work a lot better. And I think if we work at these fundamental relationship issues, that is the core to actually making the whole enterprise work." According to another member of the panel, former Deputy Energy Secretary Charles Curtis, the issue amounted to a lack of trust that led to stifling oversight from the NNSA. "It's kind of a strange equation that we provide the nation's most vital secrets, we entrust those to the scientists and engineers to perform this vital mission, but then we don't trust them in the execution," Curtis said. "By not trusting them in the execution, we introduce costs and inefficiencies that have been documented time and again." The relationship between the labs and the NNSA, and the value of the work being done there, is an issue that is growing, in part, due to shrinking budgets, as the agency and the labs are tasked to do more with fewer resources. "In an era of cost containment it's sad to spend so much effort working with the laboratories as non-trusted entities and managing them that way and having huge operational numbers of people required to do that kind of oversight," Shank said during a Feb. 15 speech at the Nuclear Deterrence Summit, a day before the House hearing.

Not everyone agreed that the problems could be fixed with more trust and less oversight. "We agree that excessive oversight and micro-management of contractors is not an efficient use of scarce federal resources, however, in our

view the problems we continue to identify in the enterprise are not caused by excessive oversight, but rather by ineffective oversight by NNSA and DOE,” said Gene Aloise, the Government Accountability Office’s Director of Energy and Natural Resources. Aloise cited continuing problems with construction management, safety and security, and the management of cost data across the complex.

House Subcommittee to Take Action?

At the House hearing, Turner appeared to offer a hint of the subcommittee’s plans, asking witnesses to respond in writing as to whether it would be prudent to move toward external regulation by the Occupational Safety and Health Administration in some areas, though such a move would almost certainly not impact the agency’s oversight of nuclear activities. He also said he was planning to work with ranking member Loretta Sanchez (D-Calif.) over the coming weeks and months to address the concerns of the study panel, and other previous studies that have revealed similar issues. “Our tight fiscal environment requires us to ensure every dollar possible is going towards getting the mission accomplished,” Turner later said at the Nuclear Deterrence Summit. “Every dollar that goes towards redundant, burdensome, and non-value-added oversight processes is a dollar that is only hurting the mission.”

—*Todd Jacobson*

DESPITE CMRR-NF SETBACK, NNSA TO MEET PIT GOALS THROUGH VARIETY

NNSA Weapons Chief Says New, Reused, Refurbished Pits to Help Meet 50-80 Annual Pit Production Goal

The nation’s requirement for a pit production capability of 50 to 80 pits hasn’t changed, but with the deferment of the Chemistry and Metallurgy Research Replacement-Nuclear Facility, how that target will be met is being adjusted. Don Cook, the head of the National Nuclear Security Administration’s Office of Defense Programs, told *NW&M Monitor* that the agency would utilize a variety of methods to meet the Defense Department’s requirements, including building new pits as well as reusing and refurbishing existing pits to accommodate the pit production shortfall brought about by the decision to defer work on the CMRR-NF for up to five years. CMRR-NF had been thought to be essential to enabling Los Alamos National Laboratory ramp up pit production to 50 to 80 pits per year, freeing up space in the lab’s Plutonium Facility. Thus far, the lab has produced a maximum of 11 pits a year since reconstituting a pit production capability in 2008.

Cook suggested that the lab currently could make 20 pits a year, and with some “incremental investment,” could up

its production to 30 pits. Reused and refurbished pits would make up the remainder of the 50 to 80 pit requirement. The pits are expected to be needed for future life extension work on the nation’s nuclear weapons stockpile, including on the refurbishment of the W78 warhead. “Within PF-4 and the structures that we know right now, it’s reasonably challenging and reasonably safe to say that we’ll get to 30 pits per annum,” Cook said on the sidelines of the Fourth Annual Nuclear Deterrence Summit last week. “Beyond that I think is going to be very challenging. However, we have the options of pit refurbishment, pit reuse and newly manufactured pits.”

LANL Draws Line on Pit Production

Los Alamos National Laboratory Director Charlie McMillan raised the pit production issue in the wake of the decision to defer work on CMRR-NF, which has been a devastating blow for the lab and contributed to the decision by lab officials this week to announce cuts to the lab’s workforce between 400 and 800 employees. In a Feb. 14 memo to lab employees, McMillan suggested that without CMRR-NF, the lab would not be able to ramp up pit production to meet the nation’s requirement of 50 to 80 pits per year. “Regarding future program needs, our message to the government and to members of Congress has been clear: without CMRR, there is no identified path to meet the nation’s requirement of 50 to 80 pits per year,” McMillan said in the memo. “Assuming further investments in LANL facilities, we are confident we can deliver—but only a portion of that requirement.”

McMillan painted a bleak picture of the lab’s FY2013 funding situation, pointing out that cuts to the W76 life extension program and Second Line of Defense program would also hurt the laboratory. “The budget issues we face are common to all parts of government,” he said. “This compounds an already difficult set of FY12 budget challenges and raises questions about whether we can meet the pace of the modernization path outlined in the 2010 Nuclear Posture review.”

Pentagon On Board With CMRR-NF Deferment

The Obama Administration said that it would modify existing facilities, move some nuclear material, maximize the use of the lab’s new Radiological Laboratory-Utility-Office Building that was to be adjacent to the nuclear facility, and shift some plutonium work to other facilities in order to make up for the absence of the facility. “When we looked at our capacity, would we like to be able to be constructing a plutonium capability in addition to what we have while we’re doing that with uranium as well? The answer is yes,” Cook said. “Any assertion that we’re cancelling or giving up is flat wrong. We were able to find

a way that we could maintain our plutonium capability but we have to take some different approaches.”

Jim Miller, the acting Principal Under Secretary of Defense for Policy, suggested that the Pentagon was on board with the decision to defer construction of CMRR-NF and examine the future needs of the nation’s plutonium mission. That is likely to include an examination of how to approach replacing the lab’s Plutonium Facility. Known as PF-4, the facility was built in 1978, is currently undergoing significant seismic upgrades, and will reach the end of its expected lifespan in several decades. One option appears to include a combined approach to CMRR-NF and a replacement to PF-4. “Does it make sense to consider expanding the footprint of that facility to take in not just what the current CMR does, but also another facility, and to incorporate that, rather than doing CMRR[-NF] today and another project that could be combined with it down the road?” Miller said. “The conclusion was that at a minimum that requires a hard look. I personally think the answer is likely to be yes. We’re looking to re-scope the project. It’s going to take some time. We’re going to need to come back to define for the Congress and the American people the way ahead.”

50 to 80 Pit Goal Unchanged

According to senior Defense Department officials, the requirements for pit production have not changed. Using PF-4 currently, with the condition of the existing Chemistry and Metallurgy Research facility and the recently completed Radiological Laboratory-Utility-Office Building, can produce 20 pits, according to Steve Henry, the Assistant Secretary of Defense for Nuclear Matters. “Just for let’s say 400 weapons, that’s 10 years,” Henry said. “If you’re talking about 1,000 weapons, you can do the math on that. You can quickly see where 50 to 80 pits or reused pits is necessary.” He said using new or reused pits will be especially necessary in weapons that use insensitive high explosives rather than conventional high explosives. “That makes a difference on how we operate,” Henry said. “We would like to have a stockpile of IHE weapons. To do that you have to manufacture some pits or you have to go through a lot of science and qualification that I think we’re trying to look at and understand as to whether you can use some of the pits we have in our weapons with IHE.”

Another issue is the requirement to establish a “responsive infrastructure” that can support a stockpile of fewer nuclear weapons, and that requires the capability to produce 50 to 80 pits a year, said John Harvey, the Principal Deputy Assistant to the Secretary of Defense for Nuclear, Chemical and Biological Defense Programs. “We would like to be able to get to that level at some point, particularly in the context of being able to demonstrate

responsiveness in our infrastructure,” Harvey said. He did not discount, however, that meeting the goal could be accomplished through a mix of pit options. “When you’re forced into a situation you have to get smart and if we get smart we may be able to do some things that would enable us to get higher capability from existing facilities,” Harvey said.

—Todd Jacobson

LOS ALAMOS BEGINS PROCESS OF PAINFUL CUTS TO WORKFORCE

Los Alamos National Laboratory, facing a \$300 million budget cut this fiscal year, has taken the first steps toward cutting 400 to 800 jobs from its payroll. For now, only voluntary separations are being discussed, but lab managers made clear this week that involuntary job actions are a possible next step. Laboratory Director Charlie McMillan told an overflow crowd this week in the lab’s largest auditorium that the lab has submitted a proposal to the National Nuclear Security Administration to set up a voluntary separation program. He said they hoped the plan would be sufficient to avoid the need for forced layoffs. “We are taking these actions now in an attempt to reduce the risks of involuntary layoffs,” McMillan said in a statement issued to the press. “When combined with a suppressed attrition rate for the past three years, our current budget and future outlook require significant cost-cutting. The plan we’re submitting will position the Lab to continue executing our missions today and in the future.”

Bleak Funding Picture Drives Cuts

The problem is a budget that is falling off a cliff. According to the latest budget figures from the lab and the Department of Energy’s Office of the Chief Financial Officer, reductions in FY2012 include an \$80 million drop in Directed Stockpile Work, a \$30 million drop in Advanced Simulation and Computing, and a \$25 million drop in Readiness in Technical Base and Facilities.

Totaled across all programs, and including a \$60 million drop in the lab’s Work for Others program (work done for non-Department of Energy customers) the total reduction in this year’s budget is \$350 million from last year’s \$2.55 billion budget, a 9 percent decrease. While it is impossible to determine changes in next year’s Work for Others at this point, the Administration’s budget request, if approved as-is by Congress, would tack on another \$60 million cut in NNSA and Department of Energy spending next year. With the Obama Administration’s recommendations for additional cuts in FY2013, including the deferment of the

lucrative work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility, the lab is faced with an uncertain future, McMillan said. "Future budgets are expected to be flat or lower," the lab's public statement explained.

Lab: Meeting 'Mission Deliverables' a Top Priority

Lab officials would not release the details of the voluntary separation program, either to employees or the public, until NNSA approves it. "We anticipate the VSP will be completed in a matter of weeks rather than months. Knowing that many of you face a difficult personal decision, I encourage you to begin thinking about the program now. We will provide details of the plan to you immediately after NNSA approval. Human Resources will be prepared to respond to your benefits questions and will schedule information programs," McMillan said in a memo to lab staff. The voluntary separation program will apply to the lab's 7,585 full time employees and not contractors, flex term or staff augmentation workers, and McMillan said some critical skilled positions will be excluded from eligibility and the lab will retain the right to reject some applicants to maintain capabilities in other important areas. "One of our top priorities as we go through this process will be to ensure we meet mission deliverables this year and going forward," McMillan said in the memo to lab staff.

The lab's last substantial workforce cut came in 2008, when it avoided forced layoffs after 430 workers took buyouts and another 140 left through attrition. The lab retained the right to reject some workers seeking buyouts then, but did not do so. That is likely to change this time around, McMillan said. "Unlike the program in that year, we expect to deny some applications in this VSP," he said in the memo to staff. NNSA officials said they intend to act quickly on the lab's plans. "We've been working closely with LANL management to interpret and adjust to the multi-year budget outlook," NNSA Los Alamos Site Office head Kevin Smith said. "The voluntary incentive proposed by LANL is one of several proactive measures targeted toward preserving critically important programs as well as research and innovation, while fiscally positioning the lab for the future."

N.M. Senate Candidate Rips Funding Cuts

The reaction in New Mexico suggests the potential for political backlash. The state's senior senator, Democrat Jeff Bingaman, is retiring at the end of his current term, and Republicans hope to capture the seat. Former National Security Council staffer and Albuquerque Congresswoman Heather Wilson, the leading Republican candidate for Bingaman's spot, blasted the Obama Administration for

the lab's budget problems, tying them to the proposal to cut funding for CMRR-NF. Wilson has already made public claims that the end of CMRR would prevent the creation of 1,000 jobs during the construction phase, an assertion contradicted by NNSA project documents suggesting an average of 400 construction jobs would be lost over the course of the decade-long project. In response to the announcement of lab job cuts, she issued a statement saying: "400-800 jobs lost at Los Alamos will affect a lot of families and businesses in Los Alamos and Rio Arriba County," she said. "I'm afraid it is only the beginning. I expect there will be hundreds more jobs lost unless we change direction."

She was no less critical of the Administration's approach to modernizing the nation's nuclear arsenal and weapons complex. "A little over a year ago, President Obama made a commitment to modernize our nuclear weapons complex in order to maintain a safe, reliable nuclear deterrent at lower levels of forces. That commitment included replacing a 60-year-old facility at Los Alamos for handling plutonium. In his new budget, however, President Obama has broken that commitment. And as a result, an estimated 1,000 jobs will be killed for 10 years in Los Alamos," she said.

Wilson Also Targets Overhead, Management

Wilson pivoted to complain about NNSA overhead and management. "One of the best ways to provide for our defense needs would be to reduce excessive red tape from Washington and move more of the budget into programs. The President's budget includes almost \$500 million a year in National Nuclear Security Administration (NNSA) administrative costs. We would be better off as a nation if most of this money were moved to programs like CMRR at Los Alamos. Having helped create the NNSA as a semi-autonomous agency attached to DOE, it is now clear to me that the change did not take hold. The priority should be science—not paying for layers of bureaucracy."

Livermore, Sandia Avoiding Workforce Cuts

Elsewhere around the weapons complex, the NNSA's two other nuclear weapons laboratories are not expected to need to cut their workforce. Lawrence Livermore National Laboratory Director Parney Albright said in a memo to employees this week that the lab can "remain on sound footing if final appropriations for FY13 are consistent with FY12." Livermore is still smarting from forced layoffs in 2008 that led to the departure of 440 lab employees. "LLNL senior management is working proactively to maintain stability throughout the expected federal budget turmoil, to include a possible yearlong Continuing Resolution at the end of FY12, while keeping the entire institution

fiscally sound and meeting the demands of our many missions,” Albright said in the memo.

At Sandia National Laboratories, the impact of budget cuts has also not been felt as severely. “Sandia has assessed our mission requirements and current funding and at this time has no plans or need for layoffs or offers of severance packages,” Sandia spokesman Jim Danneskiold said in a statement provided to *NW&M Monitor*.

—Todd Jacobson and staff reports

NNSA TO TRY VIRTUAL OFFICE OVERSIGHT APPROACH TO Y-12/PANTEX CONTRACT

Top Fed to Live in Oak Ridge, Split Time Between Sites; No Others Expected to Move

Steve Erhart, the leader of the National Nuclear Security Administration’s new NNSA Production Office, will relocate from Pantex to Oak Ridge as part of the creation of the new office, but he will split time between the two sites as part of a “virtual office” approach to overseeing a new combined Y-12/Pantex management and operating contract. Erhart, previously the manager of the NNSA’s Pantex Site Office, was picked to head up the new office late last month, and he’s the only federal employee that will be forced to move, according to an NNSA official. Erhart’s move is designed “so he can get to know Y-12 better. He already knows Pantex inside and out,” the NNSA official explained, adding: “For all intents and purposes, it’s a virtual office.”

There will be a deputy manager at each site that will report to Erhart and there will be a single head of the business functions for the combined contract, but the person chosen for that job will not have to move to one site or the other. The new structure is expected to be in place one or two months before transition to the new combined contract, which is expected to take place in the early part of 2013. “There are physically two offices, but one is not ranked higher or lower than the other,” the NNSA official said.

Erhart was unavailable for comment, but in an interview with *NW&M Monitor* earlier this month, he suggested that there would not be widespread changes to the federal oversight structure at Y-12 and Pantex, at least not initially. The decision to create a “virtual” office appears to mimic that approach. “The feds provide the stability in contract changeovers. I don’t want to do a lot of consolidation and have a bunch of changes to the federal structure” at first, said Erhart. “We want to minimize those changes but be in a position to facilitate the transition.”

—Todd Jacobson

LMI TEAM PROTESTS NNSA ECMS AWARD TO PARSONS

Conflict of interest claims are believed to be at the heart of a protest by Logistics Management Institute over the National Nuclear Security Administration’s decision to award its Enterprise Construction Management Services contract to a team led by Parsons Infrastructure and Technology late last month. Parsons, which teamed with Project Assistance Corp. and Vector Resources, was awarded the contract Jan. 31 to strengthen the NNSA’s front-end project planning, but many teams are believed to have had concerns about the company’s role at the Savannah River Site, where it’s building the Salt Waste Processing Facility for the Office of Environmental Management, as well as its position as a major construction company in the DOE marketplace and how that could ultimately impact its work to help NNSA strengthen its project management. LMI, which teamed with Alion Science and Technology for the contract, did not respond to a request for comment. LMI was one of four bidders for the contract, along with teams led by Project Time and Cost and Booz Allen Hamilton. A one-year contract with four one-year options, the contract could be worth as much as \$125 million over five years, but the award to Parsons has been put on hold pending the protest.

The NNSA announced plans for the contract in September, significantly scaling back what had once been anticipated as a multi-billion-dollar complex-wide construction management opportunity. Of the original major engineering, procurement and construction companies that pursued the construction management contract, Parsons was the only one to bid on the scaled-down opportunity to help provide front-end project planning support. Most major companies opted not to compete for the contract because of strict conflict of interest rules that will bar Parsons from competing for NNSA construction or M&O work for up to eight years (up to five years while it’s working under the contract and a three-year buffer).

Parsons will provide professional and technical services to strengthen NNSA’s project management efforts and will serve as a project integrator for projects across the complex valued between \$10 million to \$750 million. As part of the contract, it will “support NNSA in the planning and management of projects throughout the various stages of development from concept to construction, commissioning and closeout,” the agency said. “Integrating tasks under a single contractor will result in improved checks and balances, enhance federal oversight and construction management, and reduce costs.” Parsons will also provide technical expertise that “can be deployed to any NNSA

project location and provide support to any NNSA federal project director's team," the agency said.

—*Todd Jacobson*

NNSA REFINES APPROACH TO SMALL BIZ IN TECHNICAL SERVICES BPA

The National Nuclear Security Administration has clarified its approach to recompeting its Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement, refining the small business requirements for the proposed opportunity in a second draft solicitation released this week. The agency stripped out language that would have required small businesses to be lead teams for the contract, emphasizing in questions and answers that the opportunity is not a small-business set-aside. But small businesses will continue to receive a preference in valuation criteria over large businesses, mirroring the previous contract, according to the draft solicitation. When the agency last competed the BPA, large businesses were allowed to, and did, prime the contract, but Northrop Grumman was the only company to do so and was not awarded any task orders.

The agency, however, also expanded the potential pool of companies that could bid for the contract, making two new categories of small businesses eligible for the contract and raising the ceiling on small business earnings for existing categories. The agency added two categories under the General Services Administration's Environmental schedule (Environmental Consulting Services, \$14 million, and Remediation Services, \$14 million), while upping the small business size standard for Military and Aerospace Equipment and Military Weapons under GSA's Professional Engineering Services schedule to \$35 million and increasing the size standard for Administration Management and General Management Consulting Services under GSA's MOBIS schedule to \$14 million. Comments on the new draft solicitation are due by 1 p.m. EST Feb. 29. The agency hasn't said when a final solicitation will be released, but it said it expects to hold oral presentations during the last week in March or the first week in April.

Competitive Landscape Taking Shape

Five Team Leads were selected for the BPA four years ago, though the growth of some companies and disinterest from others is expected to cause some reshuffling among teams. The most successful Team Lead, MELE Associates, is believed to have outgrown the small business requirements of the contract, and at least one of MELE's team members, TechSource, is believed to be preparing to lead its own team this year. Team Leads Systematic Manage-

ment Services and Navarro Research and Engineering also appear to be interested in bidding for the opportunity again, but Chenega Corporation, which bought Team Lead Time Solutions Corporation, said it would not bid for the new BPA.

The BPA is expected to include tasks for program and project management support, management and program review support, nuclear engineering subject matter expertise and analytical support, training support, security management support, weapons data access system programmatic support, contingency planning (domestic/international) support, aviation operations support, and environmental management. According to documents released in November, \$224.1 million in tasks had been doled out since the contract was awarded in 2007, including 34 task orders to MELE, but the NNSA did not say how much was awarded to each team under the contract.

—*Todd Jacobson*

FORMER WEAPONS COMPLEX OFFICIALS PUSH DEVELOPMENT OF LOW-YIELD NUKE

As threats from potential new nuclear states emerge, a pair of former weapons complex officials are proposing the development of a new, lower-yield nuclear weapon. Former NNSA Administrator Linton Brooks said last week that nuclear weapons in the current stockpile may not be appropriate for deterring countries such as North Korea and Iran. "If we actually have to face more states like this we will also see a need for a new nuclear component. Once again, that implies the ability to strike with low yield precision weapons without overflying Russia, and sooner or later without overflying China," Brooks said at the Fourth Annual Nuclear Deterrence Summit last week. "It also requires military minimal collateral damage, it also requires thinking about how you target military and regime targets without impacting the population, and once again our legacy arsenal is not particularly well-suited to this."

Former Sandia National Laboratories Director Paul Robinson also promoted the concept of a new, low-yield weapon in remarks at the Summit. "Perhaps the biggest issue that we've neglected to focus on ... is the explosive yields of U.S. weapons. I have little doubt that the weapons left over from the Cold War are all far too high yield than one would prefer on almost any grounds. But the pressures against changing, or the pressures against anything new, have kept us on the course of trying to rebuild the Cold War stockpile with those same yield characteristics," Robinson said. "Our extended deterrent, which extends to a little more than 30 countries today—a

lot of the attention at first was to try and dissuade those same countries from building their own nuclear arsenals. For the most part that's worked and been a good thing. But let me tell you, they are all very concerned about what kind of yields, if a nuclear weapon had to be used, we might be detonating on their territory or even nearby their own territories."

Use of High-Yield Weapon 'Immoral Tragedy'

In addition to concerns of other nations about the impact of the use of current high-yield weapons, Robinson said that the moral implications of the use of our current stockpile make the case for a lower-yield weapon. "Certainly the rogue nations we looked at in the past, we had no quarrel with most of the population of those nations, so it would have been an immoral tragedy for us to try and slay large numbers of their population," he said. "We were only trying to see, I think that will drive the right answer in warheads, what does it take to prevent them from exporting aggression or being successful in acts of aggressions and that sets the limits. In that sense, I think few people have kept up with what the weapons from the Cold War actually mean."

'No Appetite' in Congress For a Low Yield Weapon

However, the actual creation of a new nuclear weapon would likely face a host of hurdles, from development and testing requirements to political acceptance. Lawrence Livermore National Laboratory Director Parney Albright said at the Summit that such a weapon would have difficulty gaining acceptance. "While it is an interesting conversation to have technically and it is an interesting military discussion, the reality is that there is no appetite in this country for a low-yield weapon. It's just a fact of life," he said. "There are plenty of voices in Congress . . . that would argue that if you went to a low-yield weapon, does that increase the likelihood of use? That argument is a fairly subtly nuanced one; it would have to be a long conversation."

But Robinson contended that a lower-yield weapon would have a positive impact on our deterrence capability and would not increase the probability of use. "Now going to lower yields might have the effect of increasing our own national will to bolster our own deterrent as well as in wider impending regional crises," he said, adding, "The very fact that you lower the yields does not make anything more usable. We still control our own policy and there are manifest reasons to keep these as weapons of last resort." And while Brooks acknowledged that the issue of developing a new weapon would be "politically contentious," he said the outlook for the foreseeable future makes it an option worth considering. "If you don't like my solution,

then I think you have to either say we would be willing to use the kind of arsenal we have against Iran, recognizing that we have consistently said that we don't have a quarrel with the Iranian people, or there is no circumstance in which we would need a nuclear deterrent because of our overwhelming conventional superiority," Brooks said.

Two key issues would need to be addressed in making the case for a new weapon, Albright said. "The fundamental questions with a lower-yield weapon, is what is in fact the military requirement, what options would you provide the president that the president does not have today," he said. "If in answering those questions you conclude the best thing to do is to go to a lower-yield [Intercontinental Ballistic Missile], for example, then I think that ought to go to the table. But I think before you get to that point you better have really got your ducks lined up about those two questions." However, currently the U.S. Strategic Command does not foresee a situation that would require a new nuclear weapon, Greg Weaver, Deputy Director of Plans and Policy, said at the Summit. "We work very hard to make sure that the capability set we have in the force matches the strategy and within the realm of what's feasible. We don't see the need for a new military capability that we don't have currently on the force in terms of warhead design," he said.

Would Testing of a Low Yield Weapon be Necessary?

Another potential obstacle, the testing of a new low-yield weapon, would not necessarily be a requirement to develop such a capability, Brooks said. "The way I would do it is a primary-only version of an existing system. If the primary doesn't go off we're already in a certain amount of trouble, so I don't think this is very radical," he said. However, Robinson said that "very low yield nuclear tests were one of the best conversation tools that we are serious about war not happening and so I have been disappointed to see that lost." He added, "I believe our biggest uncertainties lie in the function of primaries. If the situation could be made amenable to real inspections maybe I would be more sanguine about the future on our not testing versus others testing but as you probably know there are in parts of the world a number of people doing low-yield tests and acquiring weapon capabilities."

—Kenneth Fletcher

PONEMAN DEFENDS DECISION TO FORGO 'GOLD STANDARD' IN '123' DEALS

Responding to criticism of the Obama Administration's decision to continue to develop civil nuclear agreements on a case-by-case basis rather than apply a "gold standard,"

Deputy Secretary of Energy Dan Poneman said last week that some advocates of requiring countries to forgo enrichment and reprocessing have distorted the facts. “The relationship between 123 agreements and our restrictions on exporting enrichment and reprocessing technologies has unfortunately been mischaracterized,” Poneman said at the Fourth Annual Nuclear Deterrence Summit. “Let me be clear. The United States as a matter of policy does not transfer enrichment and reprocessing technology or any restricted data under our 123 agreements. Moreover, all 123 agreements provide the United States with consent license over whether U.S.-supplied material is ever enriched or reprocessed.”

The 2009 civil nuclear cooperation agreement with the United Arab Emirates included provisions restricting the development of enrichment and reprocessing technologies, a concept that many nonproliferation advocates have seized upon as an ideal “gold standard” for deals going forward. However, after recently restarting negotiations with Vietnam and Jordan on 123 agreements, the Obama Administration informed lawmakers in January that it will continue to develop those deals on an individual basis rather than impose a broad standard. That move has come under fire, as some lawmakers have argued that the approach will ultimately weaken U.S. nonproliferation policy. Sen. Richard Lugar (R-Ind.), the ranking member of the Senate Foreign Relations Committee, has sharply questioned the decision and its potential impacts. “It is my strong recommendation that this decision to apply the Gold Standard only selectively be reversed, and promptly. American leadership in nonproliferation has been the basis for many of the established prerequisites for any nation contemplating nuclear trade,” Lugar wrote in an editorial published this week in *The National Interest*. Congressional aides have suggested that not applying the same standard to Jordan could result in Jordan seeking a weapons program, or the UAE requesting a renegotiation of its deal (*NW&M Monitor*, Vol. 16 No. 3).

Aide: Approach Undermines Disarmament Case

Rob Soofer, a staffer for Sen. Jon Kyl (R-Ariz.) also criticized the Administration’s approach to the agreements in remarks last week at the Fourth Annual Nuclear Deterrence Summit. “By abandoning the so-called nonproliferation gold standard in future civil nuclear cooperation with countries ... the Administration has undermined its entire case for nuclear disarmament and any leadership role in nonproliferation,” Soofer said. This comes after the unlikely team of Rep. Ed Markey (D-Mass.) and former U.S. Ambassador to the United Nations John Bolton came out against the plan in an op-ed published earlier this month. “If Washington does not require Jordan to meet the same nonproliferation conditions of the

UAE deal, the UAE has a legal right under the terms of its agreement to drop these key nonproliferation provisions. It’s a nuclear house of cards, set to collapse at the first rumble from one of these nations,” Bolton and Markey wrote. Soofer said last week, “You know you are probably on the wrong side of an issue when both Ambassador John Bolton and Representative Ed Markey write an op-ed piece and criticize you.”

Poneman: ‘There is a Misperception’

However, Poneman strongly defended the Administration’s approach to negotiating civil nuclear agreements. “What is being raised by some is whether to ask a sovereign nation to forgo the pursuit of enrichment and reprocessing technology in return for a civil nuclear relationship with the United States. It has always been U.S. policy to approach each potential 123 agreement on a case-by-case basis so that it can be negotiated with regard to the specifics of the country involved,” he said, noting that the recent renewals of agreements with Russia and Australia did not contain provisions relating to enrichment and reprocessing. “There is a misperception that by not having legally binding language in place the United States is advocating the transfer of sensitive technologies. This is not the case. Further, nothing precludes us from asking for legally binding language on [enrichment and reprocessing] on a case-by-case consideration. We are confident that by maintaining this kind of case-by-case approach, which has already yielded success, we can best serve our shared interest in expanding access to peaceful nuclear energy without increasing risks of proliferation, indeed minimizing the risks of proliferation.”

Last month, Under Secretary of State Ellen Tauscher told reporters that talks with Jordan were going well, but didn’t say if the agreement would include the same provisions as the UAE deal. “Our talks with Jordan are very fruitful and a very good prospect,” Tauscher said. She added that the Administration’s case-by-case approach would allow it to tailor agreements with other countries, each of which have unique situations. “We have a very strong test for countries that have agreed to not have enrichment and reprocessing. And that’s the Middle East standard, ... the 123 agreement with the UAE,” Tauscher said. “That is not necessarily true around the world, where there are less proliferation concerns.” The Administration has also said that beyond a strict enrichment and reprocessing restriction, other features could serve to keep countries from pursuing the technology, including the use of international nuclear fuel banks and guidelines established by the Nuclear Suppliers Group.

—Kenneth Fletcher

DOE ORG. CHANGES COULD IMPACT SAFETY OVERSIGHT, DNFSB WARNS

Board Seeks Approx. \$30M For FY 2013

The Defense Nuclear Facilities Safety Board is warning that a series of organizational changes the Department of Energy has conducted in recent years could result in weakened safety oversight. Among the changes that have prompted the Board's concern:

- The National Nuclear Security Administration's administrative reassignment of its Albuquerque Service Center's staff and functions into NNSA headquarters organizations in 2010;
- The NNSA's merger of the Offices of the Chief of Defense Nuclear Safety and the Senior Advisor for Environment, Safety, and Health into a newly-created Associate Administrator Office in 2011; and
- The Secretary of Energy's decision last year to move the Office of Environmental Management into the Office of the Under Secretary for Nuclear Security.

"DOE has no formal process for managing organizational change to ensure safety-related roles and responsibilities of key federal staff are preserved and safety-related functions remain viable. As a result, DOE's safety philosophy is not consistently applied and DOE's ability to implement, oversee, and enforce its safety requirements is uncertain," the Board said in its Fiscal Year 2013 budget request, sent to Congress last week. The request adds, "The Board will need to closely monitor DOE's organizational changes to ensure DOE's safety program remains viable and adequately protective of public health and safety. This will continue to stretch the Board's resources."

DNFSB Chairman Peter Winokur told *NW&M Monitor* this week that the Board included its concerns over DOE's organizational changes in its budget request to "to better

explain to Congress what external factors impact the Board's workload," adding, "The Board is also closely tracking NNSA's increasing reliance on Contractor Assurance Programs and their impact on federal oversight. Another example is changes to the DOE directives review process. The Board wants to ensure that the department's directives are strengthened, especially in their application to complex, high-hazard nuclear operations."

DNFSB Seeks \$30 Million For FY 2013

For next year, the DNFSB is seeking a budget of approximately \$30 million, a slight increase over current funding levels. The Board's request of \$29.4 million includes an increase of \$200,000 to enter into an agreement with the Nuclear Regulatory Commission for Inspector General services as required by lawmakers. The Board said its requested funding level, which would allow for a slightly increased staffing level of 120 full-time equivalents, "is necessary to ensure that the scientific and technical resources required to oversee nuclear safety issues are available to review DOE's expanding design and construction, remediation, and future weapons programs in a timely and efficient manner, and address congressional concerns."

The request also says, "The Board notes that the cost of re-engineering and making post-construction modifications to complex DOE defense nuclear facilities, due to the late identification of significant design flaws that could impact public and worker health and safety, would require significantly more resources than the Board's requested budget. When incomplete or incorrect safety features are identified late in the design stage (or worse, in the construction stage) project costs are increased and schedules are delayed while corrections are made. With DOE's design and construction budget exceeding \$25 billion, each increase in project cost of one percent (1%) equates to an increase of more than \$250 million."

—Mike Nartker

At the Weapons Labs/DOE Sites

AT LIVERMORE . . . PLAINTIFFS CAN ARGUE AGE DISCRIMINATION IN LAYOFF LAWSUIT

A lawyer that represents 130 laid off employees suing Lawrence Livermore National Laboratory said a judge this week ruled that the workers can argue that they were unfairly targeted because of age discrimination. Alameda County (Calif.) Superior Court Judge Robert Freedman had said in January that the workers could not use an age discrimination argument because the plaintiffs hadn't demonstrated that the 2008 layoffs at the lab hadn't impacted workers older and younger than 40 differently, but lawyers for the workers argued that it was better to

look at the layoffs in five-year bands because the median age of the lab was older than 45. They also argued that it was against Department of Energy policy to consider age in terms of over/under 40. "The court's ruling that age discrimination is formally back in the case is good news, and we are convinced that we will be able to proceed to trial on that theory," Gary Gwilliam, an Oakland-based lawyer for the workers, said in a statement. "We also informed the court that the official policy of the Department of Energy regarding age discrimination at the lab is

not to enforce the over/under 40 rule that the defense attorneys have advocated. It appears that they have been asking the judge to enforce a different rule than the government allows in these cases.”

The case had been scheduled to go to trial this month, but Freedman previously postponed the trial to give lawyers more time to argue procedural issues and prepare for the trial. Gwilliam said the trial for the first five plaintiffs had

been rescheduled for Oct. 1. The workers are among a group of 130 that have said that age discrimination led to them being singled out during a round of layoffs in 2008 that led to 440 employees at the lab being let go. The two sides met for two days of mediation earlier this month, and Gwilliam said he is discussing the results of those sessions with his clients. He said more mediation sessions are expected between now and the trial.

AT SANDIA BEAUSOLEIL TO BEGIN LEADING SITE OFFICE APRIL 8

Geoff Beausoleil is expected to take over as the Sandia Site Office Manager April 8 after his appointment to the position was approved by the Department of Energy’s Senior Management Review Board last week. Beausoleil is currently serving as the deputy manager of the Pantex Site Office, and was named to head up the Sandia Site

Office last month pending approval from the review board. Beausoleil will take over for Patty Wagner, who retired as the Sandia Site Office manager Feb. 3. Rich Sena, the Sandia Site Office’s Deputy Manager, will remain in charge of the office in an acting capacity until Beausoleil arrives.

AT LOS ALAMOS LABORATORY ADDS SECURITY SPOT CHECKS

Los Alamos National Laboratory’s sprawling mountainside campus, once threaded with open public roads, took another step this week toward a security lockdown that began following the terrorist attacks of September 2001. Lab officials announced that, after a security audit by the Departments of Energy and Defense, they were going to implement spot checks of vehicles passing through some of the remaining public roads on lab property. As part of the 9/11 security crackdown, the lab closed a major road corridor that used to allow members of the public to freely pass alongside the main plutonium complex. The lab also built a labyrinth of security gates on the main roads that permit entry onto lab property. But those gates under normal conditions remain open and for the most part unguarded, allowing the public to pass through lab prop-

erty on the way to the famed Pajarito Ski Area, the adjoining Bandelier National Monument and other popular local destinations.

In a statement announcing the move, lab security chief Michael Lansing noted that vehicles on lab property have always been subject to search, but that increased patrols will now make random spot checks more common. People selected for search will have the right to refuse, according to the announcement, in which case they will be rerouted off of lab property. “Drivers who use those Lab roadways will see a visibly increased presence of the Protective Force—our uniformed security officers—conducting vehicle inspections, which will include bomb-sniffing dogs,” Lansing said in a statement.

AT LOS ALAMOS IG QUESTIONS FIRE DEPT. PROPERTY ACCOUNTABILITY

The Los Alamos County Fire Department, which provides fire department services to Los Alamos National Laboratory under a 2008 Cooperative Agreement, could not account for dozens of pieces of federal property, did not apply federal guidelines to keep track of its property, and may have failed to protect sensitive information, according to a Department of Energy Inspector General report released yesterday that raises questions about the ability of the fire department, and NNSA’s Los Alamos Site Office, to safeguard both material and information. According to the Feb. 17 report, an IG investigation revealed that in 2010, nine computers, four cameras, a video projector and 40 radios—about 10 percent of 566 items inventoried—were missing and hadn’t been reported as lost or

stolen. According to the IG report, the items should have been reported as lost, stolen, or damaged within 48 hours.

It’s not clear how the items could have been reported missing. According to the IG, the fire department hadn’t prepared Lost, Stolen, or Damaged Property forms, and the IG was unable to determine whether a required investigation was conducted on the missing items. The IG also said that materials accountability processes were often ignored by fire department officials, noting that officials did not maintain an up-to-date inventory of federal property, failed to properly track items and did not follow procedures for disposing of excess equipment. “These problems created an environment where Federally-owned personal property

could be subject to misuse, theft or misappropriation,” the IG said.

IG Worried About ‘Sensitive’ Information

According to the IG, the Los Alamos Site Office did not require the fire department to strengthen its protection of “Sensitive Unclassified Information” that was considered “official use only” or “unclassified controlled nuclear information” and hadn’t incorporated cyber security provisions into the Cooperative Agreement. Hazards analyses and complex response guides were provided to the fire department to help it better understand the lab in the event of a fire. The information was stored on servers connected to encrypted wireless networks; security measures such as log-on authentication and password protection is used on fire department computers.

Previously, a 2009 review conducted by a Los Alamos Security Inquiry Team found that the wireless encryption used was dated and suggested updating the encryption method and providing additional cyber security training for fire department employees. The IG said the Los Alamos Site Office hadn’t required the fire department to make the suggested changes. “While we did not test the effectiveness of these security measures, we did find that there were existing concerns about whether Sensitive Unclassified Information in possession of the Fire Department was adequately protected,” the IG said. The IG recommended

that cyber security requirements be incorporated into the Cooperative Agreement “so that NNSA’s requirements for the protection of Sensitive Unclassified Information are clear and that County security measures are consistent with those requirements.” While the IG found no evidence that sensitive material had been compromised, it said the issues “created an environment where Sensitive Unclassified Information provided to the County could potentially be subject to loss or compromise.”

In a response to the IG’s findings, NNSA Associate Administrator for Management and Budget Ken Powers said that the agency would open up negotiations with the fire department to strengthen the cooperative agreement, including adding cyber security requirements to the agreement, though he noted that the limitations of the cooperative agreement prevent the Los Alamos Site Office from forcing some changes on the fire department. Powers said the fire protection services “have consistently been very good to excellent, and they represent a reasonable value. Due to the quality of the services provided, we believe that it remains in the Government’s best interest to try to resolve or mitigate these issues, albeit with limit authorities. With that said, LASO is actively seeking appropriate modifications to the contract to establish appropriate compliance with DOE requirements and will continue working with County leadership to encourage interim voluntary compliance.”

AT OAK RIDGE CONTAMINATED RESPIRATORS DRAW CONCERNS

A number of respirator-required operations were brought to a halt in early February at the Y-12 National Security Complex after the plant’s respiratory equipment—which supposedly was being cleaned by a subcontractor to specifications—was found to be contaminated with unacceptable levels of uranium. An investigation is underway and respirator use has resumed, but the findings required some serious explanation to the plant’s workers. B&W Y-12, the government’s managing contractor, released a statement on the results to date and declared that there was “currently no evidence that workers have been harmed.” There apparently was no question that workers had used contaminated respirators to perform their missions in certain radiological areas at the plant, which specializes in the processing of highly enriched uranium for use in nuclear weapons.

Contractor spokeswoman Ellen Boatner said every piece of respiratory equipment associated with the outsourced laundering program—including masks and breathing tubes—was being inspected and surveyed for radioactivity. Boatner said about 2,000 employees at Y-12 are certified to use respirators, but only about 300 to 500 rad workers

“routinely” use the equipment. Fewer than 100 were found to be using the “bad tubes,” she said. “Our biggest concern was contamination on the inside of the [breathing] tubes,” she said.

Deliveries From Laundry Vendor Suspended

After each use, respiratory equipment is supposed to be sent to the laundry for cleaning, an operation that has been outsourced for years to save money. According to Boatner, some of the respirators that were returned to Y-12 from the vendor were found to be contaminated—even though the equipment had been tagged and certified as clean. The problem was discovered Feb. 7 by one of Y-12’s radiological control technicians, who identified uranium contamination on a breathing tube that had been laundered and was expected to be clean and ready for use.

Deliveries from the laundry vendor have been suspended, Boatner said. Boatner said the contract has been held by Global Solutions LLC, a business unit of Global BGITM Corp., a veteran-owned, service-disabled company based

in Edgewater, Md., since 2010. The actual cleaning operations, however, are performed by its partner, UniTech, in Barnwell, S.C. Both companies have Oak Ridge offices. A team from Y-12 visited the laundry operations in South Carolina Feb. 10 as part of the investigation, Boatner said. "A critique on the issue was held Monday, Feb. 13," B&W said in its message to employees. B&W said the most highly contaminated tube found so far could have resulted in a maximum exposure of 100 millirems, or roughly the equivalent of 10 X-rays from the equipment. However, Steve Jones, the President of the Atomic Trades and Labor Council, confirmed there was the potential that some workers could have used more than one of the radioactively contaminated respirators.

In its fact sheet to employees, B&W said initial surveys found unacceptable levels of uranium contamination on:

- 114 of 421 breathing air tubes;
- 107 of 2,324 air purifying masks (full or half-face, with cartridges);
- 5 of 59 supplied-air masks.

B&W: Cleanup Limits Well Below Regulatory Levels

B&W said the cleanup limits established for the laundry contractor are well below regulatory levels, "but because any contamination is a concern, employees worked over the weekend to determine the extent of the problem and continue to evaluate the laundered equipment." In a message to employees, B&W said Y-12 continues to "work with the vendor to determine why the contamination was missed and to ensure the safety of Y-12 workers."

Steven Wyatt, a spokesman for the National Nuclear Security Administration, said the Y-12 contractor reacted promptly and took the appropriate action "to suspend work and immediately investigate these issues." The federal

agency will continue to monitor the situation and B&W's response, he said. According to Boatner, the affected respirators were only those used in rad operations. The respirators used in beryllium areas, for instance, were not involved, because a new respirator is used in each operation, she said.

Boatner said many of the employees who work in the radiological areas routinely undergo bioassay tests—involving urine and fecal samples—to help identify potential concerns. If there had been unusual exposures or ingestion of radioactive materials, those would have showed up in the test results, she said. "We've seen no spikes [in the radiation counts]," she said. Jones said the unions are actively involved in the process. "Our main concern is the health and safety of our members right now," he said. "At this point, B&W has taken all the appropriate steps. They've kept us in the loop with what's going on. Our main concern is making sure that our folks haven't been exposed."

Laundering Equipment 'Standard Industry Practice'

Radiological workers are typically part of the bioassay program, and nothing unusual has shown up in those routine tests, Boatner said. The contractor has offered to provide tests for workers who don't regularly participate in the bioassay programs, she said. As for why the respiratory equipment is being laundered, instead of replaced each time, the answer is mostly about money. "Laundering and reusing respiratory equipment is standard industry practice," B&W said. "Replacing respiratory equipment—including masks, breathing tubes and hoses—after each job is significantly more expensive than laundering the pieces. Y-12 chose to send its respiratory equipment offsite after replacement of onsite laundry facility became cost-prohibitive."

AT OAK RIDGE 'JAGUAR' SUPERCOMPUTER GETTING ANOTHER MAKEOVER

The Cray "Jaguar" supercomputer at Oak Ridge, the nation's top machine for the past few years and currently rated No. 3 on the world's list of fastest computer, is getting another makeover. In the initial part of the transformation, all 200 cabinets of the Cray system have been loaded with new AMD Interlagos processors. In addition, 10 of those cabinets also have received Nvidia graphics processing units (GPUs), so that the lab team can begin doing tests on codes and applications to prepare for the arrival of next-generation GPUs starting sometime late this year.

Buddy Bland, director of ORNL's Leadership Computing Facility, said the lab had just completed the acceptance tests on the newly equipped Jaguar and everything is running well. In its current state, with about a third more cores than before, Jaguar now has an operational capability of about 3.3 petaflops, Bland said. The new Interlagos processors are "running great," Bland said. "No problems. Cruising along." After Nvidia comes out with its new processors in the fall, ORNL will replace those in the already loaded 10 cabinets as well as an undermined number of other cabinets. "That's going to depend on funding," Bland said. "We'll put in a minimum of 72 cabinets

[with new GPUs], maybe all the way up to 200 cabinets. It depends on the budget.”

20, 30 Petaflops Possible?

ORNL Director Thom Mason, following the release of the President’s budget request for Fiscal Year 2013, noted that the proposed funding level would be about \$12 million short of the amount needed to keep the transformation on track. Even with the minimum funding, it’s expected that the ORNL supercomputer will reach 10 petaflops, but there’s hope to go to 20 petaflops or perhaps even 30 petaflops if fully maximized. “What our DOE program sponsors said is they’re willing to commit to the 10 petaflops that we talked about,” Bland said, “until the budget gets more finalized as we get through the process going from the proposed budget ... all the way into the enacted and appropriated budget that comes out of Congress. Probably until sometime about now next year, we won’t really know whether we’ll be able to go more than that. Things can happen along the way and maybe we’ll get our designation. But DOE is telling us we should commit to 10 [petaflops]. Beyond that we need to understand more about the budget.”

‘We Can Run Bigger Jobs’

After the GPUs are installed this fall, the name of the supercomputer will be changed from Jaguar to Titan. Bland said the supercomputer has already gone from 224,256 processing cores to 299,008, and the memory of the system has been doubled, from 300 terabytes to 600 terabytes. “We can run bigger jobs,” he said, adding that the upgrades have expanded the frontiers of what the machine can do. “We were up in CASL (the Consortium for Advanced Simulation of Light Water Reactors) today talking about nuclear energy, they were talking about some of the problems they couldn’t do with the size of memory that we had before,” Bland said. “So that memory is really important to be able to solve the kind of problems that we’re doing.”

The other really big innovation put in is the new Gemini interconnect, which lets one node talk to the others, Bland said. More importantly, employees will be able to replace broken components without having to shut down the whole computer. “When you’ve got a machine as big as a basketball court, things break,” he said. “So this really helps our up-time and helps the machine be more reliable for the users.”

AT OAK RIDGE SPALLATION NEUTRON SOURCE GETS NEW TOOL

Another research instrument has been added to the Target Station at the Spallation Neutron Source, the world’s top center for materials research with pulsed neutron beams, at Oak Ridge National Laboratory. The newest instrument is called a “vibrational spectrometer,” or VISION, which received its first stream of neutrons in mid-February. According to ORNL, the research instrument is “optimized to characterize molecular vibrations in a wide range of crystalline and disordered materials over a broad energy

range, while simultaneously recording structural changes.” It apparently has multiple advantages over similar spectrometers that are currently available. The SNS currently has 13 instruments available for experiments, with another three—including VISION—coming online. VISION is among several research instruments sponsored by the Department of Energy’s Office of Science. It will be used for studies in nanotechnology, catalysis, biochemistry, geochemistry, and “soft-matter science,” the lab said.

AT OAK RIDGE BIGGEST PORTION OF 9212 UPGRADE UNDERWAY

The Y-12 National Security Complex has begun work on the “largest and most complex part” of the \$76 million Nuclear Facilities Risk Reduction project. David Keim, a spokesman for contractor B&W Y-12, said work began in late January on the \$15 million effort that will replace the filtration system and work on Stack 110 at the 9212 production complex, Keim said. The work is expected to take about a year to complete, he said. “It’s important for worker safety as well as sustaining operations,” he said.

tor is trying to accomplish the upgrade with minimal disruptions to operations at 9212, he said. Overall, the NFRR project is considered an important part of the planning for the multi-billion-dollar Uranium Processing Facility. “That project is intended to help make sure that 9212 [the 60-year-old uranium processing center at Y-12] will last until UPF is ready,” John Gertsen, B&W Y-12’s vice president for UPF programs, said. The current schedule calls for UPF to come online around 2021, although that work could be accelerated under plans revealed in the FY 2013 budget request.

The work involves replacing fans, motors and installation of more than 20 tons of duct work, Keim said. The contrac-

AT SAVANNAH RIVER NRC 4th QUARTER REVIEW OF MOX FINDS NO VIOLATIONS

Nuclear Regulatory Commission inspections found no violations in construction of the Mixed Oxide Fuel Fabrication Facility in the fourth quarter of 2011. The NRC detailed the results in a Feb. 10 letter to Kelly Trice, president of project contractor Shaw AREVA MOX Services. "The inspections examined activities conducted under your construction authorization as they relate to safety and compliance with the Commission's rules and regulations and with the conditions of your authorization. The inspectors reviewed selected procedures and records, observed activities, and interviewed personnel," the Feb. 10 letter states. "Based on the results of this inspection, no violations or deviations were identified." The review of construction activities also included assessments of engineering processes and oversight of subcontractor activities. The NRC resident inspectors at the site were

supplemented by 12 inspection teams that looked at issues including welding, quality assurance, design control, test control, concrete, and also conducted inspections at four supplier locations.

The results of the inspections between Oct. 1 and Dec. 31, 2011, come after last November the NRC's annual performance review found no issues needing correction. "As the MOX project progresses with increased construction and supplier activity, we are especially pleased with this positive NRC report," Trice said in a statement this week. "We are committed to safety, quality and compliance with NRC regulations in every phase of the project." The plant under construction at the Savannah River Site is set to begin operation in 2016, where it will convert surplus plutonium into fuel for use in nuclear reactors. ■

Wrap Up

IN CONGRESS

The House Energy and Water Appropriations Subcommittee has set its hearing schedule for the next month-and-a-half and will begin the appropriations process with a 2 p.m. Feb. 28 hearing with Energy Secretary Steven Chu. NNSA Administrator Tom D'Agostino, Defense Programs chief Don Cook and Principal Assistant Deputy Administrator for Military Application Brig. Gen. Sandra Finan will appear before the panel at 10 a.m. Feb. 29, while D'Agostino, Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington and Naval Reactors chief Adm. Kirkland Donald will testify at 10 a.m. March 6. Each of the hearings will take place in Room 2362-B of the Rayburn House Office Building.

IN THE NNSA

Senior National Nuclear Security Administration official Ken Powers is leaving the agency for a post at the National Renewable Energy Laboratory. Powers, the Associate Administrator for Management and Budget, will formally leave the agency today and begin work at NREL March 5. His deputy, Cindy Lersten, will head up the NNSA Office of Management and Budget in an acting capacity until a permanent replacement is named. Powers served as the head of the office for less than a year, taking over for Gerald Talbot last spring. He had served as Talbot's deputy for several months, and before that as the agency's Associate Administrator for Infrastructure and Environment. Powers came to the NNSA from DOE's Office of Project Management within its Office of Civilian

Radioactive Waste Management, and he had previously served as the deputy manager of the Nevada Operations Office and the deputy director of the NNSA Service Center.

IN DOE

The National Nuclear Security Administration and the Department of Energy last week authorized 180-day extensions for Y-12 and Oak Ridge protective force contractor WSI, providing time for the agency to compete a combined Oak Ridge and Pantex security contract this year. WSI's separate contracts to provide security for Y-12 and other DOE activities in Oak Ridge expire June 3, and the extensions would push the contracts past the agency's expected award date, which it said last week was Sept. 30. The NNSA is expected to run the security procurement in parallel with its combined Y-12/Pantex management and operating contract, and the agency said a two-month transition period is expected after the security award. The security extensions also include options that would extend the contracts another six months, if necessary.

The Department of Energy announced this week a pilot program at eight national laboratories that it says will facilitate the commercialization of technology developed at the labs. The new option, called an Agreement for Commercializing Technology, will supplement agreements currently available to private companies looking to partner with the labs, which companies have said could complicate commercialization, according to a DOE release. The new agreements will provide more flexibility in negotiating intellectual property rights and other issues, including

payment and project structures. "The Agreements for Commercializing Technology will cut red tape for businesses and startups interested in working with our nation's crown jewels of innovation, the national laboratories," Energy Secretary Steven Chu said in a statement. Participating labs include Idaho National Laboratory, Lawrence Livermore National Laboratory, Oak Ridge National Laboratory, Savannah River National Laboratory, Ames Laboratory, Pacific Northwest National Laboratory, National Renewable Energy Laboratory, and Brookhaven National Laboratory.

IN THE INDUSTRY

Shaw AREVA MOX Services issued a Sources Sought notice this week for equipment qualification services, which would include reviewing vendor equipment and seismic and environmental qualification documents. The services are necessary to ensure that the equipment meets all necessary specifications, and the contractor is seeking candidates with experience in equipment and environmental qualification and expertise with ASME Code requirements. Responses are due March 15. ■

Calendar

February

- 28** **Hearing: Department of Energy Budget, House Energy and Water Appropriations Subcommittee, with Energy Secretary Steven Chu, Room 2362-B Rayburn House Office Building, Washington, D.C., 2 p.m.**
- 29** **Public meeting: On the Mixed Oxide Fuel Fabrication Facility, NRC, 11555 Rockville Pike, Room O-3B4, Rockville, Md., 8:30 a.m.-12:30 p.m.**
- 29** **Hearing: NNSA Weapons Activities, House Energy and Water Appropriations Subcommittee, with NNSA Administrator Tom D'Agostino, NNSA Defense Programs chief Don Cook, and Brig. Gen. Sandra Finan, Room 2362-B Rayburn House Office Building, Washington, D.C., 10 a.m.**

March

- 6** **Hearing: NNSA Nonproliferation and Naval Reactors budgets, House Energy and Water Appropriations Subcommittee, with NNSA Administrator Tom D'Agostino, NNSA Nonproliferation chief Anne Harrington, NNSA Naval Reactors chief Adm. Kirkland Donald, Room 2362-B Rayburn House Office Building, Washington, D.C., 10 a.m.**
- 21** Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, Nev.

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

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...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

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March 2, 2012

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Republicans looking for additional funding for the NNSA’s weapons program aren’t likely to find any allies on the House Energy and Water Appropriations Subcommittee. 3

The NNSA’s top active duty military official provided more details about the Navy’s concerns with plans to slow production of refurbished W76 warheads, explaining that the decision has created some uneasiness about the level of risk in the W76 production slowdown. 4

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Los Alamos National Laboratory employees can begin applying to take a buyout to leave the lab starting next week after the NNSA approved the lab’s Voluntary Separation Program. 8

NNSA chief Tom D’Agostino said the agency is making preparations to release contractor fee evaluations, but DOE is refusing to make public a recently prepared memorandum on how it will move forward with the plan. 8

Babcock & Wilcox reported a strong fourth quarter due in part to work for DOE and the NNSA, and expects the company’s record-setting performance in 2011 to continue into 2012. 9

Officials from Shaw AREVA MOX Services met with Nuclear Regulatory Commission staff this week to prepare for submission of an amendment to the contractor’s quality assurance plan for the MOX Fuel Fabrication Facility. . . 10

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NNSA MOVING TO REORGANIZE SITE OFFICE REPORTING STRUCTURE

The National Nuclear Security Administration is preparing to change the reporting structure of its site offices, strengthening the link between the agency's field chiefs and its front office, a senior NNSA official told *NW&M Monitor* this week. After reporting up through the NNSA's Office of Defense Programs in various ways over the last six years, the site offices would report to a newly created associate administrator with responsibility over infrastructure and operations in an effort to align the agency's field work with the broad NNSA mission and better integrate it into the agency's overall structure. "The whole point of this is to get NNSA to a position to manage all of its assets, programs, and support, and all of that includes all the various physical locations as well," the official said. "To go to this integrated approach to doing our work, we need to really complete the move away from the sort of 'them and us' approach."

The changes will be unveiled in the "coming weeks," the official said. Around the same time, a new associate administrator will be picked to head up the office. For the site offices, the move represents the fourth change in the agency's reporting structure since 2006, when they were directed to report to the Deputy Administrator for Defense Programs in an effort to improve internal coordination between the agency's laboratories, plants, and its nuclear weapons mission. In 2008, Robert Smolen, who headed up the Office of Defense Programs at the end of the Bush Administration, moved the site offices under one of his direct reports, the Assistant Deputy Administrator for Nuclear Safety and Operations, but current Defense Programs chief Don Cook moved them back under his direct oversight in 2010, saying at the time he wanted to align the site offices with other program offices under his control. While officials suggested that the current reporting structure was working well, the latest move is viewed as a

way to enhance coordination between headquarters and the field by strengthening the direct reporting link between the sites and the agency's front office. "The point is to get away from the whole world being conceived of as no more than headquarters and field," the official said.

Linton Brooks, who was the NNSA administrator the last time the site offices reported directly to the agency's front office, said his intent with having the site offices report to the front office was to make the site office manager a singular voice at the labs or plant on a day-to-day basis. "We thought that to keep the site offices as the integrator of what was given to the labs and the plants they needed the prestige of reporting to the front office and they needed to have the principal deputy as the adjudicator when there were issues," said Brooks, who said he was unaware of the agency's current plans.

Change Described as 'Foundational'

The altered reporting structure also could help the agency address concerns raised recently by a National Academy of Sciences study panel about the amount of bureaucratic requirements facing workers at the labs and plants, some weapons complex observers suggested. The panel suggested that the number of requirements, and a lack of trust between the NNSA and its contractors, could impact the quality of science. The NNSA official said the move was not conceived as a result of the NAS report, or any other report. "This is kind of a move that's foundational," the official said. "All sorts of benefits are expected to come out of it. There isn't one particular thing or the other that it is expected to solve."

Brooks suggested it could be beneficial to making changes to the oversight of the agency's contractors. "To the extent that there are lots of people in the organization that can generate things, if you have the site manager and they understand the administrator's desire about reducing burdensome things, it can make it easier," Brooks said.

ExchangeMonitor Publications' Nuclear Team (*WC Monitor*, *NW&M Monitor*, *RW Monitor*)

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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NNSA AMENDS Y-12/PANTEX REQUEST FOR PROPOSALS A SECOND TIME

The National Nuclear Security Administration has issued a second amendment to the final Request for Proposals for its combined Y-12/Pantex management and operating contract, clarifying how prospective contractors will assume control of benefits plans and clearing up guidance on how bidders should prepare cost savings plans. The agency also released a ninth and tenth set of Questions and Answers, posted briefing material from site tours earlier this month at Y-12, Pantex and the Savannah River Site and made historical functional cost data for Y-12 from Fiscal Years 2006 to 2010 available on the procurement website at www.doeal.gov/MOContracts. Proposals are due March 13.

According to the amendment: "In the event the NNSA determines it is appropriate to spin off any portion of any defined benefit plan in order to address benefits for employees who used to perform work under the former M&O Contract, but who subsequently perform work under a different NNSA contract, the Contractor shall negotiate in good faith regarding the disposition of pension plan assets and liabilities consistent with direction from the Contracting Officer." The amendment also directs bidders to use "then-years" dollars rather than "unescalated" dollars when outlining cost reduction plans and explain what factors it used to come up with the savings. ■

Brooks said the agency was trying to shift out of transactional oversight when the site offices last reported to the agency's front office, just as it is now, but he emphasized that only so much is within the control of the NNSA's front office. "There are things that are not within the control [of the NNSA], but what we were trying to do was at least have the stuff within our control consistent so we could move in the direction of less burdensome requirements," Brooks said.

—Todd Jacobson

ON NNSA BUDGET, HOUSE APPROPS NOT WILLING TO DEFER TO GOP PUSH

Republicans looking for additional funding for the National Nuclear Security Administration's weapons program aren't likely to find any allies on the House Energy and Water Appropriations Subcommittee. The panel helped slash nearly \$400 million from the agency's weapons request a year ago, and with the Obama Administration scaling back the Fiscal Year 2013 budget request for the weapons program, subcommittee chairman Rep. Rodney Frelinghuysen (R-N.J.) suggested this week that the panel would not provide additional funding beyond the \$7.58 billion budget request. "I think we've been doing a pretty good job providing them what they need," Frelinghuysen told *NW&M Monitor* after a budget hearing with NNSA officials Feb. 29. "There is obviously a desire for more and there are obviously some who feel we're not measuring up but I think they've done an excellent job with less resources. I think we've taken a pretty close look at their operations and I think we're meeting their needs."

The Obama Administration's \$7.58 billion request for the program is approximately \$370 million less than projections a year ago and is highlighted by a decision to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility and alter life extension plans for the W76, B61 and W78/W88 nuclear weapons systems. Those decisions have drawn criticism from some House and Senate Republicans who are upset that the Administration is backing off modernization promises made during debate on the New START Treaty, when the Administration said \$88 billion would be needed over 10 years to maintain and modernize the nation's nuclear weapons complex and arsenal. Frelinghuysen disagreed. He acknowledged that last year's budget review process "put us at odds with those who felt that our national security enterprise simply had to have a much higher level of funding," but he said the committee's final product "showed that our strategic security could be maintained and even strengthened with constrained resources."

GOP Senators Offer Differing View

Not all of Frelinghuysen's Republican colleagues felt the same way. At a Senate Foreign Relations Committee hearing on the State Department's budget Feb. 28, Sens. Bob Corker (R-Tenn.) and Jim Risch (R-Idaho) accused the Administration of renegeing on modernization-related promises made during debate on the New START Treaty. Corker, who voted for the treaty, questioned whether the budgetary pullback created a "kind of integrity issue" and suggested it created uncertainty for future agreements as well as the current treaty with Russia. "If we are not going to modernize as was laid out by everybody involved as being very important, including our chairman, should we consider reducing, slowing the commitment on the [New] START Treaty since we're not really living up to the

modernization component that was so talked about in such detail with such commitment by all involved?” Corker asked. In separate comments to Clinton, Risch suggested that “there are a good number of people on my side of the aisle that feel that the promises are not being kept.”

D’Agostino: Budget ‘Fully Meets’ Requirements

During the House Energy and Water Appropriations hearing, NNSA Administrator Tom D’Agostino suggested that the program did not need more funding. “It [the budget request] fully meets the requirements and we’ll be able to take care of the stockpile, do the annual assessments we need to do, commence the life extension work that the Nuclear Weapons Council has recently approved on the B61-12, as well as take care of the scientific and technical infrastructure that’s so critical to evaluate the surveillance data we get from the stockpile,” D’Agostino told the subcommittee. “So the stockpile is safe secure and reliable.” D’Agostino noted that the budgetary pressure facing the agency had forced it to look hard at how it does business, creating an impetus to find ways to save money in almost all facets of the agency’s portfolio.

The agency has already begun to do that through efforts to streamline purchasing across the agency and the consolidation of the management and operating contracts at the Y-12 National Security Complex and the Pantex Plant. “I feel strongly that we can meet the challenges, even in a constrained budget environment,” D’Agostino said. “It will provide us an opportunity to reexamine the way we’re doing business. We know we can always get better from a management side. We know that there are significant opportunities. The fiscal environment provides very difficult problems from our original plan. So the only way to do the job in a constrained environment is to change the way you do business.” He later added: “I believe that the out-year fiscal challenges that the country is facing provides a burning platform to dramatically change the way we do business. And so we’re looking at a number of options on how we can change the way we do business.”

Clinton Defends Modernization Commitment

Secretary of State Hillary Clinton, too, defended the Administration’s commitment to modernization, offering a slightly different take on Administration’s lower-than-anticipated funding request, suggesting that the reasons for the budget pullback were as much practical as fiscal. “As I understand it, it is what the experts who will be doing the work at the labs and elsewhere believe can be effectively spent in a year,” Clinton said during an exchange with Corker before noting the budget constraints facing the Administration. “I really want to say that I think that, given the budget, that the President and the Administration is

meeting the assurances that were given to you and others. It is tough in a time of budget restraint.” She said the commitment to modernization was still strong. “We took our obligations seriously and we are fulfilling them,” she said. “There may be debate about, you know, how fast we’re going, where we’re doing it. That I don’t have any expertise on. But I want to reassure you that certainly I acted in good faith.”

She also suggested that financial commitments to modernization would continue into the future. “\$11.5 billion that will be this year’s investment will be followed by more which will be followed by more because, I mean, if you gave the NNSA a hundred billion dollars they couldn’t physically do the work,” she said. “So I believe that we’re on the right track but let me take that and get the Department of Energy to respond.”

Visclosky: Changes to Plan Raise Credibility Issues

The changes to the NNSA’s modernization plan, however, have raised questions about claims that certain facilities were essential to the agency’s plans. Less than a year ago, the agency suggested that the multi-billion-dollar Chemistry and Metallurgy Research Replacement-Nuclear Facility was essential to the plan, but it abruptly changed tack and deferred the project for up to five years and will achieve the facility’s mission through a variety of options across the weapons complex. Likewise, changes to the Pit Disassembly and Conversion Facility and a delay to the expected completion of a First Production Unit on the refurbished B61 bomb by two years have raised eyebrows among weapons complex observers that have long heard the agency push for those programs only to see a sharp change in strategy. Rep. Peter Visclosky (D-Ind.), the ranking member of the House Energy and Water Appropriations Subcommittee, suggested the changes “call into question the process by which the needs of the complex are defined,” creating a credibility issue for the agency. “One the one hand, this points to the fundamental ingenuity that our nation’s engineers and scientists possess, something that we can rightly all take pride in,” Visclosky said in his opening statement. “On the other, it points to an organization that backs into decisions only after being faced with resource realities.”

—Todd Jacobson

NNSA: BUDGET PRESSURE FORCES MORE RISK IN W76 REFURBISHMENT

NNSA Military Lead Says Navy Concerns About Production Slowdown Related to Eliminated Margin

The National Nuclear Security Administration’s top active duty military official provided more details about the

Navy's concerns with plans to slow production of refurbished W76 warheads, explaining that the decision has created some uneasiness about the level of risk in the W76 production slowdown. After expressing concerns about the proposal at a House Armed Services Committee hearing last month, the Navy has been publicly quiet about the reasons behind its concerns. NNSA officials previously said the altered production schedule frees up money for another life extension program on the B61 bomb by postponing the production of "technical hedge" warheads but is designed to meet the Navy's operational requirements. "What has happened is we've eliminated the margin, so if there were any issues with the schedule, the Navy's nervousness comes from the fact that our ability to absorb issues that could arise—essentially we've accepted more risk in the program. And so they're uncomfortable with that level of risk," Brig. Gen. Sandra Finan, the agency's Principal Assistant Deputy Administrator for Military Application, said at a House Energy and Water Appropriations Subcommittee hearing this week. She added: "We are each aware of the concerns and really it boils down to margin. I think the program is executable as it is right now, but the margin is down to nothing."

Facing significant budget pressure, the Obama Administration requested \$174.9 million for the W76 refurbishment program in Fiscal Year 2013, \$80.1 million less than the Administration had projected a year ago, with the slow-down designed to stretch out production of the refurbished warheads, building enough warheads to meet operational requirements through 2018 but pushing back work to build hedge W76s until 2021. When asked about the changes by Rep. Michael Turner (R-Ohio) at a House Armed Services Committee hearing Feb. 16, Navy Adm. Jonathan Greenert, the service's Chief of Naval Operations, said the Navy was "concerned" at the NNSA's plan beyond Fiscal Year 2013. Early in the Obama Administration, a choice was made to accelerate production work on the W76 refurbishment, a move that now appears to be reversed. "We have to keep our strategic nuclear systems, including the warheads, modernized," Greenert said. "That affects the targeting. It affects the numbers and our delivery. So looking at the '13 submission, we're okay with that. When we look at '14 and up, we are concerned."

Decision Made to 'Not Put the 61 at a Disadvantage'

Also testifying this week before the House Energy and Water Appropriations Subcommittee, NNSA Defense Programs chief Don Cook suggested that the W76 slowdown was a result of a necessary tradeoff to not "put the 61 at a disadvantage" within the agency's life extension work. "In the recent Nuclear Weapon Council decision, looking at all of the life extension programs, not one at a time but all of them together, we believe that it was most appropri-

ate to get the 61 life extension program underway, on schedule, and to implement the Nuclear Posture Review," Cook said, adding: "It was a trade space, but almost entirely devoted to life extension programs," Cook said. "No increase for science in this area, no increase for infrastructure. Strictly with LEPs [life extension programs]."

Cook also noted that Pantex had been successful in its W76 production efforts, meeting 104 percent of its requirements during FY2011, which he previously said "has built some confidence in where we are." Though the exact numbers of W76 warheads undergoing refurbishment is classified, Hans Kristensen, the director of the Nuclear Information Project at the Federation of American Scientists, estimated that 1,200 warheads in all will go through the life extension program. He estimated that 300 had already been refurbished. The NNSA hasn't said how much the changes to the W76 life extension program could add to the total cost of the refurbishment.

NWC Gives Blessing to B61 Refurbishment

At the hearing, Cook also said the Nuclear Weapons Council had formally authorized the start of engineering development on the B61 refurbishment, a key milestone in the life extension program, but he said the actual work on the refurbishment won't begin until Congress gives its approval to move ahead on the refurbishment. Cook said that could come this spring or in the early summer, but lawmakers are likely to want to see a cost and schedule baseline before signing off, and that is currently being developed for the program in conjunction with the Department of Defense's Office of Cost Assessment and Program Evaluation and won't be done until July, Cook said. The refurbishment option that is being pursued is believed to cost \$5.2 billion, which is in the middle of several options that were considered. Cook said more expensive options, those with "all bells and whistles," had been presented to the NWC, as had options on the lower end of the cost spectrum that would have only replaced limited life components but not made any changes involving security or surety. But the "middle" option that was chosen "had not been completely fleshed out." The cost will be further developed up over the next few months, he said. "It was firmed up sufficiently well to have credibility in both NNSA and the Air Force, Nuclear Weapon Council, and U.S. Strategic Command agreed on that option," Cook said, adding: "We have all the costs. We have all the items, but they're not at a level of precision that will allow us to set a formal baseline and then hold labs and plants accountable for execution of that."

—Todd Jacobson

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|---|---|--|---------------------------------|----------------|--|---|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Reopen | Contract with CH2M-WG Idaho to expire in 2012. | Sources sought notice issued June. 24, 2010. | Undetermined/ Up to 10 years | Undetermined | Environmental Remediation, D&D, Waste Management | DOE to award three-year sole source extension to CWI. |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2012. | DOE has authorized a five-year extension for Battelle to stretch its contract through 2017. | Undetermined | Unrestricted | Laboratory Management | Negotiations between DOE and Battelle are ongoing. |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | One-year extension authorized Dec. 16 to allow time for contract competition to take place. | Undetermined | Unrestricted | Laboratory Management | |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2012. | Energy Secretary Steven Chu has authorized a five year extension. | Undetermined | Unrestricted | Laboratory Management | Negotiations on contract details ongoing. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Sept. 30, 2012, with two three-month options; SRS tritium currently part of Savannah River Nuclear Solutions contract. | Final RFP released Dec. 14. Proposals due March 13. | Undetermined | Full and Open | Management and Operation | Two amendments issued to Final RFP Feb. 2 and Feb. 24. |
| Enterprise Construction Management Services | N/A | Parsons notified of contract award Jan. 31. | Up to 5 years/ \$125 million | Full and Open | Construction Management Services | Team led by Logistics Management Institute protested Feb. 8. |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expires March 28, 2012. | Second draft solicitation issued Feb. 22; comments due Feb. 29. Final RFP expected in March or early April. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER (Continued)

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|---|-------------------------------------|-----------------------------------|---------------------------|---|
| NNSA (Continued) Y-12, Pantex and Oak Ridge Security | Y-12 and Oak Ridge contracts held by WSI extended through end of November 2012. Pantex security currently provided by B&W Pantex. | NNSA decided Nov. 15 to strip protective forces out of final RFP for consolidated Y-12/Pantex M&O contract. Sources Sought Notice gauging small business interest new contract issued Dec. 6. | More than \$1 billion a year | Undetermined | Security Services | NNSA said targeted award date is Sept. 30, 2012. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | |
| MISC. SITES/PROJECTS Hanford Occupational Medical Services | Contract held by CSC Hanford Occupational Health Services set to expire in 2014. | Request for Proposals issued Nov. 14, 2011. Bids due by Feb. 15, 2012. | 6 years/ \$102 million | Small Business Set-Aside | Support Services | |
| Legacy Management Support Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | |
| Moab Mill Tailings | Contract held by EnergySolutions set to expire mid-2011. | New contract awarded to Portage Nov. 4, 2011. | 5 years/ \$121 million | ID/IQ Small Business Set-Aside | Environmental Remediation | Award under protest by Gonzales-Stoller and TerranearPMC-EnergySolutions. |
| WIPP Management and Operations | Contract held by Washington TRU Solutions set to expire Sept. 30, 2012. | Request for Proposals issued June 20, 2011. Bids submitted Aug. 17, 2011. | 10 years/ \$135 million per year | Full and Open | Facility Management | |

LANL VOLUNTARY SEPARATION PROGRAM APPROVED BY NNSA

Employees Allowed to Apply for Buyouts Next Week; Up to 800 Could be Gone by April 5

Los Alamos National Laboratory employees can begin applying to take a buyout to leave the lab starting next week after the National Nuclear Security Administration approved the lab's Voluntary Separation Program. The NNSA on March 1 blessed the program, which officials hope will reduce the lab's workforce by between 400 and 800 employees. Eligible employees can receive a severance package based on their years of service at the laboratory, receiving up to 39 weeks in severance pay. Lab officials expect to wrap up the program and have employees leave the lab by April 5. "We're very pleased with NNSA's quick approval of the plan," said LANL Director Charlie McMillan said, who informed employees of the plan's details in an all-hands meeting March 1. "Taking this action now mitigates the risk of involuntary layoffs and helps shape the Lab to complete our missions in the coming years."

The buyouts are being driven by approximately \$300 million in cuts to the lab's budget in Fiscal Year 2012 and expected budget belt tightening in the future, which includes the deferment of lucrative work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility. According to the latest budget figures from the lab and the Department of Energy's Office of the Chief Financial Officer, reductions in FY2012 include an \$80 million drop in Directed Stockpile Work, a \$30 million drop in Advanced Simulation and Computing, and a \$25 million drop in Readiness in Technical Base and Facilities.

'The Best Way to Preserve the Greatness of the Lab'

Only the lab's 7,600 regular employees are eligible for the contract. Its 3,500 students, post-doctoral workers, flex-term employees and skilled craft employees are not eligible, and McMillan has said some "essential job functions" will be excluded from eligibility and the lab will retain the right to reject some applicants to maintain capabilities in other important areas. The lab's last substantial workforce cut came in 2008, when it avoided forced layoffs after 430 workers took buyouts and another 140 left through attrition. "We feel that this action is the best way to preserve the greatness of the Lab in uncertain economic times," McMillan said. "We've been through challenges before in this Lab's nearly 70-year history, and our first priority has always been to our national security missions and the science that drives them. At the same time, this program is the least disruptive to employees and the local economy."

The lab also announced this week that it will hold a series of community forums in Northern New Mexico later this month to answer questions about the program:

- March 12 from 6-7:30 p.m. at the Cities of Gold Conference Center in Pojoaque, N.M.;
- March 13 from 6-7:30 p.m. at the Northern New Mexico College Performing Arts Theatre in Española, N.M.; and
- March 14 from 6-7:30 p.m. at the Duane Smith Auditorium in Los Alamos.

—Todd Jacobson

RELEASE OF FEE EVALUATIONS COULD COME IN A 'COUPLE OF MONTHS'

DOE Refuses to Make Decision Memo From Deputy Energy Secretary Dan Poneman Available

National Nuclear Security Administration chief Tom D'Agostino said the agency is making preparations to release contractor fee evaluations, but the Department of Energy is refusing to make public a recently prepared memorandum on how it will move forward with the plan. D'Agostino told the House Energy and Water Appropriations Subcommittee this week that the fee evaluations could be released in a "couple of months." Deputy Energy Secretary Dan Poneman decided last month to allow the contractors' annual Performance Evaluation Reviews to be made public, reversing a 2009 decision by the NNSA to shield the reviews from release.

The policy change appears to have come in response to increased criticism in recent months over DOE's lack of openness in how its contractors are paid, and D'Agostino told the panel last week that the evaluations would be released in a consistent manner across the Department. The new approach would mimic the Office of Science's policy on the fee evaluations, making them available upon request. "We have reversed the decision," D'Agostino said. "We're going to be providing more information. What we're working on right now is a consistent approach within the department. The Office of Science's approach is to provide a one-page summary, post that on the web, if you will, and then provide a link if an individual would like to get the next level of detail down to their particular site office. We're negotiating between kind of all of the elements of the Department on how do we get that consistent approach."

At the same time, however, DOE denied a request from *NW&M Monitor* to release Poneman's decision memo on the subject, citing the legal advice contained within the document. Explaining how DOE will proceed with the release of contractor fee information going forward,

Department spokeswoman Lindsey Geisler said in a written response late last week, “The Energy Department is committed to being open and transparent where possible. To better increase transparency across the Department, Deputy Secretary of Energy Daniel Poneman recently adopted a new policy that applies a consistent standard regarding the disclosure of award fee and incentive fee reports across all program offices and NNSA. Under the new policy, organizations across the Department will publish a one-page fee report for each contractor. More detailed award fee determination reports will be released upon request following appropriate security review. The Department and our offices are still working to implement this new policy in the coming weeks.”

2009 Decision Drew Increasing Attention

The PERs serve as report cards of sorts for the contractors that run various sites and projects and detail how and why the contractors are paid, but then-NNSA Acquisition and Supply Management chief David Boyd said in 2009 that because the reviews contain potentially sensitive information, the reviews would remain hidden for three years. The NNSA has said contractors can release the information themselves, but none have done so. In the place of the full reviews, NNSA has provided one-page ‘desk’ statements summarizing the report cards, but the information contained in the statements often varies from site to site. Previously, NNSA released fee data and Performance Evaluation Reviews approximately two-to-three months after the end of the fiscal year.

Pressure from outside groups ramped up in recent months, with *NW&M Monitor*, the *Albuquerque Journal* and the *Knoxville News Sentinel* each urging the agency to release the fee information. A chorus of nuclear watchdog groups called for the release of the PERs as well, but most importantly, the NNSA’s decision drew the attention of Congress, and Hill staffers pressed the agency on its decision, promising increased attention on the issue this year. Sen. Sherrod Brown (D-Ohio) also went on the record, saying he was “very concerned” and would “work with Congress and DOE to increase efficiency and transparency,” according to his spokeswoman Lauren Kulik.

—Todd Jacobson

B&W REPORTS STRONG FOURTH QUARTER FINANCIAL EARNINGS

Babcock & Wilcox reported a strong fourth quarter due in part to work for the Department of Energy and the National Nuclear Security Administration, and expects the company’s record-setting performance in 2011 to continue

into 2012. The company this week reported total revenues of \$800.8 million in the fourth quarter of 2011, up 13.6 percent from the fourth quarter of 2010. Operating income for the Technical Services Group, which encompasses B&W’s work for the DOE’s cleanup program and NNSA, stood at \$20.9 million, up \$8.4 million from the same quarter in 2010. “This increase in operating income is due principally to the ramp up of new environmental remediation, decontamination and decommissioning contracts received in the second half of 2010 and the first half of 2011, principally for the DOE, as well as the record performance scores received throughout the NNSA complex in which we operate, which resulted in increased fees throughout the year,” B&W Chief Operating Officer Mary Pat Salomone said in a March 1 call with investors.

Salomone also took the opportunity during the investor call to “personally congratulate” the technical services team, which along with the Nuclear Operations Group, reported its highest ever operating earnings in 2011. B&W has garnered several major wins in DOE’s cleanup program recently, including as the lead contractor in teams managing DOE’s depleted uranium hexafluoride (DUF6) conversion plants and the Advanced Mixed Waste Treatment Project at the Idaho site, and is part of the teams involved in the decommissioning of the Portsmouth Gaseous Diffusion Plant and in the cleanup of the West Valley Demonstration Project. The company also fared well in 2011 in ongoing work for NNSA. B&W Pantex received a total of \$33.5 million out of \$34.9 million in available fee to earn its highest rating ever, while B&W Y-12 received 92.3 percent of its at-risk fee (\$48.5 million out of \$52.5 million available).

B&W Chief Executive Officer Brandon Bethards noted that the company’s quarterly revenue growth rate accelerated over the course of 2011, from 4.4 percent in the first quarter to 13.6 percent in the fourth quarter. “This is principally a result of higher customer demand for fossil and nuclear power parts, service and construction projects as well as our success winning decommissioning and decontamination contracts from the Environmental Management programs in the Department of Energy,” he told investors. Bethards also stressed that new regulations from the Environmental Protection Agency led to increased business opportunities for the company, which it hopes to continue in upcoming years.

Expect Double-Digit Revenue Growth in 2012

The company also anticipates a strong performance into 2012, and is planning for double-digit revenue growth. “We expect this growth to come disproportionately from our power generation segment while our combined government segments are expected to continue to operate around

the record levels achieved in 2011,” Bethards said. “Revenue and earnings growth are expected to come from the power generation segment, primarily driven by environmental new build cycle with backlog continuing to build for environmental projects.”

The competition of the newly combined contracts for management of the Y-12 National Security Complex and Pantex Plant, both currently held by B&W, is also on the company’s radar screen for 2012. Proposals for the contract are due March 13 and an award is anticipated by the end of the year. Salomone noted that besides that competition there are no large DOE contracts on the horizon. “We really don’t typically discuss what M&O opportunities and such we are looking at, but there really aren’t lots of opportunities beyond Y12/Pantex over the next several years,” she said.

Bethards said last November that he expected the company to be well-positioned in the Y-12/Pantex competition. “We believe that given our outstanding performance at these operations and our demonstrated ability to generate cost savings through contract consolidation in other government programs, as well as the significant savings we have been able to generate for the DOE over the last several years, B&W is well-positioned to competitively respond to this combined RFP,” Bethards said in a call with investors (*NW&M Monitor* Vol. 15 No. 44).

B&W Emphasizes Support for USEC

B&W, which manufactures machines for USEC’s American Centrifuge plant and is an investor in the project, also reaffirmed support for USEC this week. The centrifuge plant faces financial uncertainty following the breakdown of discussions with DOE last year for a federal loan guarantee. Currently the project is being kept alive by interim funding for a research, development and deployment program that runs through March, but will need additional money to proceed. “USEC continues to work very hard to get the full funding of the RD&D, but that is still not in place, and they are still working actively to try and make that occur. We continue to be supportive there and continue to work with them as we can,” Salomone said. Bethards added, “I find excellent support on both sides of the aisle to proceed with the American Centrifuge project, but you have the current political complexities of trying to do something that everybody agrees on in Washington these days. But USEC is working very hard to solve that problem and we have a great deal of confidence that they will do so.”

—Kenneth Fletcher

MOX CONTRACTOR PROPOSES CHANGES TO NRC QUALITY ASSURANCE PLAN

Officials from Shaw AREVA MOX Services met with Nuclear Regulatory Commission staff this week to prepare for submission of an amendment to the contractor’s quality assurance plan for the Mixed Oxide Fuel Fabrication Facility. The proposed amendment would categorize the Items Relied Upon For Safety (IROF) into levels of importance, instead of the current plan, which classifies all 12,000 components as high importance. “Right now since they haven’t done it, haven’t graded it, everything is high. But the reality is that’s not true,” David Tiktinsky of the NRC’s Office of Nuclear Material Safety and Safeguards told *NW&M Monitor*. MOX is “trying to have a program in place that systematically lays out what is high, what’s medium what is low so that you can focus the resources, all the details of quality assurance on the [highest importance].”

The quality assurance plan details MOX Services’ safety commitments regarding design, fabrication, construction and testing of the facility, currently under construction at the Savannah River Site and slated to begin operations in 2016. Those commitments run through the life of the plant, and are evaluated in regular audits by NRC inspectors. The IROFs are components of the plant that are necessary for safety, such as tanks or valves, and are controlled by the quality assurance plan to ensure that an accident would be highly unlikely. Tiktinsky said that MOX Services believes putting the same level of emphasis on all IROFs is “not necessarily practical,” and instead wants to focus resources “on the things that are really important.” However, he emphasized that the current plan is acceptable to the NRC, and that the company must prove that the changes to the plan would still meet regulatory requirements.

MOX ‘Trying to Bring the Controls into Balance’

The meeting this week was to lay the groundwork for the submission of the amendment to the plan and give NRC staff the chance to ask questions and give preliminary feedback. Dave Kehoe, quality assurance project manager for MOX Services, emphasized at the meeting that the company will ensure that all IROFs will continue to perform their safety functions. He said the plan should “focus on the highest risk, and apply reasonable controls to those that are on the low end. So this is, in our opinion, not a reduction in control, this is reestablishing the controls that should have been set at the inception of the project,” he said. “Again, we are just trying to bring the controls into balance to where they should have been in the beginning rather than commit everything to everything.”

MOX Services outlined proposed changes to the quality assurance plan at the meeting, the main component of which would be the separation of IROFs into low, medium and high safety importance. "Any activities performed in safety ranking process and assignment of QA controls will be documented, reviewed and approved in accordance with project procedures. The document will be maintained as a permanent QA Record," according to a presentation by MOX Services. It adds, "Corrective Action trending and lessons learned will be used to determine whether QA Program Controls applied to high, medium and low safety ranked IROFs requires adjustment."

New Approach a Potential Issue For NRC

But NRC staff noted that such rankings of IROFs in the quality assurance plan were a new approach for the NRC.

"The concern here is, obviously when you're going somewhere where we haven't been before on approvals it has impacts not just on this facility, but potentially on other ones. It makes things more difficult to prove and takes consensus in the agency what we want to give the green light to," Tiktinsky said. Kehoe responded "I hope we do recognize that the MOX facility is not a commercial operating nuclear power plant. It is low pressure, low temperature and the safety consequences are much less significant than those associated with an operating nuclear power plant when you have latent heat to worry about." Tiktinsky said that the staff would take that point into account.

—*Kenneth Fletcher*

At the Weapons Labs/DOE Sites

AT SANDIA DNFSB RAISES CONCERNS ABOUT ANNULAR CORE REACTOR

Sandia National Laboratories is underestimating the potential for an accident at its Annular Core Research Reactor and may not be able to count on some safety systems at the facility in the case of an incident, the Defense Nuclear Facilities Safety Board said in a report released this week. In a Feb. 28 letter to National Nuclear Security Administration weapons chief Don Cook, DNFSB Chairman Peter Winokur took issue with changes made to the facility's Documented Safety Analysis in 2007 that don't use "reasonably conservative" values to calculate the impact of accidents involving plutonium and highly enriched uranium that is stored at the reactor, and said that the facility's protection and control systems "may be inadequate." The Board requested a report and a briefing from the NNSA within three months.

Safety at the reactor has been a concern of a nuclear watchdog group in New Mexico for several years, but the DNFSB's action represents its first action after the group began highlighting the potential dangers of the reactor. In 2010, Citizen Action New Mexico wrote to the Board complaining that the lab hadn't adequately analyzed the impact of major disasters on the facility, including earthquakes and a plane crash. The 33-year-old reactor is used to test electronics equipment in high radiation environments and to conduct reactor-safety research. In a review of the lab's safety plans, the Board found that in underestimating the potential of an accident, appropriate safety controls were not in place. "Although the facility currently utilizes quantities of material that are orders of magnitude below the maximum values, the Board is concerned that the controls in place may not be adequate to protect the

public and workers for the full scope of authorized operations that allow larger quantities of plutonium in the reactor cavity," Winokur said in his letter.

Reliability of Safety Systems in Question

The Board also said that it was concerned by "recent sporadic occurrences involving the control system leading to uncontrolled rod motion." Those incidents involved the facility's Reactor Control System that has malfunctioned several times since a 2002 upgrade and twice has forced reactor officials to initiate the "design basis rod withdrawal accident scenario," as recently as last year. Compensatory measures are in place, but DNFSB staff said in a January report that they remain concerned about the system's reliability. "Based on the observed component failure rates during the last 10 years, the staff does not consider the RCS to be sufficiently reliable to perform its safety-significant function," the staff said.

The Board noted that the lab has begun a review of the facility's accident analyses, and Winokur called the move "encouraging" in his letter. "The safety analysis of the ACRR has been scrutinized and independently reviewed many times by a variety of independent safety experts," Sandia spokesman Jim Danneskiold said in a statement. "These analyses demonstrate that the public, our workers and the environment are protected during all ACRR operations. Sandia is committed to continuous improvement and appreciates the insight provided by the Defense Board."

AT KANSAS CITY UNION LOOKING TO EXPAND MEMBERSHIP

The International Association of Machinists and Aerospace Workers is looking to expand its membership at the National Nuclear Security Administration's Kansas City Plant and has kicked off a drive to get salaried workers at the plant to join the union. The membership push began last month and is aimed at the engineers and technicians at the plant, which is run by Honeywell Federal Manufacturing & Technologies. Those workers did not take part in a six-week strike by hourly employees in the fall, and salaried workers were used to help keep the plant's production lines running during the strike, weakening the union's negotiating position during the work stoppage.

IAMAW Local 778 represents approximately 860 hourly workers at the plant, but if the membership drive was successful, it would more than double the union's ranks. Honeywell spokeswoman Linda Cook said there are approximately 1,900 salaried workers at the plant, but many of those are managers that would be ineligible to join the union; the union estimated that 1,200 salaried workers would be eligible to join the union. "Since the strike there's been some inquiries based on the benefits that union members have as opposed to the benefits that salaried workers have been losing," said Claude Harris, Local 778's Directing Business Representative and a machinist at the plant. "There is some interest in what are the advantages being in a union. There's been some inquiries."

Union Seeking Greater Bargaining Power

Hourly workers at the plant took to the picket lines in the fall in an effort to maintain pay levels for entry-level employees, preserve health care benefits, and protect union representation at the plant, but they emerged from the acrimonious strike with few concessions. Faced with wavering support from its membership, the union accepted a contract that included an 11 percent wage increase over the six-year life of the contract—a 2.5 percent decrease from Honeywell's initial proposal—as well as a two-tiered pay scale and elimination of retiree health benefits starting in 2017, two of the main issues that union officials had fought to keep out of the contract.

The contract included several small negotiating victories for the union, including a \$7.50 increase to pension contributions from Honeywell, a 50 cent boost from the company's initial proposal, and an increase in representation over the company's offer; the deal provides for two union representatives on a grievance committee, up from one in the initial contract proposal. "A lot of people, they didn't like it, but they thought it was time to go back to work," Steve Nickel, the union's Grand Lodge Representative, said at the time. With dozens of workers crossing the picket line, union officials felt they had no choice but to accept the contract, but Harris suggested that increased union membership could pay off in future contract negotiations. The current contract expires in 2017. "I would assume that a company would deal with three-fourths of their workers a lot easier than they would with a third of the workforce," Harris said. "The bargaining power becomes a lot greater in that case."

Union Official: 'Reception Has Been Pretty Good'

Harris said that some information had been distributed to salaried workers, and that union officials were eager to answer questions about the union, and have set up a website to aid in the drive: kcpfairness.org. "The reception has been pretty good," he said. "We've done some hand billing at the plant. You may have out of several hundred people 10 people that say, 'Oh, I'm not interested,' but other than that the information has been well received." The first step in formally adding the salaried workers to the union is to have those employees fill out signature cards signaling their interest in forming a union. If more than 50 percent of the workers fill out signature cards, the union will push for the bargaining unit's recognition from the National Labor Relations Board. Honeywell's Cook said that the company favored dealing directly with employees rather than working through a union. "The company believes the strongest employer and employee relationship is one in which the company has direct and open communication with its workforce and one that is unencumbered by a third party," she said. "We do provide challenging and exciting careers and competitive compensation and that's evidenced by the fact that our salaried employees average tenure of over 18 years."

AT OAK RIDGE ORNL SECURITY CONTRACTOR INCREASES CHECKS ON GUARDS

A spokeswoman for security contractor WSI-Oak Ridge confirmed that a number of additional security checks and requirements have been put in place in the past month after an incident in which a supervisor resigned because an anonymous report—and photos—showed he had slept on

the job and used a cell phone in violation of regulations while on duty at Oak Ridge National Laboratory. However, spokeswoman Courtney Henry said security checks on guards and other actions were not "retaliation," as some security guards at ORNL have suggested. Some guards and

their family members have said privately they think WSI management is trying to punish them because of a belief that one of the guards may have reported the violations that led to the departure of the WSI lieutenant, who is the son-in-law of the contractor's protective force manager at ORNL, Jon Justice.

The investigation into who took the incriminating photographs in an ORNL security—where cameras are not allowed—is still underway. Henry said WSI has not identified who took the photos. “As a result of the previous allegations at ORNL, WSI Oak Ridge has changed some procedures at all of its sites,” Henry said in an email response to questions. “This has nothing to do with retaliation. These are permanent changes that have been made to improve performance at all the Oak Ridge sites.”

Random Checks of Guards Increase

Among the changes are more checks of guards' bags, radio checks to make sure guards are alert, and other additional

AT OAK RIDGE

Last year, in the National Nuclear Security Administration's Strategic Plan, the agency said one of its “Select Initiatives” was to install high-security wireless at four of its facilities, Los Alamos, Lawrence Livermore, Pantex and Y-12. However, the project has stalled at Y-12's Jack Case Center, the plant's primary office building, apparently because of concerns that the high-security system might not be secure enough. The Jack Case Center is the decision-making hub at Y-12 and includes a number of special areas for classified discussions. The NNSA last year said the “ultra-secure” technology was being deployed at the New Hope Center and the Jack Case Center. Spokesman Steven Wyatt said the wireless tech had been installed at New Hope last fall, but work at Jack Case has been delayed. “Wireless deployment in the Jack Case Center has not been completed at this time as we are

AT OAK RIDGE

The Metal Trades Department of the AFL-CIO has been at loggerheads with the National Nuclear Security Administration from the get-go regarding the procurement to combine the management contracts at the Y-12 National Security Complex and the Pantex Plant (with an option to include tritium work at Savannah River). Nothing has changed in that regard, and Steve Jones, president of the Atomic Trades and Labor Council in Oak Ridge, said the timing of the contract change at Y-12 could present a “perfect storm,” noting that the bargaining unit contract at Y-12 is due to expire in June 2013. Because the emphasis

checks from supervisors. There have also been reports of guards being patted down, undergoing additional monitoring, and being cited for not using lab crosswalks and other things that guards considered “nit-picking.” One family member said the guards feel like they're being harassed because of the sleeping incident and the public attention it received.

Randy Lawson, president of the International Guards Union of America, has been involved in the investigation as the union rep, and he, too, confirmed that some additional requirements have been put into place. But he said he didn't think it was retaliation against ORNL guards. He said it was a matter of WSI trying to be responsible while under scrutiny from the Department of Energy. “This was a pretty big issue, and DOE in Washington is asking Wackenhut, ‘What's your path forward?’” Lawson said. “They're making sure that supervisors are doing what they're supposed to be doing and SPOs [security police officers], too. ... It's not retaliatory. They could be doing so much more [if they wanted to try to punish guards].”

Y-12 WIRELESS INSTALLATION HITS SNAG

continuing the technical review process to ensure that this effort does not pose any possible security concerns to Y-12,” Wyatt said. He said he could not give an estimated date for deployment.

In a statement last year, the NNSA said the deployment would use “an ultra-secure, specialized wireless architecture that will provide access for both Y-12 users and guests using the same equipment.” Because the project was part of broader NNSA initiative, all four of the sites reportedly used the same plans “to ensure interoperability and to use a single contract to achieve bulk discounts on procurements association with this project.” It was not immediately clear whether the same security concerns at Y-12 stalled the installation of wireless at Jack Case has impacted the other sites as well.

UNION CHIEF SAYS ‘PERFECT STORM’ COMING

of the combined contract is to save money, the union leader said that means that a new contractor will be arriving in town with a cost-cutting mandate and will almost immediately be in a position of having to negotiate with unions on a new contract for hourly workers at Y-12. That will be especially difficult because the two sides won't know each other or have past relationships built on trust. “It's a perfect storm,” he said. “So, anyway, it'll be interesting.”

Jones said typically cost reductions are accomplished by

eliminating jobs or reducing benefits. "We'd rather see them do it on the efficiencies," he said. The ATLC chief said there are a lot of possibilities for adding efficiencies to the work operations to save money. Jones said the NNSA has done little to help resolve the unions' concerns

about job protection and benefits protection during the upcoming transition of contractors. "Of course, our concerns are the same concerns that we've always had. Through this whole process they've done nothing to mitigate our concerns," Jones said. ■

Wrap Up

IN THE NNSA

The National Nuclear Security Administration and the Air Force have successfully tested a Joint Test Assembly of the W87 warhead on a Minuteman III intercontinental ballistic missile, the agency said this week. Joint test assemblies are produced by the NNSA to simulate the performance of warheads and bombs during flight tests, and the assemblies built to simulate actual weapons configurations with as much war reserve hardware as possible. The JTAs are assembled at the NNSA's Pantex Plant, and data is collected via a telemetry system on the assembly and is fed into a reliability model developed by Sandia National Laboratories. The NNSA said there is no special nuclear material on the JTA, and a nuclear yield is not possible. "JTA flight tests are essential in ensuring that all weapon systems perform as designed," said Air Force Brig. Gen. Sandra Finan, NNSA's Principal Assistant Deputy Administrator for Military Application. "The working relationship between NNSA and the Department

of Defense is vital as we continue our strong partnership in support of our national security."

ON THE INTERNATIONAL FRONT

The National Nuclear Security Administration said this week that it recently provided training to Singapore emergency response officials designed to enhance their understanding of radiological contamination and accident casualties. At a recent workshop in Singapore, 111 physicians, nurses, hospital administrators and emergency personnel were trained by NNSA's Office of Emergency Operation's Radiation Emergency Assistance Center/Training Site to respond and treat radiation casualties. "As radiation-based technology finds its way into ever-increasing areas of use, it is imperative that the medical community is able to appropriately respond to potential accidents involving ionizing radiation," the agency said in a statement. "The training also prepares the medical response community to effectively respond to radiological terrorism." ■

Calendar

March

- 6 Hearing: NNSA Nonproliferation and Naval Reactors budgets, House Energy and Water Appropriations Subcommittee, with NNSA Administrator Tom D'Agostino, NNSA Nonproliferation chief Anne Harrington, NNSA Naval Reactors chief Adm. Kirkland Donald, Room 2362-B Rayburn House Office Building, Washington, D.C., 10 a.m.
- 6 **Hearing: Air Force Budget, House Appropriations Subcommittee on Defense, with Air Force Secretary Michael Donley and Air Force Chief of Staff Gen. Norton Schwartz, Room H-140 Capitol Building, Washington, D.C., 10 a.m.**
- 6 **Speech: "An Evolving Security Environment, 2015-2020: A Trend Analysis and Its Implications," Monte Mallin, National Nuclear Security Administration, at the National Defense University, 300 Fifth Ave., SW, Lincoln Hall, Room 1105, Washington, D.C., 12:30-2 p.m.**

- 9 **Speech: "Nuclear Deterrence in the Post, Post-Cold War Era," Maj. Gen. William Chambers, Assistant Chief of Staff for Strategic Deterrence and Nuclear Integration, at the Center for Strategic and International Studies, 1800 K St., NW, Washington, D.C., 11:30 a.m.-1 p.m.**
- 15 **Hearing: Navy Budget, Senate Armed Services Committee, with Navy Secretary Raymond Mabus, Chief of Naval Operations Adm. Jonathan Greenert, and Marine Corp Commandant Gen. James Amos, Room G-50 Dirksen Senate Office Building, Washington, D.C., 9:30 a.m.**
- 21 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, NV 89030.
- April
- 3-4 **Meeting: 2012 DOE Project Management Workshop; the Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, VA., 22311.**

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- Brad Page**, *Chief Executive Officer, Global CCS Institute*
- Karen Harbert**, *President and CEO, Institute for 21st Century Energy, U.S. Chamber of Commerce*
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May

- 16 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.**
- 28 EM PUBS CLOSED FOR MEMORIAL DAY**

July

- 4 EM PUBS CLOSED FOR INDEPENDENCE DAY**
- 18 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, Nev.**

September

- 3 EM PUBS CLOSED FOR LABOR DAY**

4-7

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- 19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.**

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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March 9, 2012

— *INSIDE HIGHLIGHTS* —

NNSA chief Tom D’Agostino this week said the agency’s weapons program would preserve funding for work to maintain the nation’s existing nuclear stockpile if steep budget cuts kick in next year as currently planned. . . . 2

A bill introduced this week by Rep. Michael Turner again takes aim at the Obama Administration’s promises to modernize the nation’s nuclear stockpile and weapons complex, tying progress on modernization to funding for implementing stockpile reductions. 2

Lawmakers on both sides of the House Energy and Water Appropriations Subcommittee suggested this week that the Administration had gone too far in cutting the NNSA’s core nonproliferation work. 4

Estimated costs to operate the MOX Facility at the Savannah River Site have more than tripled over the last two years as officials involved in the project struggle to get a handle on growing costs to retain nuclear-qualified workers and line up nuclear-qualified vendors. 6

In an effort to license mixed oxide fuel for use in U.S. reactors, last week MOX officials told the Nuclear Regulatory Commission that test results could show the fuel will perform safely in two types of reactors. 6

A group of nuclear nonproliferation experts are calling for a Senate hearing into the Obama Administration’s decision to not require countries involved in future civilian nuclear cooperation deals to forswear their rights to develop enrichment and reprocessing technologies. 7

Senior NNSA security official Brad Peterson, who most recently served as the deputy chief of the agency’s Office of Secure Transportation, died this week due to injuries sustained in a serious car accident in Albuquerque, N.M., over the weekend. 8

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NNSA CHIEF: STOCKPILE MAINTENANCE TOP PRIORITY UNDER BUDGET SEQUESTER

National Nuclear Security Administration chief Tom D'Agostino this week said the agency's weapons program would preserve funding for work to maintain the nation's existing nuclear stockpile if steep budget cuts kick in next year as currently planned. Speaking at a Defense Writers Group event March 8, D'Agostino made it clear that while decisions on how to prioritize under spending cuts mandated last year by the Budget Control Act were a long way from being made, work to refurbish the nation's nuclear stockpile would take a backseat to maintenance work. "Within the NNSA and our laboratories ... we feel very strongly that the number one priority is taking care of today's stockpile," D'Agostino said. "I would not be an advocate of saying I would rather do a life extension on a system that isn't going to be done 'til 2019 or 2020 over working to make sure that a fully characterized stockpile that the Defense Department is carrying around in their submarines and on their missiles and in their depot facilities around the country. That's number one. That's the material that's out there with the Defense Department. So safety of that stockpile is paramount. The only way we can ensure the safety of it is to constantly surveil it and watch it and do it."

On the heels of last year's budget belt tightening, the Budget Control Act would force the Administration to cut more than \$450 billion more from defense spending accounts unless Congress acts before then to repeal the cuts. It's unclear how those cuts would be administered by the White House Office of Management and Budget, or if the nation's nuclear forces would face cuts at all. "I don't want to tell you what get cuts because I don't want to make any speculation that we're going to take a \$500 million cut and therefore the last \$500 million is such-and-such," D'Agostino said. "I don't know that we would take any cut at all frankly. I just don't know. But taking care of the

stockpile, today's stockpile, doing the surveillance work, is kind of number one."

'It's Not Just Us In Isolation'

But D'Agostino suggested that decisions about the NNSA's priorities would have to be made in concert with the Defense Department. He suggested that if Pentagon cuts impact the structure of the nation's nuclear forces, there would be a trickle down effect to the NNSA. "If it does impact force structure ... it could impact what systems we work on," D'Agostino said. "We're a little bit on the tail end of a series of decisions that have to be made before, and then the tail will have to move of course."

He said that if it came to severe cuts, the agency would follow the Pentagon's lead in regards to warhead refurbishment work on its three current priorities: the W76, the B61 and the W78/W88. "We will work with them to figure out which of these three priority projects we can defer, push back the date on, and what is more important," he said. "It's not just us in isolation. Sequestration is a much broader thing."

—Todd Jacobson

NEW TURNER BILL AGAIN TAKES AIM AT MODERNIZATION FUNDING, CUTS

A bill introduced this week by Rep. Michael Turner (R-Ohio) again takes aim at the Obama Administration's promises to modernize the nation's nuclear stockpile and weapons complex, tying progress on modernization to funding for implementing stockpile reductions, and Turner is hoping that recent evidence of the Administration's flagging modernization commitments will drum up more support for the bill. The wide-ranging "Maintaining the President's Commitment to our Nuclear Deterrent and National Security Act of 2012" (H.R. 4178) builds on the

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“New START Implementation Act” Turner introduced last year, declaring that Congress not provide any money for stockpile reductions if the modernization promises outlined in the Administration’s ‘1251’ modernization plan submitted to Congress last year are not being requested by the Administration or funded by Congress. “The long-term health and credibility of our nuclear deterrent depends on this bill, as does our national security,” Turner said in a March 8 statement. “During the Senate’s consideration of the New START Treaty, the President made many promises to achieve support for Senate ratification. With the President’s FY13 budget request, it is now apparent that those promises have been broken. This bill will correct that and ensure the promises are kept.”

Facing budgetary pressure, the Administration requested \$7.58 billion for the National Nuclear Security Administration’s weapons program in FY 2013, short of the \$7.9 billion that the Administration said it would need less than a year ago, and it slowed several major projects. Most notably, it deferred construction on the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory for up to five years, choosing to use several alternatives to meet the facility’s planned mission while the NNSA and the Defense Department decide how to proceed on the project, and how to incorporate a replacement for the lab’s plutonium facility into the plans. The Administration also slowed production on the W76 warhead, delayed the completion of a First Production Unit for the B61 bomb by two years until 2019, and slowed work on the refurbishment of the W78/W88 warhead as well.

More Support This Time Around?

Turner’s 50-page bill includes a host of references to the Administration’s commitments and is peppered with quotes from current and former Administration officials about the need to modernize. Turner previously said he was expecting more support for the bill this time around due to the cutbacks in the modernization plan. Seven co-sponsors have signed onto the bill, including Reps. John Fleming (R-La.), Mo Brooks (R-Ala.), Randy Forbes (R-Va.), Doug Lamborn (R-Colo.), Trent Franks (R-Ariz.), Denny Rehberg (R-Mont.), and Jeff Miller (R-Fla.). Last year, portions of Turner’s “New START Implementation Act” linking modernization with stockpile reductions were included in the House version of the Fiscal Year 2012 Defense Authorization Act, but the language was softened during conference negotiations with the Democrat-controlled Senate, producing a “sense of Congress” on the link between modernization and reductions and reporting requirements involved with the issue, including a requirement for the Administration to submit

a report to Congress if its modernization promises were underfunded in any given year.

Turner is likely to take the same approach, seeking adoption of portions of the bill in the FY2013 Defense Authorization Act, though the Democrat-controlled Senate and Armed Services Committee chairman Sen. Carl Levin (D-Mich.) is still likely to oppose language that would explicitly tie progress on modernization to the ability to carry out stockpile reductions. “I expect more bicameral support this year in view of what one of my colleagues called the ‘reckless lunacy’ of instructing the military to plan for an 80 percent reduction in the U.S. nuclear deterrent—coupled with the now apparent total abandonment of the President’s modernization promises,” Turner said at the Nuclear Deterrence Summit last month.

Details of Bill Outlined

Turner’s latest bill, while mirroring last year’s legislation, goes further than its predecessor in many ways, incorporating new information about plans to cut the stockpile and the potential for more sweeping budget cuts. Unless adequate funding for the 1251 modernization plan is requested by the Administration and funded by Congress and the sequestration mechanism in the Budget Control Act has been repealed, the bill would prohibit funding any decisions made in the ongoing Nuclear Posture Review implementation study, which according to reports is considering further reductions to the nation’s strategic deployed stockpile below the 1,550-warhead cap established by the New START Treaty, perhaps as low as 300 to 400 warheads.

The bill also would limit the Administration from spending money on any unilateral moves to reduce its nuclear forces by more than 1 percent if the reductions would cut the nation’s stockpile below that of Russia, require the Administration to report to Congress on the nuclear forces of other countries as part of any plan to reduce U.S. nuclear weapons stocks, and prohibit reductions to reserve nuclear stockpiles if the CMRR-NF and Uranium Processing Facility projects are not on track to be completed by 2021 and operational by 2024. That provision would exclude warheads that are taken out of the stockpile for surveillance, certification, testing, and assessment, and warheads that are already retired or awaiting dismantlement.

The bill also would prohibit Congress from funding any proposal by the Administration to change the force structure of the nation’s nuclear weapons in Europe “absent the express wish of the host nation, a unanimous decision by [NATO], or reciprocal actions by the Russian Federation regarding its vast asymmetry of thousands of tactical nuclear weapons.”

Turner: 'Broken' NNSA at Root of Problems

In unveiling the bill, Turner also hinted at future action on the NNSA, which reports suggest hasn't lived up to the promise that led to its creation as a semi-autonomous agency within the Department of Energy in 2000. Last month, a National Academy of Sciences panel blasted the relationship between the nation's nuclear weapons laboratories and the NNSA, calling it "broken" and "dysfunctional" in a report. "This legislation is important not only to modernize our nuclear force, but also the infrastructure that supports it. But Congress must also fix the agency responsible for that infrastructure; the National Nuclear Security Administration (NNSA)," Turner said. "It is clear that NNSA is broken and unable to carry out its mission. It appears to be unable to provide the warheads and infrastructure the military needs, despite receiving billions of dollars from the budget of the Department of Defense. One of the key reasons the Administration is failing to meet its promises is that our nuclear weapons enterprise is broken."

Markey Fires Back

Rep. Ed Markey (D-Mass.), who has introduced competing legislation to cut approximately \$100 billion in nuclear weapons spending over the next decade, suggested in a March 8 letter to Turner that it was not necessary to build new facilities such as the CMRR-NF and UPF because existing facilities could be upgraded to perform necessary missions. Turner and Markey have publicly battled over the modernization issue, with Turner offering to take Markey on a tour of facilities at Los Alamos and Y-12, but Markey has remained unconvinced and has pushed for the cancellation of UPF to go along with the Administration's decision to defer construction on CMRR-NF. "Given the budget constraints we currently face as a nation, we do not need to spend up to \$7.5 billion to build a brand new facility at the Y-12 Security Complex," he said in the letter to Turner. "Just as homeowners with tight budgets would choose to renovate a home that meets their needs at a tiny fraction of the cost of building a new home, the government should do the same."

—Todd Jacobson

HOUSE APPROPRIATORS QUESTION CUTS TO NNSA NONPROLIFERATION ACCOUNT

House appropriators have generally been supportive of many of the Obama Administration's decisions to trim spending from the National Nuclear Security Administration's Fiscal Year 2013 budget request, but lawmakers on both sides of the House Energy and Water Appropriations

Subcommittee suggested this week that the Administration had gone too far in cutting the agency's core nonproliferation work. Specifically, lawmakers questioned a drastic shift away from work on the agency's Second Line of Defense program, registering concern about a decision to scale back the effort to deploy radiation detection equipment at border crossings, megaports and other transfer points around the world in order to help the NNSA find \$150 million for research and development funding for USEC and boost funding for the Fissile Materials Disposition program and the Mixed Oxide Fuel Fabrication Facility being built at the Savannah River Site.

The Obama Administration has asked for \$2.46 billion for Defense Nuclear Nonproliferation programs for FY 2013, an increase of \$163 million over the \$2.29 billion appropriated in FY2012, but subcommittee chairman Rep. Rodney Frelinghuysen (R-N.J.) noted at a March 7 hearing that the "funding requested for core nonproliferation activities is actually decreasing after taking into account the request to start a uranium enrichment development program and the cost growth in operations associated with the MOX program." Reading a statement from ranking member Peter Visclosky (D-Ind.), who was not present at the hearing, Rep. John Olver (D-Mass.) said he couldn't "fathom an explanation that will be satisfactory for these changes given the importance of this mission."

Admin. Makes 'First Line of Defense' Priority

The Administration is asking for \$150 million for research and development funding for USEC and \$236 million more for the Fissile Materials Disposition program, while at the same time scaling back plans for its Second Line of Defense Program. The Administration requested \$93 million for the SLD program, down \$169 million from the \$262 million Congress gave the program in FY2012 and well short of the \$265 million that the Administration had projected would be needed for the program just a year ago, deciding that it will focus on finishing up the installation of radiation detection equipment at a few priority sites while reassessing the entire program.

NNSA nonproliferation chief Anne Harrington said at the March 8 hearing that scaling back funding for the Second Line of Defense program also allowed the Administration to maintain funding for higher priority efforts to secure vulnerable nuclear material around the world, which was a pillar of President Obama's nuclear security agenda. The Administration's funding request for the NNSA's Global Threat Reduction Initiative, which performs much of the work converting reactors from using highly enriched uranium to low enriched uranium and removing nuclear material from countries, remained largely static in FY2013 at \$466 million, a cut of \$32 million compared to FY2012

funding level of \$498 million. “Right now we are extremely focused on what we consider ‘first line of defense’: getting to the material at its origin, or removing it and bringing it back here or to Russia,” she said, later adding: “Some of the shift is due to ensuring that we have the funding available for those activities, because we believe that is the primary pathway to reducing risk to the United States of terrorists ever securing that material and using it in a weapon.”

NNSA: Not ‘Abandoning’ SLD Program

NNSA Administrator Tom D’Agostino emphasized that the agency was not “abandoning” the Second Line of Defense program, though it’s clear that the agency’s plans are shifting. “We’re taking the opportunity in this very difficult budget environment to sit back, take an opportunity and refocus, and take a look at our program, and make sure that we have the right strategy and that we’re implementing it correctly with the Department of Homeland Security,” D’Agostino said at the hearing.

D’Agostino said the analysis will provide a clearer picture of the future scope of the program, but she suggested that the program’s previous goals will be scaled back. “Instead of just pressing forward to get large numbers of detectors out there we’re taking this opportunity to pause and to make sure things are integrated and look how things go forward,” he said. Harrington suggested that a wide variety of options for the program are being considered. “We could perhaps deploy systems in a way that makes it more difficult for someone trying to evade a system to do so,” she said. “We’re looking at mobile systems. We’re looking at hand detectors. We’re looking at a variety of technologies, and working in partnership with our other agencies and international partners to assess what combination of customs, border security, law enforcement do we need to engage to make these efforts work to the absolute maximum effect for the minimum amount of money.”

New Technology ‘Could Be a Game Changer’

Nonetheless, the abrupt change in the program’s direction represented a source of concern for Frelinghuysen. “That’s an incredible cut to a program which just last year the Administration was defending as a critical part of our nation’s effort to fight illicit trafficking of nuclear and radiological materials across international borders,” he said. At one point, the agency had expected to install radiation detection equipment at 650 border crossings and 100 megaports around the world. By the end of 2012, there will be SLD radiation detection equipment installed at almost 500 foreign ports and crossing sites, including all 383 customs sites in Russia that were within the program’s scope of work. The program’s original goals are not likely

to be met, Harrington said. “We need to finish the analysis that we’re conducting right now,” Harrington said. “It will most likely be a reduced number, but that reduced number will be backed by some serious thinking.”

Harrington suggested that new technologies could drive down the cost of equipment, and she said the agency was particularly excited about a technology being developed by Lawrence Livermore National Laboratory that uses plastics in order to detect the radiation signature of nuclear material. A shortage of Helium-3, which is used in most current radiation detection technology, has accelerated efforts in recent years to develop new and less expensive technologies. “We’re looking at an opportunity where we might have been able to install tens of detectors; with this new technology, perhaps hundreds,” Harrington said. “So it could be a game changer.”

Concerns Raised Over USEC Funding

House appropriators also were not kind to the Administration’s decision to seek funding for USEC within NNSA’s nonproliferation account. The \$150 million will support research, development and deployment for the company’s American Centrifuge enrichment project, buoying the cash-strapped program. DOE first proposed a two-year enrichment RD&D program last fall, after prospects for a DOE loan guarantee faded and USEC’s centrifuge program faced financial issues that threatened the survival of the project. The project would involve development and deployment of a full train of 720 centrifuge machines to demonstrate the technology on a commercial scale, which the Administration said is a necessity for national security, but in the statement read by Olver, Visclosky suggested that neither the Fissile Materials Disposition program or the funding for USEC “contributes to securing vulnerable materials.”

D’Agostino, however, defended the request, suggesting that the capability would be needed to provide nuclear material for the Navy in the future, produce low-enriched uranium to be irradiated to produce tritium for the nation’s weapons program, to maintain U.S. expertise in enrichment technologies, and to discourage the spread of enrichment technology. “We believe that in order to discourage the unnecessary spread of enrichment technology, that other countries need to have confidence in the uranium enrichment market to be able to supply its needs,” D’Agostino said. “And that having a domestic U.S. capability, the country that, frankly, invented this technology in its infancy, and developed this technology in its infancy, that confidence is absolutely important to market stability.”

—Todd Jacobson

HOUSE E&W CHAIR: BALLOONING MOX OPERATING COSTS A CONCERN

Estimated costs to operate the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site have more than tripled over the last two years as officials involved in the project struggle to get a handle on growing costs to retain nuclear-qualified workers and line up nuclear-qualified vendors. According to the Obama Administration's Fiscal Year 2013 budget request, it will cost an average of \$498.7 million a year to operate the \$4.86 billion facility once it's up and running—and \$7.1 billion over the life of the facility—up from an estimate of \$184.4 million a year two years ago. Just a year ago, the costs were expected to be \$356.1 million a year. Dealing with a shortage of qualified suppliers and worker retention issues have been problems for the project for several years, but the ballooning operating costs caught the attention of the chairman of the House Energy and Water Appropriations Subcommittee this week. "There's some challenges here," Rep. Rodney Frelinghuysen (R-N.J.) said at a March 6 subcommittee hearing, pressing NNSA Administrator Tom D'Agostino on the issue. "I think the basic question is if we have these challenges inherent in this project, why are you sort of proceeding full speed ahead with start-up plans?"

The NNSA predicted in FY2012 budget documents that there could be changes to the project's baseline due to the problems that contractor Shaw AREVA MOX Services has faced since construction on the facility began in 2007. Shaw AREVA's most recent review by the Nuclear Regulatory Commission revealed no violations, but the contractor was previously cited for various quality assurance slip-ups, from steel reinforcing bar that wasn't up to standards to improper concrete pours. To combat its problems, the contractor has assigned quality assurance and engineering personnel at supplier and subcontractor locations to train personnel and ensure that equipment and installations meet NQA-1 requirements, and while that effort has helped, issues still remain in finding enough qualified suppliers or subcontractors.

At the same time, keeping qualified workers remains a challenge as well, especially in the Southeast, where the project faces stiff competition from other nuclear energy projects nearby. Earlier budget projections were completed "in advance of the construction experience that we've had," D'Agostino said, and before project officials had an "understanding" of the "complexities associated with getting the right kind of people to operate the facility. The environment and the nuclear environment in this country has changed dramatically over the last few years in many respects," D'Agostino added. "What we have realized is that a nuclear qualified operator is a precious commodity."

'It's Going To Be Challenging'

The facility is expected to be finished in 2016 and is slated to convert at least 34 metric tons of surplus weapons plutonium into commercial nuclear fuel in a parallel program with Russia. By 2018, it is expected to begin producing MOX fuel that can be burned in commercial nuclear reactors. The operating costs represent an average over a 13-year period from 2017 to 2029 and include long-lead procurements and security expenses incurred prior to 2017. The facility could run past 2029 if more plutonium feedstock is added to the quantity slated for conversion; during the Bush Administration, Energy Secretary Samuel Bodman set aside another nine metric tons for use in MOX, but that material is currently not included in the 34 metric tons slated for conversion in the facility.

According to budget documents, the cost estimates could change even further. The estimates included in the budget release "should be considered preliminary," which Frelinghuysen said "makes things worse." D'Agostino said that projecting out so far into the future had made coming up with firm estimates difficult. "We're still projecting out five years from now. But one thing we've learned is that we're going to have to compete very strongly to get the right kind of people to operate this facility," D'Agostino said.

At a breakfast meetings with reporters the day after the hearing, D'Agostino said that a recent annual review of the project had revealed the same issues involving worker retention and quality assurance, but that there would be no changes to the project's construction baseline. And he emphasized that the agency remains committed to the project. "I'm not going to tell you right now this is easy. It's hard," he said. "We have essentially four years before we start shifting into hot operations. It's going to be challenging to get that work done but we're committed to getting that done."

—Todd Jacobson

MOX OFFICIALS: FUEL TESTS SHOW FUEL SAFE FOR USE IN U.S. REACTORS

In an effort to license mixed oxide fuel for use in U.S. reactors, last week MOX officials told the Nuclear Regulatory Commission that test results could show the fuel will perform safely in two types of reactors. The exams were undertaken on four lead test assemblies fabricated at the Cadarache and MELOX MOX facilities in France and irradiated in Duke Energy's Catawba Reactor in South Carolina starting in 2005. Following fuel growth issues,

the assemblies were removed early from the reactor in 2008 after two 18-month cycles and five rods were sent to Oak Ridge National Laboratory for hot cell testing. Officials from the Mixed Oxide Fuel Fabrication Facility under construction at the Savannah River Site, which hopes to convert 34 metric tons of surplus plutonium into fuel for U.S. reactors, say the tests provide enough data to license the fuel for both pressurized water reactors such as Catawba and boiling water reactors. As MOX searches for a U.S. customer, that would broaden the list of utilities that could use the fuel.

AREVA, which is performing licensing work for project contractor Shaw AREVA MOX Services, presented the results of the tests at a Feb. 29 meeting with NRC staff that laid out a licensing strategy. "Results were generally as predicted or expected; deviations from predictions are understood," according to a presentation by Kevin McCoy of AREVA. Fuel rod and fuel stack growth, along with water-side cladding oxidation and hydride concentration, were less than predicted but consistent with the results of low enriched uranium. Rod performance and gas pressure were consistent with the measured burnup.

MOX officials stress that the Duke tests along with experience using MOX fuel in Europe are sufficient to perform further analyses that can be used as license the fuel. But it remains up to the NRC to determine whether additional testing is necessary. AREVA plans to provide submissions to the NRC between now and 2014 for licensing the fuel, and hopes that a two-year review period by the NRC will result in licensing approval in 2016, when the facility is slated to start operations. The facility plans to have eight fuel assemblies ready for a utility in November 2018, and while there is not yet a committed customer for the fuel, the Tennessee Valley Authority is currently evaluating whether it will use MOX. However, critics of the fuel form say that complete lead test assembly testing needs to take place in both pressurized and boiling water reactors, which, if adopted by the NRC could take a decade and push back production at the facility significantly .

—*Kenneth Fletcher*

NONPROLIF. EXPERTS PUSH FOR SENATE HEARING ON U.S. NUCLEAR TRADE POLICY

A group of nuclear nonproliferation experts are calling on Senate Foreign Relations Committee Chairman John Kerry (D-Mass.) to hold a hearing about the Obama Administration's decision to not require countries involved in future civilian nuclear cooperation deals to forswear their rights to develop enrichment and reprocessing technologies. The Administration touted a 2009 nuclear cooperation deal

with the United Arab Emirates as the "gold standard" of such agreements, known as '123 deals,' because the UAE was prohibited from developing enrichment and reprocessing capabilities, but earlier this year it said it will take a "case-by-case" approach to developing future trade deals, including those with Jordan, Vietnam and South Korea. "We believe that it is important to maintain a consistent principle that discourages the proliferation of indigenous enrichment and reprocessing," 16 experts wrote in a March 7 letter to Kerry. "The proliferation of these technologies is potentially destabilizing and dangerous whether it occurs in the Middle East, Asia, or anywhere else. The search for additional profits for the U.S. nuclear industry that are unlikely to be forthcoming should not come at the expense of U.S. nonproliferation objectives."

Deputy Energy Secretary Dan Poneman responded to critics of the Administration's "case-by-case" approach to the agreements at the Nuclear Deterrence Summit last month, suggesting that the approach was consistent with the Administration's overall nonproliferation goals. "The relationship between 123 agreements and our restrictions on exporting enrichment and reprocessing technologies has unfortunately been mischaracterized," Poneman said. "Let me be clear. The United States as a matter of policy does not transfer enrichment and reprocessing technology or any restricted data under our 123 agreements. Moreover, all 123 agreements provide the United States with consent license over whether U.S.-supplied material is ever enriched or reprocessed."

Lawmakers Criticize Case-by-Case Approach

The Administration's approach, however, has come under fire, and not just from nonproliferation experts. Some lawmakers have argued that the approach will ultimately weaken U.S. nonproliferation policy, including Rep. Ileana Ros-Lehtinen (R-Fla.), the chair of House Foreign Affairs Committee, and Sen. Richard Lugar (R-Ind.), the ranking member of the Senate Foreign Relations Committee. In an editorial published last month in *The National Interest*, Lugar questioned the decision and its potential impacts. "It is my strong recommendation that this decision to apply the Gold Standard only selectively be reversed, and promptly. American leadership in nonproliferation has been the basis for many of the established prerequisites for any nation contemplating nuclear trade," Lugar wrote. Rep. Ed Markey (D-Mass.) and former U.S. Ambassador to the United Nations John Bolton also have come out against the plan. "If Washington does not require Jordan to meet the same nonproliferation conditions of the UAE deal, the UAE has a legal right under the terms of its agreement to drop these key nonproliferation provisions. It's a nuclear house of cards, set to collapse at the first

rumble from one of these nations,” Bolton and Markey wrote in a recent op-ed.

Poneman, however, said it’s always been U.S. policy to approach each civil nuclear agreement individually. “There is a misperception that by not having legally binding language in place the United States is advocating the transfer of sensitive technologies,” Poneman said. “This is not the case. Further, nothing precludes us from asking for legally binding language on [enrichment and reprocessing] on a case-by-case consideration. We are confident that by maintaining this kind of case-by-case approach, which has already yielded success, we can best serve our shared interest in expanding access to peaceful nuclear energy without increasing risks of proliferation, indeed minimizing the risks of proliferation.”

Group: U.S. Should Ask More of Countries

The group of nonproliferation experts suggested that if the U.S. wasn’t holding all countries to the ‘gold standard,’ it would be unlikely to get any country to agree to restrictions on enrichment and reprocessing. “If these countries believe the U.S. is not serious about maintaining consistent and high nonproliferation standards in its nuclear cooperation agreements, then they will not assume an additional commitment that will not be asked of others,” they wrote. The letter was signed by former Nuclear Regulatory Commission commissioners Peter Bradford and Victor Gilinsky, former Pentagon official Jack David, retired Lt. Gen. Robert Gard, Bipartisan Security Group Director Robert Gray, Council for a Livable World Executive Director John Isaacs, Center for Strategic and Budgetary Assessments Distinguished Fellow Eric Edelman, Federation of American Scientists President Charles Ferguson, Foreign Policy Initiative Executive Director Jamie Fly, Arms Control Association Executive Director Daryl Kimball, the American Physical Society’s Jodi Lieberman, Wisconsin Project on Nuclear Arms Control Director Gary Milhollin, Hoover Institution Senior Fellow Henry Rowen, Nonproliferation Policy Education Center Executive Director Henry Sokolski, former NNSA nonproliferation chief William Tobey, and Stanford’s Len Weiss.

—Todd Jacobson

NNSA SECURITY OFFICIAL KILLED IN ALBUQUERQUE CAR CRASH

Senior National Nuclear Security Administration security official Brad Peterson, who most recently served as the deputy chief of the agency’s Office of Secure Transportation, died this week due to injuries sustained in a serious car accident in Albuquerque, N.M., over the weekend. He was 53. Peterson was a passenger in a car that was struck March 3 by a speeding vehicle while making a left-hand turn onto a six-lane divided highway in Albuquerque, and he was transported to University of New Mexico Hospital with severe injuries. He died during the afternoon of March 7. Peterson served for three years as the NNSA’s chief of Defense Nuclear Security and Associate Administrator for Defense Nuclear Security until moving to OST last summer. The other car involved in the accident was believed to be speeding, according to a police report describing the incident. Alcohol was not believed to be involved in the incident, the report indicated.

In a statement sent to NNSA employees this week, NNSA Administrator Tom D’Agostino called Peterson a “wonderful friend, stellar shipmate, and devoted public servant.” D’Agostino and Peterson were classmates at the Naval Academy and later served together in the Navy’s submarine force. “As Chief, Defense Nuclear Security and Associate Administrator for Defense Nuclear Security, Brad was the driving force in our efforts to reengineer the nuclear security program within the NNSA,” D’Agostino said. “His focus on identifying and implementing fundamental security reforms resulted in the development of new peer review approaches and the implementation of deliberate and defensible processes to assess the threat, evaluate plausible scenarios, and create strategies to ensure the security of our Nation’s most sensitive nuclear assets. He was a reform-minded leader, and helped transform NNSA into the 21st century, integrated organization it is today.”

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT SANDIA LAB DINGED FOR SAFETY LAPSES

The Department of Energy’s Office of Health, Safety and Security sent Sandia National Laboratories a stern letter March 5 highlighting five worker exposure incidents since mid-2010 the agency said could be signs of systemic problems. The incidents included three involving beryl-

lium exposure, two of those at Sandia’s “Z” pulsed power machine. One incident involved styrene exposure on a sewer project where ventilation was inadequate, and one involved lead exposure in the cleanup following an explosives test. The letter called for no penalties or even a

formal response from Sandia, but rather was sent as a warning that attention to the root causes was needed. "The Office of Enforcement and Oversight is issuing this letter to convey concerns about the level of rigor applied by Sandia and its subcontractors in planning and executing work safely and in accordance with DOE worker safety and health requirements," John Boulden, the head of HSS's Office of Enforcement and Oversight, wrote.

The letter acknowledges that Sandia has already completed the required fact finding investigations and causal analyses, and that Sandia's corrective actions "appear to address the finding and the related judgments of need for each of the individual events." Nevertheless, Boulden wrote,

"DOE is concerned that Sandia has neither assessed the overall effectiveness of its IH (industrial hygiene) program in light of the five associated events (some sharing common characteristics) in a relatively short period." Sandia spokeswoman Heather Clark said the lab is working to address the issues raised in the letter. "Sandia takes the safety and health of our employees very seriously," Clark said. "As noted in the letter, each event was investigated and corrective actions were taken. We have a well-established safety improvement process. The concerns identified in the letter will be addressed through that process with an emphasis on the common characteristics shared by the events."

AT LOS ALAMOS LAB NAMES TWO TO SENIOR MGMT. SPOTS

Los Alamos National Laboratory has firmed up two senior management slots, formally naming URS executive Charlie Anderson as its Associate Director for Nuclear and High Hazard Operations and tapping B&W Pantex's Jeff Yarbrough as its new Director of Plutonium Science and Manufacturing. Anderson, who joined the laboratory in 2009 as the Deputy Associate Director for Nuclear and High Hazard Operations, has held the same job in an acting capacity for the last eight months after Bob McQuinn moved to URS headquarters in July. He previously served as the General Manager of Nuclear Management Partners in the United Kingdom and in several different positions within the Department of Energy, including Principal Deputy Assistant Secretary of the Office of Environmental Management the deputy manager for cleanup at the Savannah River Site.

services, engineering services and system engineering. "Nothing is more important than the safety of our employees and the public, especially where nuclear and high hazard facilities are concerned," Los Alamos Director Charlie McMillan said in a statement. "Charlie Anderson has both the credentials and the experience to make sure we continue to place a very high value on safety."

Yarbrough succeeds Carl Beard, who became the lab's Principal Associate Director for Operations and Business in May 2011, and acting Plutonium Science and Manufacturing chief Tim George. Yarbrough most recently oversaw directed stockpile work and weapons science campaigns during his tenure at Pantex. He also managed Pantex's manufacturing division from 2002 to 2005. Yarbrough is expected to begin work at Los Alamos March 19. "Apart from Jeff's stellar reputation, rigorous interviews left our selection committee convinced of his outstanding leadership abilities, integrity, deep expertise, and commitment to excellence in science and technology," McMillan said in a statement.

The lab's Nuclear and High Hazard Operations organization has a staff of 575 and an annual budget of approximately \$265 million, and is responsible for developing the safety bases for both nuclear and non-nuclear lab facilities, analyzing criticality safety, and providing fire protection

AT OAK RIDGE Y-12 WIRELESS PROJECT READY TO RESUME

Installation of a new high-security wireless system at the Y-12 National Security Complex is reportedly ready to resume after an undisclosed security concern put the project on hold. Y-12 is one of four key facilities in the U.S. nuclear weapons complex that are getting wireless systems designed to be "ultra-secure," with a specialized architecture that's supposed to allow wireless use by employees at the government installations as well as visitors. Steven Wyatt, a spokesman for the National Nuclear Security Administration, said that security issues had been resolved at Y-12 and at Pantex, another facility that's receiving the new wireless system. The other sites

receiving the advanced wireless system are Los Alamos National Laboratory in New Mexico and Lawrence Livermore National Laboratory in California, but it wasn't clear if they were impacted by the security issues.

The new technology was installed last fall at Y-12's New Hope Center, a lower-security facility that includes a visitor center, auditorium and other publicly available areas. A security concern was raised, however, before work started on the 411,000-square-foot Jack Case Center, which is the administrative hub at the national security installation and also houses the medical clinic and cafete-

ria. The wireless system at Jack Case was originally scheduled to be done the end of January, but it got delayed. After initially saying the work on Jack Case was on hold to make sure it met security guidelines, Wyatt confirmed that "installation is now beginning." He said he could not

give a timetable for when the work at Jack Case Center would be completed. About \$1 million was spent on the wireless project at each of the four sites last year. This year about \$14.8 million was to be shared among the four facilities in four different states.

AT OAK RIDGE Y-12 LICENSES TECHNOLOGY TO STARTUP COMPANY

Two security-related technologies developed at the Y-12 National Security Complex have been licensed to Sustainable Environment Technologies LLC, a startup company based in Knoxville. Y-12 said the technologies could be used to enhance security at commercial nuclear facilities, prisons, large sporting venues or other Department of Energy facilities. The agreements were signed Feb. 8. According to B&W Y-12, the government's managing contractor at Y-12, the licenses are for commercialization of the "Access Rate Control System" and the "Delayed Latching Mechanism." Both of the devices were invented by Lee Bzorgi, director of the National Security Technol-

ogy Center at Y-12. Both technologies are in use at the Oak Ridge plant, B&W said.

The Access Rate Control System is a kit that's installed on existing or new "full-height turnstiles." It generates resistance and slows entry if somebody attempt to enter at a faster-than-normal speed. The Delayed Latching Mechanism delays the unlatching of gates and doors, requiring a series of actions to retract the latch. "The delay gives security personnel time to prevent the door or gate from opening if necessary," Y-12 said in the announcement. ■

Wrap Up

IN CONGRESS

National Nuclear Security Administration and DOE-Environmental Management officials will appear before the Senate Armed Services Strategic Forces Subcommittee next week as Congressional budget hearing season continues to heat up. NNSA Administrator Tom D'Agostino, Defense Programs chief Don Cook, Naval Reactors chief Adm. Kirkland Donald, and David Huizenga, the Senior Advisor for Environmental Management, will testify before the panel at 2:30 p.m. March 14 in Room SR-222 of the Russell Senate Office Building. D'Agostino will also appear before the Senate Energy and Water Appropriations Subcommittee March 21, while the House Armed Services Strategic Forces Subcommittee is expected to hold its NNSA and EM-related budget hearing April 17.

IN THE NNSA

The National Nuclear Security Administration said this week that it had completed an international nuclear forensics workshop that drew representatives from 12 countries and the International Atomic Energy Agency to the Pacific Northwest National Laboratory. The "International Workshop on Nuclear Forensics Methodologies" was attended by officials from Argentina, Brazil, China, Georgia, Hungary, Japan, Russia, South Africa, South Korea, Spain, Turkey, and Uzbekistan, and included presentations from experts from the NNSA, Department of

Energy laboratories, the FBI, the IAEA, the Australian Nuclear Science and Technology Organization, the European Commission Joint Research Centre's Institute for Transuranium Elements, and the United Kingdom's Atomic Weapons Establishment. "Our partnership with the IAEA spans many areas, but nowhere is it more important for us to work together than in combating the illicit trafficking of nuclear and radiological materials," NNSA Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement. "An international approach to develop nuclear forensics capabilities and train experts strengthens nuclear security cooperation, builds confidence among states, and contributes to the global efforts to prevent nuclear and radiological smuggling."

IN DOE

The Department of Energy's Office of Intelligence and Counterintelligence is seeking companies to provide specialized security and intelligence services at DOE's Washington, D.C., headquarters and some DOE national laboratories, the Department said in a March 6 sources sought notice. According to the notice, the Department is seeking technical, analytical, and informational technology support services in a variety of fields: counterterrorism; nuclear materials; weapons of mass destruction; chemical, biological, radiological, nuclear and high yield explosive; chemical biological, radiological, and nuclear weapons. It also is seeking support services for Sensitive Compartmented Information Facilities security, IT sys-

tem/information assurance, program executive administrative support, and budget analysis. The Department expects to award a three-year contract (a one-year base with two one-year options) in the fall of this year. Interested companies must send capability statements by April 6 to Contract Specialist Evelyn Stephenson (*evelyn.stephenson@hq.doe.gov*). More information can be found at *fedconnect.net*, and interested parties are asked to submit information through the FedConnect system.

IN THE INDUSTRY

Shaw AREVA Mox Services, which is responsible for construction of the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site, this week marked 8 million consecutive work hours without a lost work-day due to injury. “We are committed to the highest safety standards in every aspect of construction of the

MOX project,” Shaw AREVA MOX Services President Kelly Trice said in a statement. “Our new safety milestone is evidence of the ‘safety-first’ culture that our employees and subcontractors demonstrate each day on the job.”

David Keim, who has served as the public affairs chief at the Y-12 National Security Complex for the last two-and-a-half years, is changing contractors in Oak Ridge. He has accepted a new position as director of communications at Oak Ridge National Laboratory, which is managed by UT-Battelle. He will begin his new job March 28. According to an announcement from ORNL, Keim will manage the protocol and community outreach, communications, and creative media. He will report directly to Jeff Smith, deputy lab director for operations. Alice Brandon, protocol officer at Y-12, will be acting in Keim’s position at Y-12. ■

Calendar

March

- 14** **Hearing: “Managing Interagency Nuclear Nonproliferation Efforts: Are We Effectively Securing Nuclear Materials Around the World?” Senate Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, with NNSA Nonproliferation chief Anne Harrington, Assistant Secretary of State for International Security and Nonproliferation Tom Countryman, Principal Deputy Assistant Defense Secretary for Global Strategic Affairs Kenneth Handelman, the Government Accountability Office’s Gene Aloise, Page Stoutland of the Nuclear Threat Initiative; and Partnership for Global Security Executive Director Kenneth Luongo, Room 342 Dirksen Senate Office Building, Washington, D.C., 2:30 p.m.**
- 14** **Hearing: NNSA and EM budgets, Senate Armed Services Subcommittee on Strategic Forces, with NNSA Administrator Tom D’Agostino, NNSA weapons chief Don Cook, Naval Reactors chief Adm. Kirkland Donald, and EM chief Dave Huizenga, Room 222 Russell Senate Office Building, Washington, D.C., 2:30 p.m.**

- 15** **Hearing: Navy Budget, Senate Armed Services Committee, with Navy Secretary Raymond Mabus, Chief of Naval Operations Adm. Jonathan Greenert, and Marine Corp Commandant Gen. James Amos, Room G-50 Dirksen Senate Office Building, Washington, D.C., 9:30 a.m.**
- 20** **Hearing: Air Force budget, Senate Armed Services Committee, with Air Force Secretary Michael Donley and Air Force Chief of Staff Gen. Norton Schwartz, with Room G50 Dirksen Senate Office Building, Washington, D.C., 9:30 a.m.**
- 21** **Hearing: NNSA budget, Senate Energy and Water Appropriations Subcommittee, with NNSA Administrator Tom D’Agostino, time and location to be determined.**
- 21** Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility, Las Vegas, Nev.
- 29** **Speech: “The Next Step in Arms Control: A Nuclear Control Regime,” Jan Lodal, former Principal Deputy Undersecretary of Defense, Georgia Institute of Technology, Atlanta, Ga.**

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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NUCLEAR WEAPONS & MATERIALS

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...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 12

March 16, 2012

— *INSIDE HIGHLIGHTS* —

Bids were due this week on the NNSA’s Y-12/Pantex M&O merger, and as expected, the agency received three proposals from industry teams eager to capitalize on one of the agency’s biggest opportunities in years. 2

With federal functional leaders split between the Y-12 National Security Complex and the Pantex Plant, new NNSA Production Office Manager Steve Erhart said he believes the structure of the new office will provide a balance between the two sites. 3

Senate Republicans are ramping up their criticism of the Obama Administration’s decision to scale back some of its modernization plans, with Sen. Jeff Sessions sparring with NNSA chief Tom D’Agostino at a Senate Armed Services Strategic Forces Subcommittee hearing this week. . . . 4

The NNSA’s reorganization of its site office reporting structure became more clear this week as the agency selected Michael Lempke as its new Associate Administrator for Infrastructure and Operations. 5

Los Alamos National Laboratory is currently studying the impact of the agency’s decision to defer work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility for up to five years, and NNSA Administrator Tom D’Agostino said last week that he had “high confidence” in the agency’s future plutonium plans. 6

Budget cuts to the NNSA’s nonproliferation programs will impede the administration’s goal to secure vulnerable nuclear materials around the world, nuclear security experts said this week. 7

The NNSA selected John Eschenberg to be the Uranium Processing Facility’s new Federal Project Director with a mandate to pull everything together and make sure the multi-billion-dollar project gets off to a good start. 8

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AT END OF LONG PROCESS, THREE SUBMIT BIDS FOR Y-12/PANTEX M&O COMBO

For years, weapons complex observers wondered if the National Nuclear Security Administration would get competition for its combined Y-12 National Security Complex/Pantex Plant management and operating contract. Bids were due this week, and as expected, the agency received not two, but three proposals from industry teams eager to capitalize on one of the agency's biggest opportunities in recent years. A team led by Y-12 and Pantex incumbent Babcock & Wilcox and including URS, Northrop Grumman and Honeywell (with Shaw and EnergySolutions as subcontractors) formed several years ago, and they were joined in submitting proposals by the March 13 due date by a team of Lockheed Martin, Bechtel and ATK as well as a team made up of Fluor, Jacobs and Pro2Serve. Oral presentations for the contract are expected to take place over the next month, and the agency has previously said it hopes to award a contract by the end of the year, with transition taking place in early 2013.

For much of the lengthy procurement, speculation centered on whether a team would emerge to challenge the Babcock & Wilcox consortium, dubbed by some as the "super team," and specifically whether or not Lockheed Martin would enter the competition. It was only in recent months that the defense contracting giant agreed to move forward with the procurement, and Fluor also was a relatively late entry into the field, forming its team after the release of a draft Request for Proposals last summer as well. With a limited amount of large opportunities out there, each team was lured by the potential value of the contract, which could earn fee approaching \$100 million a year, but the industry officials say the NNSA's decision to link potential fee to cost savings gave companies the confidence to believe they could propose a unique approach to managing the sites. "A number of things came into play to factor into the competition, but you can't ever, ever diminish the

value of money," one industry official said.

A Tumultuous Procurement

At times, a procurement that has its roots during the tail end of the Bush Administration and is likely to wrap up as the Obama Administration completes its first term, tested the patience of industry officials. The agency first outlined plans to revamp the contracting strategy for its production plants in the fall of 2007, seeking industry input on options to consolidate management of Y-12 and Pantex as well as a host of other variables, including the Kansas City Plant, Sandia production activities, Los Alamos production activities, and Savannah River tritium production. It also considered creating complex-wide information technology, security and construction management contracts, but while those efforts fell by the wayside, the agency ultimately chose to consolidate management of Y-12 and Pantex (with an option to include Savannah River tritium after one year) in 2010.

The decision was not without its detractors. House appropriators questioned the agency's claims that it could save approximately \$895 million over 10 years (later adjusted to \$1.15 billion) through the consolidation, and tasked the Government Accountability Office to study those projections. The government watchdog group didn't sign off on the agency's estimate, saying that the agency didn't have enough information to prove or disprove its estimate. At the same time, lawmakers in Tennessee began ramping up their concern. Led by Sen. Lamar Alexander (R-Tenn.), much of the state's Congressional delegation urged the agency to postpone plans to release a draft Request for Proposals. In July, however, the agency moved ahead with the procurement, releasing a draft RFP that took a unique approach to awarding fee. In order to help generate the cost savings the agency was hoping for, ultimately allowing bidders to propose up to 7 percent in fee for the contract (based on Fiscal Year 2011 Pantex and Y-12 budgets), with half of the fee tied to cost savings.

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Agency Adopts Novel Fee Approach

The agency also said it would evaluate construction management of the Uranium Processing Facility separately from the combined M&O contract, reserving the right to award the M&O contract without the multi-billion-dollar construction project. The agency also said it reserved the right to reverse course on the procurement if proposals did not include enough cost savings. "Should the proposals come back with no real savings, I don't think we would feel the least compelled to go forward with this," NNSA Principal Deputy Administrator Neile Miller said in July. "But conversely, should we see savings in the proposals, that would tell me we're on the right track."

Throughout the procurement, NNSA officials steadfastly believed that the agency would get competition for the contract, and former Source Evaluation Board chair Patty Wagner suggested shortly before she retired in February that the competition for the contract validated the work done by the agency. "On these big M&O contracts, you're typically going to get one, two, three, four offers so I'm very satisfied with that. I think it's a good product," she said at the time. "I think the industry is going to respond well, and overall I think the contract is going to be very successful."

—Todd Jacobson

NEW NNSA PRODUCTION CHIEF: 'VIRTUAL' APPROACH TO MGMT. PROVIDES BALANCE

With federal functional leaders split between the Y-12 National Security Complex and the Pantex Plant, new NNSA Production Office Manager Steve Erhart said he believes the structure of the new office will provide a balance between the two sites. As part of the new office's creation, Erhart, who has served as the manager of the Pantex Site Office since 2008, will relocate to Oak Ridge to manage the agency's combined Y-12/Pantex mission, but the new federal structure has been otherwise described as a "virtual" office, with deputy managers stationed at both sites and officials that will oversee business functions across the contract from one site or the other. "There could be perceptions, but I really believe there's no winner or loser here," Erhart said in a recent interview with *NW&M Monitor*, noting that he planned to take advantage of the federal workforce where it is currently stationed. "And if we do this right there should be this balance between the sites that's preserved in our merger and into our transition and finally into the overall management of the consolidated contract," Erhart said. "It's important to me that it's a balanced approach, and it's not one site favored over the

other if you will. It's one contract running two very important sites."

The agency formally named Erhart as the head of the new office in January and since that time, he's been working to establish the new office, which is expected to be completely in place one or two months before transition to the new combined contract begins. Three bids for the contract were submitted this week (*see related story*), and transition is currently expected to take place in the early part of 2013. Erhart will relocate to Y-12 largely because he's not as familiar with the site as he is with Pantex, and he has spent several weeks in Oak Ridge recently to better familiarize himself with Y-12's mission. "Our cultures, we grew up separately during the Manhattan Project and the Cold War," he said. "We have certain things about our history that make us different culturally. I was very pleased we have more in common than we thought and more in common than we have differences. We all recognize this is an opportunity here to create something very special and hopefully enduring and help NNSA become more efficient and effective in how we manage our programs and our products."

Approach Provides a 'Forcing Function'

Over the next few months, Erhart will pick deputy managers for each of the sites and choose functional leaders in areas like security, safety and business operations, keeping whoever is chosen to head up the areas at their current site. Erhart suggested that approach was designed to avoid a bias toward one site and stimulate efforts to increase efficiency and consolidation between the field offices. "It naturally provides a kind of forcing function to not just consolidate but also to bring together the processes so you have over time a singular process that covers both sites," Erhart said. In contrast to having one office dedicated to managing the contract, "you get a lot better consolidation" by having geographically dispersed functional leads and "can find those places where you can get some efficiencies over time which translates to a smaller federal footprint by doing it the way we're set out to do."

He said that the offices would increase their reliance on technology to communicate, using video teleconferences and "virtual" meetings to take the place of some face-to-face communication. "We're really going to try to get some quick wins in that area, really connect the management team together as much as possible," Erhart said. "It will be required less and less that you're in the same room all the time. But to be successful you've got to really ... be on the same page. We are different sites, but we have a mission in common."

Reduced Workforce Expected, but Targets Unclear

As part of the standup of the office, the federal presence at each site is expected to shrink, but Erhart declined to reveal targets for reductions. He said once functional leads are picked, more will be known, but he stressed that any significant consolidation would not take place until transition to a new contractor is completed. "As we work through, we'll have some natural attrition, and we'll start to consolidate," he said. "When a vacancy comes through under the new structure, we'll compare across both sites and ask questions about whether the position needs to be at one site or the other or can one position at one site cover both sites. Through that process you'll see a consolidation of the federal footprint over time."

It remains to be seen how contractors will approach management of the sites and whether they might mirror the federal structure, and Erhart said he was eager to see how bidders dealt with that issue. "Personally I think I can be where I need to be to manage both sites," he said. "We overlap where you are, being co-located geographically. [NNSA Principal Deputy Administrator Neile] Miller, the fee determining official and also the source selection official, is very big on 'geography doesn't matter,' which is more in line with private industry. The more I think that through the more I think that's correct. It becomes less and less important that you're physically co-located to do the job."

—Todd Jacobson

BATTLE OVER NNSA MODERNIZATION FUNDING HEATS UP IN SENATE

Sessions Blasts Budget Request for NNSA as 'Inadequate'

Senate Republicans are ramping up their criticism of the Obama Administration's decision to scale back some of its modernization plans, with Sen. Jeff Sessions (R-Ala.) sparring with National Nuclear Security Administration chief Tom D'Agostino at a Senate Armed Services Strategic Forces Subcommittee budget hearing this week. Sessions, the top Republican on the panel, blasted the Administration for breaking modernization promises made during debate on the New START Treaty, zeroing in on decisions to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility and slow life extension work on the W76, B61 and W78/W88. He also took issue with D'Agostino's assurance that the \$7.58 billion FY2013 request for the agency's weapons program would meet the nation's needs and was vetted by the Nuclear Weapons Council. A year ago, the agency had projected needing \$7.9 billion in FY2013. "I'm showing you that you delay the plans significantly in critical function after critical function," Sessions said during a

testy exchange with D'Agostino. "You say everything is OK, everybody signed off on it, but we had an agreement at the time the START thing was done and I don't think it's being met. I think it's being missed. We need to have a conversation that's connected to reality. The reality is things have slipped significantly from what we were heading toward."

D'Agostino responded that Congress had signaled that it was not on board with the Administration's previous modernization plans by not fully funding the FY2012 request for the agency's weapons program, forcing the Administration to reconsider its approach in the context of new fiscal constraints. "Senator, with great respect, the reality is also true that the NNSA was appropriated more than \$400 million less than what we needed to do the job," he said. "You cannot jump back on the saddle. The President has been very clear for the last two years in its commitment. We put forth and requested 10 percent increases to this particular program. The message we get back is the environment doesn't exist to support that kind of an increase. We got 5 percent increases consistently. Therefore it has caused us to relook at this program. That's the reality I unfortunately see from my end."

Sessions: 'Shortchanging Modernization'

Sessions, however, was unconvinced. "Despite our need for fiscal austerity, and there is a need, shortchanging nuclear modernization at a time when we face threats and uncertainty ahead and may even grow is simply not acceptable," Sessions said. "I don't know exactly ... the amount of money we need. But the amount that was committed [in 2010] is not provided for in this budget."

The issue, however, was not limited to Republican concern. Sen. Ben Nelson (D-Neb.), the chairman of the panel, also registered his concern about the scaled back modernization plans, and specifically the decision to defer construction of the CMRR-NF. "I thought we were going to have to have a new building, because it was going to take the new building as something that's required to meet those functions," Nelson said. "The fear is if we don't get the same result here because we don't have enough money in the budget and we're patching rather than building." But he suggested that the agency's budget problems were understandable considering the significant changes that had taken place in the last year. "Realistically, given that the 1251 [modernization] report was submitted to the Congress in November of 2010, nine months before the Budget Control Act became law, falling 4 percent short of the \$7.9 billion target is reasonable given the fiscal reality facing us today," Nelson said.

GOP Policy Committee Outlines Opposition to Cuts

Sessions' assault on the Administration's budget came at the same time that the Republican Policy Committee outlined its stance on the issue, which mirrored the concerns raised by Sessions and Sen. Jon Kyl (R-Ariz.), the leading voice among Senate Republicans on nuclear weapons issues. The committee is chaired by Sen. John Barrasso (R-Wyo.). "President Obama promised resources for nuclear modernization during Senate ratification of New START, but once he secured treaty ratification, that promise quickly evaporated," the committee said in a policy statement this week. "President Obama's commitment to nuclear modernization will affect congressional support for New START implementation. It will also affect the President's stated desire to negotiate even further nuclear reductions or complete other arms control agreements, such as the Comprehensive Test Ban Treaty."

Sens. Raise Concerns About Budget Outlook

Nelson also pressed D'Agostino on the lack of a five-year funding outlook for the agency's weapons program in the Administration's latest budget submission to Congress. In contrast to previous years, the agency did not map out its funding needs over the next five years for the weapons program as Congress requires, and in the case of the nonproliferation and Naval Reactors account, it only used funding numbers indexed to inflation for its out-year projections. The absence of the projections makes it "impossible to satisfy the modernization report which was required under Section 1043 of last year's defense authorization [act]," Nelson said. "Can you give us some idea of how this happened, or how this would be consistent with what we were seeking a year ago?"

D'Agostino said that the budget projections would be included in a submission to Congress "sometime this summer" and attributed the lack of their presence in this year's budget to the Budget Control Act and less-than-expected FY2012 appropriations that forced major changes in the agency's modernization plans. Budget placeholders give the agency "time to work with our DOD partners in order to work on the details of the out-years associated with making sure that we can fully support the life extension programs as we've laid out and requested in this budget, making sure that we can follow through on our commitments on infrastructure improvements for both UPF, the High Explosive Pressing Facility and continue to do our plutonium capabilities." He said the agency was still working on refining the outyears budget plan. "The question would be exactly how much detail we put into it," he said. "We want the detail because of course we need it to get that FY 14 budget bill. That's the key budget and out-years that we want to make sure that we're all on the

same page on. We're together on FY 13. We're working the out-years together."

Lack of Planning Leads to 'Uncertainty'

Sessions, however, suggested that the "lack of a five-year budget plan has instilled a level of uncertainty" in the program that the Administration's 10-year modernization plan and a \$7 billion infusion of budget authority from the Department of Defense were designed to fix. "Every agency is facing unprecedented budget pressures. We are facing unprecedented budget pressures. We really are," Sessions said. "We do not have the money to do everything that we need to do for this country. Congress does not fully understand it. I'm not sure it's understood down to the depths of all of our agencies, including Energy, including Defense. It's just serious. We don't have the money. That's what [former Joint Chiefs of Staff Chairman] Admiral Mullen meant when he said that debt is the greatest threat to our national security. It can cause us to make bad decisions with regard to how we defend this country."

—Todd Jacobson

NNSA TAPS NR FIELD MANAGER TO HEAD UP INFRASTRUCTURE, OPERATIONS

Michael Lempke Previously Headed Up Naval Reactors Laboratory Field Office

The National Nuclear Security Administration's reorganization of its site office reporting structure became more clear this week as the agency selected Michael Lempke as its new Associate Administrator for Infrastructure and Operations. Though the agency hasn't announced the move, Lempke is set to take charge of the agency's field offices after a stint as the top federal official at the Office of Naval Reactors' Naval Reactors Laboratory Field Office, which oversees Bettis and Knolls Atomic Power Laboratories. Lempke will also serve as the agency's Associate Principal Deputy Administrator, reporting directly to Principal Deputy Administrator Neile Miller in a move designed to strengthen the link between the site offices and the agency's front office.

Lempke's appointment caps the latest chapter in the effort to reorganize the NNSA's site offices. After reporting to the Office of Defense Programs, the agency's field offices were shifted to report to a newly created associate administrator spot in an effort to align the agency's field work with the broad NNSA mission and better integrate it into the agency's overall structure. As the head of the Office of Naval Reactors' combined Laboratory Field Office in Pittsburgh, Lempke has significant experience with combining two federal offices under one management

umbrella, and he is expected to help guide the NNSA's efforts to merge the Pantex and Y-12 site offices into a new NNSA Production Office. He has headed up the Naval Reactors Laboratory Field Office since management of the Bettis and Knolls Atomic Power Laboratories was combined in 2009.

A Move Toward Integration

The move to shift the site offices out of Defense Programs was designed to align the agency's field work with the broad NNSA mission and better integrate it into the agency's overall structure, a senior NNSA official told *NW&M Monitor* earlier this month. "The whole point of this is to get NNSA to a position to manage all of its assets, programs, and support, and all of that includes all the various physical locations as well," the official said. "To go to this integrated approach to doing our work, we need to really complete the move away from the sort of 'them and us' approach." The move is also expected to enhance coordination between headquarters and the field by strengthening the direct reporting link between the sites and the agency's front office, which is why Lempke will hold two positions: one as Associate Administrator for Infrastructure and Operations and another as Associate Principal Deputy Administrator. "The point is to get away from the whole world being conceived of as no more than headquarters and field," the official said.

—Todd Jacobson

AS CMRR-NF QUESTIONS CONTINUE, NNSA CHIEF STANDS BEHIND FUTURE PU PLANS

At the direction of the National Nuclear Security Administration, Los Alamos National Laboratory is currently studying the impact of the agency's decision to defer work on the Chemistry and Metallurgy Research Replacement Nuclear Facility for up to five years, and NNSA Administrator Tom D'Agostino said last week that he had "high confidence" in the agency's future plutonium plans. The agency has said that it will use a variety of other options to compensate for the deferment of the multi-billion-dollar CMRR-NF project, utilizing facilities at Lawrence Livermore National Laboratory and the Nevada National Security Site. The agency also said that it will decrease the amount of material stored at a plutonium vault in its plutonium facility, which would lessen the need for the new vault the CMRR-NF was to have provided, and increase the planned use of the first phase of the CMRR project, a Radiological/Utility/Office Building (RLUOB) that has just been completed. "The confidence stems largely from the fact that we have an ability to do additional material characterization and analytical chemistry

work in the [RLUOB] building, as well as plutonium storage vault volume has decreased," D'Agostino said at a Defense Writers Group briefing last week.

Lawmakers Question Commitment

The NNSA has been highly criticized by some lawmakers for the decision to defer CMRR-NF and its Fiscal Year 2013 budget request (*see related story*), and that continued last week as members of the Senate Armed Services Strategic Forces Subcommittee questioned the agency's decision on the multi-billion-dollar project and its alternatives plan. "Just how committed can we feel [the Administration is] to this alternate plutonium strategy if during the course of congressional investigations it's determined that it's just too costly and makes no practical sense to engage in it?" Sen. Ben Nelson (D-Neb.) said at a subcommittee hearing this week. "Once the cost is known, it could very easily exceed the capabilities to cover it."

D'Agostino said that recent changes to the safety basis for the RLUOB facility, using "modern dose conversion factors," have allowed the agency to expand its usage for material characterization and analytical chemistry work. "Just one simple change of using modern international standards, has allowed us to significantly increase the amount of work we can actually do in a building that's brand new, that was just built for plutonium," he said. He also noted that the lab had done a "marvelous" job of reducing the amount of nuclear material inside PF-4, which was one of the main drivers for the creation of a vault inside CMRR-NF. "This was one of the key elements of the nuclear facility to build a very large plutonium vault. Well, the need and the pressure to build that very large plutonium vault has decreased," D'Agostino said. "We still need a modern plutonium vault, but what we can do is really take advantage of the existing vault that the nation has right now."

Study Details Outlined

As part of the study, which is expected to be completed by mid-April, LANL is analyzing several of the key components of the project, and a Defense Nuclear Facilities Safety Board memo outlined the elements of the study this week. They include:

- Closing out design of the CMRR-NF by the end of FY2012 to allow the design to be used in the future, if needed;
- Phasing out usage of the lab's 1950s-era Chemistry and Metallurgy Research building by 2019;
- Increasing the use of the RLUOB for analytical chemistry and materials characterization;

- Moving material between the RLUOB and the lab's existing Plutonium Facility;
- What other sites would be needed to provide additional analytical chemistry and materials characterization support;
- Using Livermore's Superblock facility for Hazard Category 2, Security Category 3 work; and
- Decreasing nuclear material at LANL's Plutonium Facility by staging material at the Device Assembly Facility at the NNSS.

D'Agostino said the study would provide the details that make up the foundation of the broader plan. He said that there is no current pricetag for the alternative effort, but suggested that it would be "significantly" cheaper than moving forward with the CMRR-NF. The Obama Administration has said the deferment of the project will lead to \$1.8 billion in cost avoidance over the next five years. "It's a matter of making sure we understand at the budget quality level, particularly for the out-years," he said. "How much material characterization and analytical chemistry work we need to do in Lawrence Livermore and in what year do we need to do it? And how many pit coupons are they going to be analyzing, and at what rate. Because some of it is going to be done at Los Alamos and some of it is going to be done at Lawrence Livermore. We want both labs to com together in this area."

Sessions Wary of Pit Reuse

Sen. Jeff Sessions (R-Ala.) and Nelson also questioned the agency's plan to reuse pits for future life extension programs and to meet Pentagon requirements for a pit production line capable of producing 50 to 80 pits per year. LANL Director Charlie McMillan has previously said that the lab would not be able to meet Pentagon requirements without CMRR-NF. "The budget neglects a standing DOD requirement for a capability to manufacture between 50 and 80 pits per year, and recklessly presumes that future life extension program plans will be allowed to cannibalize the pits of weapons currently held in strategic reserve," Sessions said. "While the reuse of pits may be an attractive option, the studies to support its long-term feasibility have not taken place."

Testifying at the hearing, NNSA Defense Programs chief Don Cook suggested that the agency was confident that it could use a range of options to meet the nation's need for pits. "With regard to now the pit numbers, it's a fact that what we're doing with the W-76 life extension known as the 76-1 and what we intend to do with the B-61 12 is pit reuse," Cook said. "There are three different approaches here. They're certainly written in our program plans. One is pit reuse, one is pit refurbishment and one is manufacturing of newly manufactured pits but of the existing design.

No new military requirements or characteristics are essential. ... We do believe that we can continue conducting a very aggressive modernization program for life extension programs by using all three of those."

—Todd Jacobson

EXPERTS SAY NONPRO. BUDGET CUTS LEAVE NUCLEAR MATERIAL VULNERABLE

Renewed Concern For Radiological Materials at Hospitals

Budget cuts to the National Nuclear Security Administration's nonproliferation programs will impede the administration's goal to secure vulnerable nuclear materials around the world, nuclear security experts said this week. Will Tobey, former Deputy Administrator for Defense Nuclear Nonproliferation, was "frankly surprised" by hefty cuts to the Second Line of Defense and Global Threat Reduction Initiative programs in the Administration's latest budget request. "The cuts to those programs will slow down the progress toward securing nuclear material. There's just no way around that," he said at a March 13 event at the National Press Club in Washington. He added, "Lower priorities will be shoved further down the list and will take longer to complete. So I'm not sure how to square this with the overall commitment to nuclear security that the Administration has articulated."

The SLD program, which installs radiation detection equipment around the world, faced the biggest cuts in the Fiscal Year 2013 request when NNSA asked for \$93 million, or \$169 million less than in FY 2012. GTRI took a relatively smaller hit, as NNSA requested \$466 million for the program, or \$32 million less than the year before. Both programs have been key components in the Administration's four-year plan to secure vulnerable nuclear materials around the world, a goal announced by President Obama in 2009 that gained international support at the 2010 Nuclear Security Summit. Nonproliferation officials hope that those efforts will be renewed at the 2012 Summit, which will be held in Seoul, South Korea, at the end of this month.

Administration Defends Cuts

Responding to criticism on the budget request, NNSA Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington defended the cuts at a Senate Homeland Security subcommittee hearing this week. "We are confident that the 2013 budget as presented will allow us to continue to meet our four-year goals," Harrington said. "That does not mean that it's only the Global Threat Reduction Initiative program, but we have to maintain the funding in other programs that are also part of this overall effort. There are at least four different

program areas that support the four-year effort, in my office. So we have done our best to balance across those programs to make some tough decisions, but we believe they were the right decisions to be able to carry this effort forward.”

But Kenneth Luongo, president of the partnership for global security, said at the press club event that the vagueness of the four-year goal opened up the possibility for deficiencies in efforts to secure material. “Everybody gave the Obama Administration a free ride on what the four-year goal was,” he said. “I don’t think there is any way to sugarcoat it at this point, frankly because they are using it to their advantage by saying, ‘We can cut the budget because everything we are doing is consistent to meeting the four-year goal.’ Well, nobody ever defined what the four-year goal was.” Luongo added that the latest request “squares completely with the other budgets, all of which have been inadequate. ... It doesn’t make any sense, there’s no rationale for it. We have 6,000 radiation monitors around New York City. And the rationale of this Administration is we don’t need 4,000 or 5,000 around the world.”

Radiological Materials at Hospitals a Concern

The four-year goal “almost certainly will not be met,” Tobey said, because some nuclear materials will still remain vulnerable at the end of the effort. One of the more overlooked issues involves unsecured radiological sources in U.S. hospitals and medical facilities that could be used to make a dirty bomb, according to Government Accountability Office Director of Natural Resources Gene Aloise, who said at the Senate hearing that the material posed a significant security risk. “My team and I have visited numerous medical facilities and observed instances where equipment containing extremely high curie amounts of some of the most dangerous radiological material were highly vulnerable to theft or sabotage. For example, in one hospital we visited, the door to the room housing a blood irradiator with 1,500 curies of cesium 137, had a combination lock on the door, but the combination to the lock was written in pencil on the door frame for everyone to see,” Aloise said. “We also saw equipment containing high-risk sources that should have been secured, but instead were on pallets with wheels and close to areas with public access. In our view, it would not be very hard for someone to steal these devices.”

Aloise stressed that the Nuclear Regulatory Commission’s controls over the materials were “too broadly written and need to be tightened up” to give greater guidance and training to hospital staff on securing the material. “We need a culture change that, although we realize how important these facilities and this equipment is, it has to be

secured, because ultimately, the licensee who holds these radiological sources is responsible for them,” Aloise said. He added that NNSA should also expand its efforts to secure material at medical facilities. Harrington said that there “is substantial room for improvement” in that area in particular, and when pressed by Sen. Daniel Akaka (D-Hawaii), she said that there had been some examples of theft or sabotage of materials at hospitals. “Just as we work on developing security cultures in other countries, we need to work on the same kind of security culture in our own country, particularly, on this radiological issue. So I agree that there is certainly more that we can do,” Harrington added. Akaka said he was “alarmed” by the situation and hoped it would be addressed at the Seoul Summit.

Luongo also expressed concern at the Senate hearing about unsecured materials at hospitals, calling it a “a very, very serious problem ... because we have hundreds of thousands of these sources around the world.” He recommended a U.S. led initiative between now and a 2014 Nuclear Security Summit—if there is one—to secure all high-intensity radiological materials in hospitals. “I don’t think it’s going to cost that much,” Luongo said. “I think to do the job in the United States alone would be something less than \$200 million, but I think it’s an important initiative and it’s been undervalued. And the President never mentioned it in Prague, but I do think it’s something, now that the four-year goal is coming to an end, is something we need over the next two years or next four years, a much more intense effort on this issue.”

—Kenneth Fletcher

FORMER OR CLEANUP CHIEF SELECTED TO BE UPF FEDERAL PROJECT DIRECTOR

Eschenberg to Take Over Top Federal Spot on Project; Brings Cleanup, Waste Treatment Plant Experience

As the Uranium Processing Facility moves toward a key 90 percent design milestone and the start of construction, the National Nuclear Security Administration selected John Eschenberg to be the project’s new Federal Project Director with a mandate to pull everything together and make sure the multi-billion-dollar project gets off to a good start. The 44-year-old Eschenberg currently serves as interim manager of the Department of Energy’s Oak Ridge office and has been a star in the federal agency’s Environmental Management program.

Eschenberg said he will transition to the UPF role sometime within the next month after wrapping up some activities and stabilizing things in the Oak Ridge office, where multiple positions are being filled on an acting basis. He noted that the timing for UPF is critical, with the Oak Ridge projects receiving new priority from the Obama

administration with a big bump in the proposed funding for Fiscal Year 2013 (\$340 million). Eschenberg wouldn't say who first approached him about taking over the UPF role, but he spent time with Tom D'Agostino earlier this year when the NNSA chief came to Oak Ridge to review some of the environmental management problems that come under his umbrella as under secretary. He said he was excited to be able to lead a big project of national urgency. "It's going to be NNSA's iconic project," Eschenberg said. "It would be awfully hard to say no to the opportunity to manage something like that."

Eschenberg Brings Experience at EM's WTP

Before coming to Oak Ridge about 2 ½ years ago to head up DOE's cleanup program, Eschenberg was involved in management of some other big projects, including the \$12 billion Waste Treatment Plant at Hanford, and he is certified as a Level IV Project Manager in DOE's Project Management Career Development Program. Eschenberg said he didn't want to spell out all the details of how he will organize the federal staff at UPF, but he said he would have at least one deputy. Eschenberg will report directly to Washington and Bob Raines, NNSA's Associate Administrator for Acquisition and Project Management.

The UPF is about two-thirds of the way through design, and site preparation is expected to begin later this year. The federal project is currently estimated to cost somewhere between \$4.2 billion and \$6.5 billion, and it is touted as the largest construction project in Tennessee history. "We're fresh out of the blocks," Eschenberg said. "It's got the full support of the Administration. It's got a lot of community support." He said it was personally a difficult decision to leave the DOE post and move over to the NNSA's high-profile nuclear project. But he said the community has been very supportive of him and said he hopes that will transition with him to his new assignment.

Project Key to 'America's Nuclear Security'

While Eschenberg will not be a part of the NNSA's Y-12 Site Office, reporting to HQ, he said he would work on a daily basis with Steve Erhart, the new federal manager in charge of the Y-12/Pantex production complex, and Erhart's Y-12 deputy, Dan Hoag. Before coming to Oak Ridge, Eschenberg held management roles at Hanford, Los Alamos and Savannah River. He said UPF will be a challenge, which is what makes his job fun. The project is of true national importance, he said. "I think America's nuclear security will rest to a large extent on our ability to design and build this mammoth project," Eschenberg said. "This combines the highest level of technology and securi-

ty and so, in my mind, we're really securing our country's nuclear future."

—From staff reports

NNSA OFFERS MORE SIGNS THAT IT COULD TURN TO LARGE BIZ FOR GTRI WORK

The National Nuclear Security Administration appears to be leaning more toward opening up its Global Threat Reduction Initiative small business Indefinite Delivery/Indefinite Quantity contract to large businesses. The agency released another Sources Sought notice this week seeking companies to remove and transport nuclear fuel and other material from foreign research reactors around the world, asking small businesses to indicate how they would supply specialized engineering labor that the agency suggested had been largely handled in the past through large business subcontractors. The work represents about half the scope of the GTRI small business ID/IQ; the agency has not signaled how it will contract for additional removal efforts not included in the scope of the current opportunity. "DOE/NNSA has experience that indicates small business vendors may be unable to satisfy the requirements of FAR 52.219-14(b)(1)," the agency said. "In past contracts the vast majority of the costs of contract performance incurred for personnel were incurred by large business cask vendors acting as subcontractors."

Specifically, the agency said the labor costs arose in the area of loading material into Type B casks, foreign research reactor site assessments and fuel assessments, and licensing and permitting activities in the U.S. and other countries. The agency asked small businesses to "thoroughly explain the skills, experience, training and/or certifications" that its personnel possessed, or explain how it would meet federal labor requirements if it was subcontracting the work out.

Current Contract Expires Next Month

The agency released its first Sources Sought notice for the contract in March of last year, lowering the small business size standard to \$7 million and offering the first sign that it was planning to move toward opening up the follow-on GTRI ID/IQ contract to large businesses. Some industry officials have pointed out that few, if any, small businesses—especially one that qualifies under the NAICS code for "nuclear energy consulting services"—would be able to respond to the notice, fueling speculation that the agency could be preparing to open up the GTRI work to large businesses this time around.

Three teams were awarded the contract in 2007—Global Threat Reduction Solutions, LLC (a joint venture between TerranearPMC and EnergySolutions), Pro2Serve, and GEM Technology International Corporation—but the agency has not come close to meeting the \$100 million target it said it would spend through the contract. The contract expires next month. Industry officials have complained that much of the work done in the GTRI program is being performed by national laboratories, disappointing small businesses that had anticipated significant work under the contract.

The elevated profile of the program has also led to frustration among small businesses. In 2009, President Obama

announced a plan to secure vulnerable nuclear material around the world within four years, and the GTRI program is at the forefront of that effort with its mission to convert research reactors that use highly enriched uranium, remove HEU and plutonium from unsecured locations around the world, and to upgrade security at other existing sites. The budget for the program has grown significantly in recent years, from \$333.5 million in FY2010 to a request of \$558.8 million in FY2011. The agency requested \$466 million for the program in FY2013, down \$32 million from the \$498 million that was appropriated in FY2012.

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT LOS ALAMOS . . . LAB NEIGHBORS FORCED TO SHELTER AFTER CLEANUP MISHAP

Businesses on the border between Los Alamos National Laboratory and the neighboring town of Los Alamos were closed, with workers briefly directed to stay indoors, after a March 14 incident in which chemicals in an old waste container dating to the early years of the lab underwent a violent chemical reaction. A worker suited up in contamination gear and a breathing apparatus was attempting to sample gas in an old bottle of liquid when gas in the bottle, encountering air for what was likely the first time since the Manhattan Project or soon thereafter, ignited, according to a lab statement.

The incident happened inside a metal structure that had been erected for cleanup work in the lab's Technical Area

21, an old lab site adjacent to DP Road in Los Alamos. DP Road is the area where businesses most closely abut lab property, and the TA-21 cleanup is one of the lab's most longstanding environmental issues because of the area's proximity to the general public. A hazardous materials team and fire and police squads were dispatched, closing DP Road and telling workers in the adjacent businesses to stay inside until a survey showed no hazardous chemicals had escaped the work enclosure. Workers inside the enclosure also were evacuated. The hazardous materials team found no release outside the building, and only "very low levels" of volatile organics in the immediate area of the incident.

AT LOS ALAMOS NNSA CONCERNED ABOUT SERIES OF LAB INCIDENTS

The National Nuclear Security Administration complained in a Feb. 13 letter about a series of incidents at Los Alamos National Laboratory that, while minor in and of themselves, suggest a pattern of problems with work safety planning and implementation. Los Alamos Site Office spokeswoman Toni Chiri characterized the problems as "somewhat minor events that are not significant in themselves—individually. Our concern is that they are leading indicators for a potential larger event."

The 10 incidents over a 30-day period ranged from a crane hitting a scaffolding to two electrical power line cuts, in-

cluding one that happened when workers were clearing snow. "The frequency and number of events associated with integrated work management is cause for concern and the Los Alamos Site Office (LASO) believes further consideration and investigation is warranted," site office Deputy Manager Juan Griego wrote in the letter to laboratory officials. Griego asked the lab "to evaluate these events to identify common causes or systemic issues" and report back on plans to reverse the problem trend identified by the letter.

AT OAK RIDGE LOCAL GUARDS SUE SECURITY CONTRACTOR FOR BACK WAGES

More than 300 current and former security police officers in Oak Ridge have filed a federal lawsuit against G4S Government Solutions, the NNSA/DOE security contractor, claiming they were not compensated for “off-the-clock” work. The lawsuit said the contractor is violating the Fair Labor Standards Act. The lawsuit, which was filed March 9 in U.S. District Court in Knoxville, claims that Oak Ridge guards were required to perform various activities before and after their work shifts without being paid their straight time wages or overtime. G4S does business in Oak Ridge as WSI-Oak Ridge. WSI spokeswoman Courtney Henry said the company had no comment at this time.

The lawsuit seeks back wages for the past three years, which reportedly is the statute of limitations for willful violations of the federal labor act, as well as legal fees and other compensation. If the court certifies it as a collective action, the lawsuit could be opened up to hundreds of other Oak Ridge guards potentially affected by the decision. At issue is whether certain activities before and after guards report to their work posts is considered part of the work day. The lawsuit isn’t specific, but some of the contested activities reportedly include dressing out in special uniforms, donning protective equipment, picking up their weapons and other gear and later returning them, and time spent going to and from their work posts.

Changed Requirements Drive Complaints

Randy Lawson, president of the International Guards Union of America, Local 3, is one of the 304 plaintiffs in the lawsuit. Lawson said the guards’ negotiated contract contains a clause—negotiated during the 1960s—that includes some miscellaneous activities that are not compensable. However, he said much has changed in terms of equipment and technology over the years, especially since 9/11, that requires more time for the security police officers to prepare for their work shifts. According to the lawsuit, G4S “has intentionally and repeatedly engaged in the practice of under-reporting the hours worked by their non-exempt security police officer employees in violation of the provisions of the FLSA. In addition, Defendant’s agents and/or employees have specifically required Plaintiffs and others similarly situated to engage in work before the designated starting time and after the designated quitting time to perform miscellaneous work activities.”

The suit claims that Oak Ridge security guards regularly worked in excess of 40 hours per week without receiving the overtime compensation—at a rate of one and a half times the regular rate—they were due. The suit also said the guards did not always receive the straight time hours they worked for the security contractor.

AT OAK RIDGE ORNL LAYS OFF 17 EMPLOYEES

Oak Ridge National Laboratory continues to make cost-cutting moves to prepare for the future. ORNL Deputy Director Jeff Smith confirmed that 17 layoffs notices were issued to employees in the lab’s neutron sciences directorate. The likelihood of layoffs had been hanging over the lab while management took other measures—such as cutting employees benefits and a voluntary departure program that earlier eliminated more than 200 jobs from the payroll.

Smith said the layoffs were not directly tied to budget cuts or shortfalls, but are being carried out to get the right “skill mix” moving forward at the Spallation Neutron Source—one of the lab’s signature research facilities. He said there are a mix of jobs being eliminated, with most of the coming from the Accelerator Division.

AT SAVANNAH RIVER GROUPS CITE MOX COSTS TO CRITICIZE NNSA’S PDC

With comments due this week on the National Nuclear Security Administration’s new preferred approach for providing a pit disassembly and conversion capability, a coalition of 15 advocacy groups are criticizing the program on several fronts, including increased cost estimates for the Mixed Oxide Fuel Fabrication Facility. “It is abundantly clear that the elimination of a costly stand-alone Pit Disassembly and Conversion Facility (PDCF) at the DOE’s Savannah River Site, announced via the Fiscal Year 2013 budget request, is happening because the construction of the \$5-billion MOX plant at SRS is eating up both the

bulk of funds for plutonium disposition and a large percentage of DOE’s overall non-proliferation budget,” the groups, including the Alliance for Nuclear Accountability, said in comments on NNSA’s plans to modify the draft Supplemental Environmental Impact Statement.

NNSA released a notice of intent to modify the project’s EIS to include a new preferred approach, in which a pit disassembly and conversion capability would be established using mainly existing facilities. The move is expected to provide significant savings over previous plans,

which originally included a standalone facility that was scrapped in 2009 due to cost concerns. NNSA is now looking at expanding or initiating pit disassembly or conversion capabilities at four facilities: H-Canyon, K Area and the MOX facility at the Savannah River Site and Technical Area 55 at Los Alamos National Laboratory. The process is a necessary step in preparing feedstock for the MOX Facility, currently under construction at the Savannah River Site and the main component in NNSA's plans to disposition 34 metric tons of surplus plutonium.

Among their concerns, the groups cite high cost estimates for construction of the MOX plant, currently expected to total \$4.86 billion, as well as increased estimates for operating costs over the lifetime of the plant. Those are

now expected to total \$7.1 billion, up from previous estimates of \$5.4 billion, according to the NNSA's FY 2013 budget request. "What is being misleadingly presented as a prudent decision to cut costs for the PDCF facility, the cuts actually indicate that costs for the MOX program have spiraled out of control and are placing other more important and productive parts of the DOE non-proliferation budget under extreme stress," the groups state. "Even high-level radioactive waste management operations at SRS, the most urgent issue being addressed at the site, are facing severe budget constraints given that MOX continues to take up a huge portion of the site budget. These budgetary problems offer reason enough for the MOX program to be reassessed." ■

Wrap Up

IN THE ADMINISTRATION

Jon Wolfsthal, the top advisor to Vice President Joe Biden on arms control, nonproliferation and nuclear security, is leaving the Administration to take a senior position at the James Martin Center for Nonproliferation Studies. Wolfsthal will take over as the deputy director of the nonproliferation think tank April 1. He served as a director on the National Security Council for the last three years, joining the Administration in March of 2009 after a stint as a senior fellow at the Center for Strategic and International Studies. He previously worked at the Carnegie Endowment for International Peace and in several different positions within the Department of Energy.

IN THE NNSA

The National Nuclear Security Administration has formally named Juan Griego the Deputy Manager of the Los Alamos Site Office after the longtime site office employee held the position in an acting capacity for the last seven months. Griego replaces Roger Snyder, who left the site office last summer to head up the Department of Energy's Pacific Northwest Site Office. Griego has served in various positions at the site office for 26 years, including Team Lead and Branch Chief for Project Management, Team Lead for Program Integration, and Assistant Manager for National Security Missions. He also was the first Federal Project director for the Chemistry and Metallurgy Research Replacement project.

The NNSA selected longtime Navy veteran Frank Lowery as its new Deputy Associate Administrator for Defense Nuclear Security this week. The position has been vacant since last summer when Doug Fremont was promoted to the NNSA's top security job. Lowery spent 30

years in the Navy, most recently serving as the chief of staff to the commander of Submarine Group Two, the Navy's Atlantic fleet of nuclear-powered fast attack submarines. "During his 30-year career in the United States Navy, Lowery has served in a wide variety of challenging assignments that have given him broad experience in policy development, radiological emergency response, nuclear engineering readiness, quality review, and fiscal project management," the NNSA said in a statement.

IN THE DNFSB

The Defense Nuclear Facilities Safety Board has named Richard Verhaagen as its new site representative for the Los Alamos National Laboratory. Verhaagen will replace Brett Broderick, effective in July, according to a Board release. Verhaagen joined the DNFSB's technical staff in May 2008 and during his tenure he has been responsible for "evaluating the effectiveness of the safety management programs implemented by the Department of Energy for high-hazard nuclear operations at its defense nuclear facilities," the release says. Prior to joining the DNFSB, Verhaagen spent 24 years on active duty in the U.S. Navy.

IN THE INDUSTRY

The Department of Energy has approved a three-year mentor-protégé agreement between Dade Moeller and Ameriphysics, LLC. The agreement is Dade Moeller's first and "enables expanded service offerings and will boost its focused growth in Oak Ridge, Tenn.," according to a company release. "We are very pleased to be joining DOE's Mentor-Protégé Program and to be doing so with a Service-Disabled Veteran-Owned Small Business that

shares not only our dedication to the field of health physics but also our commitment to the principles of quality and integrity,” Dade Moeller President David McCormack said in the release. “Since our founding, we have earned our reputation for excellence within the DOE complex, and we look forward to leveraging our experience to support Ameriphsics’ continued success.”

IN THE NATIONAL ACADEMIES

A National Academy of Sciences panel formed three years ago will finally release its long-awaited report on technical issues facing the Comprehensive Test-Ban Treaty during a March 30 event at the National Academies’ Keck Building in Washington, D.C. When the Obama Administration asked the NAS to update its 2002 study on the CTBT, it was largely viewed as an effort to

help bolster the Administration’s case for the treaty, though the Administration’s drive for the treaty waned as it focused its efforts on wrapping up the New START Treaty with Russia and other portions of President Obama’s nuclear security agenda. A classified version of the study was completed more than a year ago. In a statement yesterday, the NAS said that the report “addresses the ability of the United States to maintain the safety and reliability of the U.S. nuclear stockpile; the capability to detect, locate, and identify nuclear explosions; commitments necessary to sustain the U.S. stockpile and the U.S. and international monitoring systems; and potential technical advances countries could achieve through evasive testing will be discussed, among other issues.” University of Maryland physics professor Ellen Williams chaired the study panel. ■

Calendar

March

- 20 Hearing: Air Force budget, Senate Armed Services Committee, with Air Force Secretary Michael Donley and Air Force Chief of Staff Gen. Norton Schwartz, with. Room G50 Dirksen Senate Office Building, Washington, D.C., 9:30 a.m.
- 21 Hearing: NNSA budget, Senate Energy and Water Appropriations Subcommittee, with NNSA Administrator Tom D’Agostino, Room 192 Dirksen Senate Office Building, 2:30 p.m.
- 21 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, NV 89030.
- 29 Speech: “The Next Step in Arms Control: A Nuclear Control Regime,” Jan Lodal, former Principal Deputy Undersecretary of Defense, Georgia Institute of Technology, Wardlaw Center, Gordy Room, 177 North Ave., Atlanta, Ga., 3-4:30 p.m.

April

- 3-4 **Meeting: 2012 DOE Project Management Workshop; the Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, VA., 22311.**
- 11 **Meeting: Nevada Site-Specific Advisory Board, Information: <http://www.nv.doe.gov/NSSAB/MeetingMinutes.aspx>.**
- 17 **Hearing: NNSA and EM budgets, House Armed Services Strategic Forces Subcommittee, with NNSA Administrator Tom D’Agostino, Room 2212 Rayburn House Office Building, Washington, 3 p.m.**

April 30 - May 3

THE ELEVENTH ANNUAL CARBON CAPTURE UTILIZATION & SEQUESTRATION CONFERENCE

David L. Lawrence Convention Center
Pittsburgh, Pennsylvania

Keynote presentations from...

- Charles McConnell**, Assistant Secretary (Designate), Fossil Energy, U.S. Department of Energy
- Dr. Marc D’Iorio**, Director General of the Office of Energy Research and Development, Natural Resources Canada
- Eileen Claussen**, Pres., Center for Climate and Energy Solutions
- Bjørn-Erik Haugan**, CEO, GASSNOVA, Norway
- Anthony Cugini**, Director, National Energy Technology Laboratory, U.S. Department of Energy
- Mike Davis**, President and CEO, National Institute of Clean and Low Carbon Energy, China
- Brad Page**, Chief Executive Officer, Global CCS Institute
- Karen Harbert**, President and CEO, Institute for 21st Century Energy, U.S. Chamber of Commerce
- Robert W. Gee**, President, Gee Strategies Group LLC (former Assistant Secretary, Fossil Energy, U.S. DOE and Chairman, Public Utility Commission of Texas)

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May

- 16 **Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.**

28 EM PUBLS CLOSED FOR MEMORIAL DAY

July

4 EM PUBLS CLOSED FOR INDEPENDENCE DAY

18 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, NV 89030.

September

3 EM PUBLS CLOSED FOR LABOR DAY

4-7 THE SIXTH ANNUAL RADWASTE SUMMIT

JW Marriott Las Vegas Summerlin, Nevada

Keynote Speakers:

- William Ostendorff, Commissioner, U.S. Nuclear Regulatory Commission
Amanda Smith, Executive Director, Utah Department of Environmental Quality

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19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.

October

15-18

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

Omni Amelia Island Plantation Resort Amelia Island, Florida

Bookmark www.decisionmakersforum.com for Registration and Program Details

For Information Call 1-877-303-7367 ext. 109 or email: forums@exchangemonitor.com

November

1-2 Meeting: Hanford Advisory Board; Information: http://www.hanford.gov/files.cfm/2012HABCalendar.pdf.

14 Meeting: Idaho Citizens Advisory Board; Hilton Garden, 700 Lindsay Boulevard, Idaho Falls, Idaho.

22-23 EM PUBLS CLOSED FOR THANKSGIVING

December

24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

(Changes from previous Calendar in Bold)

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MONITOR

NUCLEAR WEAPONS & MATERIALS

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...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 13

March 23, 2012

— *INSIDE HIGHLIGHTS* —

| | |
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| <p>The NNSA’s recent decision to restructure its site offices is likely to be the last major organizational change for a while. 2</p> <p>NNSA and Lawrence Livermore National Laboratory officials are wrestling with the impact of funding changes at the National Ignition Facility, but NNSA chief Tom D’Agostino told a Senate panel this week that he doesn’t believe that there would be any layoffs as a result of the funding challenges. 3</p> <p>The financial issues facing the nation provide the necessary spark to reform the NNSA, the top Republican on the House Armed Services Strategic Forces Subcommittee told reporters this week. 4</p> <p>Advocates for increasing funding for the NNSA’s weapons program won’t find an ally in Sen. Dianne Feinstein, the top Democrat on the Senate Energy and Water Appropriations Subcommittee. 6</p> <p>The three teams that submitted bids for the NNSA’s combined Y-12/Pantex management and operating contract will give oral presentations in early May. 7</p> | <p>The NNSA and contractor Parsons Infrastructure and Technology can move forward with the implementation of the Enterprise Construction Management Services contract after Logistics Management Institute withdrew its protest of the award. 7</p> <p>Pentagon official and former Center for Strategic and International Studies expert Kathleen Hicks has been nominated to replace Jim Miller as the Principal Deputy Under Secretary of Defense for Policy. 8</p> <p>Questioning the viability of USEC’s American Centrifuge Project and the proposed national security value of the plant, Senate Energy and Water Appropriations Subcommittee Chair Dianne Feinstein raised concerns about the Administration’s \$150 million funding request in FY 2013 for a program supporting the project. 9</p> <p>At the Weapons Labs/DOE Sites 11</p> <p>Wrap Up 14</p> <p>Calendar 15</p> |
|--|---|

MILLER ON NNSA REORGANIZATION: 'FOUNDATIONAL CHANGES' IN PLACE

The National Nuclear Security Administration's recent decision to restructure its site offices is likely to be the last major organizational change for a while, said Principal Deputy Administrator Neile Miller, who suggested in a recent interview with *NW&M Monitor* that the host of changes over the last two years set the agency up for the next decade. The agency has done away with its previous Albuquerque Service Center organization by shifting employees there to report to NNSA headquarters, while strengthening its acquisition and project management efforts by establishing a new associate administrator position. At the same time, it is consolidating management of two of its biggest sites, the Y-12 National Security Complex and the Pantex Plant, which will be managed by a new NNSA Production Office. The new office—like all of the agency's field offices—will now report to new Associate Administrator for Infrastructure and Operations Michael Lempke. "Probably the large foundational changes have now occurred," Miller told *NW&M Monitor*. "But the specifics of this are going to be created in a collaborative way among the various parties involved. Meaning for the people in those functional organizations wherever they live, in the field or headquarters, there is going to be a lot of cross pollination."

The latest change, which moves oversight of the site offices out of the Office of Defense Programs, represents a move to better align the field offices with the rest of the agency's broad mission, Miller said as she outlined the changes that were formally announced to NNSA leadership late last week. The Defense Programs mission "we expect to continue to be of great importance at all of the sites we have but everyone knows that a number of sites, and almost every site, is doing additional work beyond Defense Programs, some more than others," Miller said. "Part of this is a recognition, saying we're not going to manage it

through Defense Programs anymore because there is much more going on at these places than Defense Programs."

A Better Way to Implement Policy?

Miller said the change, while better focusing the agency's field offices to deal with the breadth of its missions, would also allow the agency's senior leadership to better implement policies across the agency's field offices in areas like contracts, human resources and business functions. In addition to serving as the Associate Administrator for Infrastructure and Operations, Lempke will also serve as Miller's deputy, the Associate Principal Deputy Administrator. He replaces James Cavanagh, who formally retired several months ago but has remained at the agency to help with several initiatives, like the site office reorganization. "Having the field element of the NNSA enterprise report directly to us will help us be able to drive that consistency and understanding," Miller said. "Recognizing that the sites have unique challenges depending on the site where you are and you have to make adjustments, but the executive leadership has got to flow from the executive leadership all the way through the organization to the field."

Miller suggested that the new Office of Infrastructure and Operations would also champion cross-cutting initiatives, like the agency's push to pursue ISO certification across the weapons complex. "We don't want these things drifting as free-fall initiatives with volunteers driving it and, 'Gee, it never happens because there is no owner,' " she said. "It's meant to be a bridge between the mission offices and the mission support sides. The mission is what's done at the site and what the site offices do for the most part is support it. This really is the bridge organization."

Personnel Key to Making Changes Stick

For the site offices, the move represents the fourth change in the agency's reporting structure since 2006, when they

ExchangeMonitor Publications' Nuclear Team (*WC Monitor*, *NW&M Monitor*, *RW Monitor*)

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were directed to report to the Deputy Administrator for Defense Programs in an effort to improve internal coordination between the agency's laboratories, plants, and its nuclear weapons mission. In 2008, Robert Smolen, who headed up the Office of Defense Programs at the end of the Bush Administration, moved the site offices under one of his direct reports, the Assistant Deputy Administrator for Nuclear Safety and Operations, but current Defense Programs chief Don Cook moved them back under his direct oversight in 2010, saying at the time he wanted to align the site offices with other program offices under his control. Miller suggested that part of the challenge in making the current change take root was getting the right personnel in place. "There is no guarantee that the next crowd in here isn't going to go, 'Oh, that's completely wrong, let's do it differently.'" There is never any guarantee. I do think that as a person managing this organization, I've watched some of the changes we've put into place over the last year and I think you have to do a lot of things to make sure things take hold and take root and become part of the organization and not just plastered on top of it. That starts with getting the right people."

She said that Lempke was picked to head up the new office in large part due to his success in overseeing the merger of management of the Office of Naval Reactors Bettis and Knolls Atomic Power Laboratories. He has headed up the Naval Reactors Laboratory Field Office since 2009, and will play a significant role in helping to create the NNSA Production Office to oversee the Pantex/Y-12 contract, which will be headed up by Steve Erhart. "We believe he understands and has successfully dealt with and brought experience in of what's easy to do, what's hard to do, lessons learned in doing that kind of real change of how an organization functions," Miller said. "We're very interested in the expertise he'll bring to bear on that. He understands what it's like to operate field offices, to go through a very unusual organizational change where both places have a long history of being separate offices and then combining them. We think that's terrific experience."

'Time Will Tell'

It remains to be seen whether the NNSA's recent spate of changes will be enough to satisfy Congressional lawmakers, and especially members of the House Armed Services Strategic Forces Subcommittee, which have cited the often burdensome requirements contractors face in signaling that the agency needs a management makeover (*see related story*) in part because it has struggled to meet the needs of the Department of Defense. Miller said the changes were not made as a result of any particular concerns, including a recent National Academy of Sciences report on laboratory management that suggested that the relationship between the NNSA and its contractors was "dysfunctional"

and "broken." "We're all interested in how to improve and how do you continuously improve," Miller said, adding: "Whether or not somebody agrees with our approach in addressing it or not is certainly open to debate ... but of course we're the people who actually have to manage the NNSA right now so we're doing it the way that we think is going to best address this. Of course time will tell. We're at the beginning, not at the end, of any of these changes that have been put in place."

—Todd Jacobson

NNSA, LIVERMORE OFFICIALS STRUGGLE TO MITIGATE NIF FUNDING CHALLENGES

National Nuclear Security Administration and Lawrence Livermore National Laboratory officials are wrestling with the impact of funding changes at the National Ignition Facility, but NNSA chief Tom D'Agostino told a Senate panel this week that he doesn't believe that there would be any layoffs at the multi-billion-facility as a result of the funding challenges. Concerns about the facility's budget have emerged in recent weeks, with National Ignition Facility Director Ed Moses telling Rep. Zoe Lofgren (D-Calif.) in a March 7 letter obtained by *NW&M Monitor* that a \$30 million funding cut in the Fiscal Year 2013 request and changes to the way overhead rates are charged for the facility would have a "profound and negative" impact on the facility, which is pushing to achieve fusion ignition by the end of FY2012. The funding changes would lead to a reduction of 550 NIF workers, the elimination of the inertial confinement fusion program at the facility, and NIF would be "placed in a standby condition," Moses said in his letter.

NNSA and LLNL officials have met in recent weeks to figure out how to mitigate the funding cuts, D'Agostino said at a Senate Energy and Water Appropriations Subcommittee hearing this week, and he suggested that layoffs could be avoided. "I think, if done correctly, there will not be any layoffs as a result of a fairly small change in the National Ignition Facility budget and a fairly small change in the laboratory's overall budget," D'Agostino said. "It's a matter of management and getting the right type of blend of the overhead rate that was charged to the project."

Overhead Rate in Question

While the funding cut is potentially damaging, the most harmful funding change involves the overhead rate that has been charged to the project, known as a Self-Constructed Asset Pool (SCAP) overhead rate. Following standard accounting practices, the lower overhead rate was charged to the project during construction, but the project has

continued to enjoy the lower overhead rate during the project's operational phase over the last two years. That is set to change in FY2013, and Moses said the move would result in an additional reduction in spending power of approximately \$140 million. In addition to the layoffs—450 alone because of the elimination of the SCAP rate—“additional collateral damage would include the loss of the capabilities of key industrial high technology partners that we have cultivated over the last 30 years who are world leaders in these technologies,” Moses said.

Concerns About NIF ‘Mothballing’

The funding changes drew concern from Senate Energy and Water Appropriations Subcommittee chair Sen. Dianne Feinstein (D-Calif.), who quizzed D’Agostino on the subject. In addition, 31 House lawmakers, led by Lofgren, sent a letter this week to House Energy and Water Appropriations Subcommittee chair Rep. Rodney Frelinghuysen (R-N.J.) and ranking member Peter Visclosky (D-Ind.) requesting that the subcommittee provide funding to restore the cuts to NIF and allow the lab to continue using the SCAP overhead rate, or provide funds to make up for the discontinuation of the SCAP rate. “These drastic changes will have an immediate and devastating impact on continuing domestic fusion research at a junction when NIF is nearing fusion ignition,” the lawmakers said in their letter. “Russia, China, and France have accelerated investments in this area to compete in inertial confinement fusion, but remain behind this premier U.S. effort. We must not cede inertial confinement fusion leadership to Russia, China, or France.” The lawmakers noted that approximately \$5 billion has been spent over the last two decades to design, build and operate the facility. “We should not waste our \$5 billion dollar investment by mothballing the program now that the facility has been opened,” the lawmakers said.

D’Agostino, however, suggested that the agency did not have plans to “mothball” the facility. “I’m committed that the NIF project is very important,” D’Agostino said. “It’s important to stockpile stewardship. We are not reducing the budget by \$140 million in the NIF project, and we are committed to working with the laboratory to ensure that we can get through this adjustment of their overhead rate in a way that allows this project to move forward to address the mission.”

Target Date for Fusion Ignition Goal Growing Close

The funding questions come at a pivotal time for the facility, with questions surrounding the lab’s push to achieve fusion ignition. The facility for the last two years has been conducting shots that aid the NNSA’s Stockpile Stewardship Program and “tune” the facility for fusion

ignition, and ultimately, the facility is expected to train the energy of its 192 lasers on a tiny cylinder the size of a pencil eraser filled with deuterium and tritium, compressing the fuel until it reaches temperatures of more than 200 million degrees Fahrenheit and pressures billions of times greater than Earth’s atmospheric pressure. The rapid compression of the capsule would force the hydrogen nuclei to fuse and release much more energy than the energy required to start the reaction, achieving fusion ignition for the first time.

D’Agostino: ‘A Likelihood of Achieving Ignition’

But some experts have questioned whether the lab can meet the goal of achieving fusion ignition by the end of FY2012, including former DOE Under Secretary of Science Steve Koonin, who said in a report last year that the endeavor is “not assured.” Pressed by Feinstein last week on the likelihood of achieving ignition, D’Agostino acknowledged that achieving fusion ignition is a challenging goal, but said “we have a likelihood of achieving ignition.” The facility hit a milestone this month when it delivered a record 1.875 million joules of ultraviolet laser light to the facility’s target chamber center, an achievement that Moses described as akin to “breaking the sound barrier.” According to the lab, the facility became the world’s first 2 MJ ultraviolet laser and generated almost 100 times more energy than any other laser in operation when energies reached 2.03 MJ on the way to the target chamber. “I would say there is a likelihood that we will achieve ignition,” D’Agostino said during his testimony last week. “I would say it’s very difficult for us to predict. There are new phenomenon in squeezing the capsule itself that we hadn’t predicted would come out of the experiments we’ve already done. And so we’re approaching this in a step-wise fashion because we don’t want to rush all the way to full speed ahead without approaching it in a step-wise fashion.”

Feinstein pressed him to estimate the likelihood of achieving fusion ignition on a scale of 1 to 10, but he declined. “I just hate to see all the money put in not able to achieve the goal,” Feinstein said. “And what you’ve said today doesn’t give me a lot of belief that it’s just a question of time. What you’ve said is something new has happened and you need a solution to it,” Feinstein said.

—Todd Jacobson

REP. TURNER: WITH BUDGET CONCERNS, TIME IS RIPE FOR REFORM OF NNSA

The financial issues facing the nation provide the necessary spark to reform the National Nuclear Security Admin-

istration, the top Republican on the House Armed Services Strategic Forces Subcommittee told reporters this week. Rep. Michael Turner (R-Ohio) has held a hearing and several briefings exploring potential NNSA reform, and while he declined to predict how far his panel would go to address bureaucratic inefficiencies at the agency, he suggested the time was right for reform. "Sometimes when you have budgetary pressures you get the opportunity to do the right thing," he said. "I think this is an opportunity for us to do the right things; look to ways to reform NNSA, to find the dollars to apply them really to the issues of national security instead of bureaucracy."

Some experts have suggested that the Administration consider moving NNSA out of the Department of Energy, while others have suggested less drastic measures, like reducing redundant regulations and directives and applying more industry-wide standards. The Obama Administration briefly flirted with the idea of moving NNSA to the Department of Defense at the beginning of the President's term, but scuttled the idea in the face of Congressional outcry. "There are a lot of ways to do it," Turner said. "Certainly the DOE-NNSA relationship and redundancy of oversight is part of the problem."

'DoD Is Not Getting What It Needs'

Turner's concerns are partly sparked by a recent National Academy of Sciences report that characterized the relationship between the NNSA and its contractors as "dysfunctional" and "broken" and is further fueled by a host of delays and cost overruns to key life extension programs, including the W76, B61 and W78/W88. "I think DoD is not getting what it needs," Turner said. "If you look at the costs for the modernization program people believe NNSA is not effectively managing this, so I believe that certainly the momentum is behind NNSA reform. How strong that will be and what actually can be accomplished I'm not certain of that. We're beginning this discussion now. I'm certainly in support of fixing it and getting to the root problems."

Turner has been among the House's loudest advocates for NNSA spending, though convincing some of his GOP colleagues, especially House appropriators, has proven difficult. Turner, however, deflected blame from his colleagues to the Administration, which faced with a less-than-expected Fiscal Year 2012 funding level asked for nearly \$400 million less than it had projected for FY2013. "The Administration's voice was a soft ask [in FY2012], and we've seen then in the subsequent budget that was proposed by the President a walking away from the commitment," said Turner. "I think the signals to the appropriators have been a very weak advocacy from the Administration."

Turner Bill Will Be Part of Defense Auth.

For the second year in a row, Turner introduced a bill earlier this month to tie the Administration's modernization pledges to current and future stockpile reductions. And like last year, he said he would push for some of the language from the bill to be incorporated into the Fiscal Year 2013 Defense Authorization Act. "What's so important about this discussion is we're not coming up with a plan that we're imposing on the Administration," Turner said. "We're saying the Administration needs to fully fund and execute the plan that the President has said was necessary in order to sustain a credible deterrent and in order to go to the reduced numbers that he proposed."

The debate over nuclear weapons spending between Turner and Rep. Ed Markey (D-Mass.) also continued to heat up last week. Markey has introduced competing legislation that would cut \$100 billion in nuclear weapons spending over the next decade, and Turner extended the back-and-forth between the lawmakers this week, suggesting that Markey's opposition to funding modernization efforts for the NNSA's weapons complex is based on "grossly inaccurate, or wholly out-of-context information" and for a second time inviting Markey to tour aging facilities at the Y-12 National Security Complex and Los Alamos National Laboratory. "Without ever seeing the true state of these facilities, Mr. Markey is living in blissful ignorance," Turner said in a statement. "It must make calling for funding cuts and unilateral disarmament a lot easier. No one who has toured these facilities and has seen their deplorable conditions would deny the need for this funding."

Turner: Markey's 'Shtick' Contradicts President

Markey's bill calls for the cancellation of the now-deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility and the Uranium Processing Facility planned for Y-12, and he has rebuffed Turner's previous invite for a tour of Y-12 and Los Alamos, suggesting that the nation can't afford the multi-billion-dollar facilities in light of its current fiscal problems. "Just as homeowners with tight budgets would choose to renovate a home that meets their needs at a tiny fraction of the cost of building a new home, the government should do the same," Markey said in a March 8 letter to Turner.

Turner suggested to reporters this week that Markey hadn't been open to his latest overture—"we're not buying airline tickets," he said. But he maintained that it was necessary to modernize the nation's nuclear weapons complex and arsenal. "Markey's whole proposal or shtick, if you will, contradicts the President's own assessment of what's necessary," he said. "I think he needs to visit the facilities

and get the accurate information instead of second hand or third hand information and then we'll be glad to continue the discussion."

—Todd Jacobson

SENATE E&W APPROPRIATOR SIGNALS LIMITED SUPPORT FOR NNSA REQUEST

Feinstein Rips NNSA for 'Wasting' Money on Now-Scuttled PDCF Plan, Deferred CMRR-NF

Advocates for increasing funding for the National Nuclear Security Administration's weapons program won't find an ally in Sen. Dianne Feinstein (D-Calif.), the top Democrat on the Senate Energy and Water Appropriations Subcommittee. Feinstein suggested at an NNSA budget hearing this week that the Administration's \$7.58 million request for the agency's weapons program "provides more than sufficient funding to modernize the nuclear weapons stockpile" while raising concerns about the management of many of the agency's current projects. Congressional Republicans have ripped the Obama Administration for backing off of its modernization promises—a year ago, the Administration projected that it would need more than \$7.9 billion in FY2013—but Feinstein blasted the agency for not assessing alternatives before spending \$1.5 billion combined on two projects that it abandoned or deferred in the last six months: the Chemistry and Metallurgy Research Replacement-Nuclear Facility and the Pit Disassembly and Conversion Facility and for delays and cost increases to other major projects. "Those funds could have been better spent on other nuclear weapons and nonproliferation activities and it raises questions about the return on the taxpayers' investments," Feinstein said. "In a time of fiscal constraints, NNSA must be more cost conscious and do a better job developing realistic and credible cost estimates for major projects or else cost overruns and schedule delays will undermine the nuclear modernization agenda and nonproliferation goals."

The agency has said it will use a combination of existing facilities to meet the needs of the CMRR-NF and PDCF, and NNSA Administrator Tom D'Agostino suggested that some of the alternatives became viable only recently. That includes the availability of H Canyon at the Savannah River Site for PDCF and changes to a new Radiological Laboratory/Utility/Office Building at Los Alamos National Laboratory that will allow much of the work that was planned for the nuclear facility to be conducted there. "We learned a lot in the last year, and some things have changed," D'Agostino said. He later suggested that decisions might have been made differently if information about alternatives had been known sooner. "I make the decisions based on what I know. If I had known this a few years ago..." he said before his voice trailed off.

Feinstein: Solution to NNSA Issues Not More Funding

But Feinstein suggested that the "wasted" money on CMRR-NF and PDCF was emblematic of a larger issue within the agency. She noted that the W76, B61 and W78/W88 life extension programs all faced delays in the Administration's FY2013 budget submission and potential cost increases as a result of the delays. "It is clear to me at least that NNSA does not have good cost estimating practices, making it impossible to determine the actual cost of a project and whether the benefit outweighs the costs," Feinstein said. "The solution for these cost increases cannot be solely just providing more and more funding."

D'Agostino noted that the agency had recently taken steps to shore up its project management practices, creating a new office solely devoted to acquisition and project management and waiting until the 90 percent design threshold before committing to a cost and schedule baseline for a project. And only committing after the baseline is vetted by outside experts. The new practice will come into play specifically with respect to the Uranium Processing Facility planned for the Y-12 National Security Complex. The UPF is estimated to cost as much as \$6.5 billion, and \$7.5 billion according to an Army Corps of Engineers estimate completed last year, and as part of its FY2013 budget, the NNSA has proposed accelerating construction of the project, completing construction of the facility by 2019. The installation of equipment and tooling would come after. The agency hasn't committed to a cost or schedule baseline, but is expected to do so later this year after designers reach the 90 percent mark on the project. "We want to do a validation process; it's not simply a matter of just taking what we get and just throwing it in there, we want to get external experts," D'Agostino said. "And this was a key point that was discussed earlier on project management of establishing a very solid baseline of project management principles."

Alexander Suggests Increased Hill Project Oversight

Sen. Lamar Alexander (R-Tenn.), the ranking member on the subcommittee, suggested that more Congressional oversight might be needed on the agency's major construction projects—including UPF—and he proposed frequent meetings, perhaps four times a year, with himself, Feinstein and NNSA officials to ensure that the projects stay on schedule and on budget. "A United States Senator cannot, and I don't think should, try to manage anything of that complexity," Alexander said. "But our responsibility in oversight is to try to protect the taxpayer dollars. And we have so many urgent needs within just this budget that if we can save money we've got a place to put it or to reduce the debt, which we have in our country today."

D'Agostino welcomed the idea. "I think once we get this baseline, particularly, we should establish the kind of information that is important for both of you to hear and see and getting confidence in," D'Agostino said. He also suggested that Feinstein and Alexander visit Y-12 once construction has begun on UPF. "Your presence there would reinforce to our team, our colleagues, that this is serious business, that the government is making a commitment, that we need a commitment, not just a contractual commitment but a commitment to get this job done," he said.

—Todd Jacobson

Y-12/PANTEX BIDDERS TO MAKE ORAL PRESENTATIONS FIRST WEEK OF MAY

Three Teams Slated to Appear May 1-3 as Procurement Takes Next Step

The three teams that submitted bids for the National Nuclear Security Administration's combined Y-12/Pantex management and operating contract will give oral presentations to the agency during the first week of May. The agency has notified bidders of the oral presentation schedule, which is set to run for three days beginning Tuesday, May 1. A team of Lockheed Martin, Bechtel and ATK will be the first group to make its pitch to NNSA, appearing May 1, while a team of Fluor, Jacobs and Pro2Serve will present Wednesday, May 2 and a team led by Babcock & Wilcox and including URS, Northrop Grumman, Honeywell (and Shaw and EnergySolutions as subcontractors) will present Thursday, May 3. In addition to combining management of Y-12 and Pantex, the contract also includes an option for adding in management of Savannah River tritium operations after one year.

The NNSA has not publicly announced a schedule for the completion of its analysis or a projected award date other than to suggest that it would like to begin transition at the beginning of 2013, but conservative estimates based on previous procurements suggest that it is likely to take at least six months to finish the evaluation. That's about how long it took the agency to complete the evaluation of proposals for management of Los Alamos National Laboratory, and evaluating proposals for the combined management of Y-12/Pantex is considered a much more complex endeavor considering that much of the evaluation will center on cost savings proposed by the bidders. The agency received three bids for the contract by the March 13 deadline, but has declined to comment publicly.

No Award Before Election?

The NNSA has estimated that it could save \$895 million through the consolidated contract over 10 years (later

revising that estimate to \$1.15 billion), and tied the cost savings to the amount of fee contractors could earn under the contract, making half the fee contingent on savings. Navigant Consulting, which helped the agency prepare its initial savings estimates, is vetting the cost savings proposals for the bids as part of the evaluation process.

Most industry officials expect that in addition to oral presentations, the agency is likely to have to have additional discussions with bidders before it reaches a conclusion. "They'd have to open it up for clarifications if any of the proposals are close to each other in terms of the savings," one industry official told *NW&M Monitor*. The November presidential elections are also likely to play a large part in the procurement schedule; most observers don't think that an award will be made before the elections. "I can't conceive of them making the announcement before the election. That puts it in the December timeline," another industry official said.

—Todd Jacobson

LOGISTICS MGT. INSTITUTE BACKS OFF PROTEST OF NNSA ECMS CONTRACT

The National Nuclear Security Administration and contractor Parsons Infrastructure and Technology can move forward with the implementation of the Enterprise Construction Management Services contract after Logistics Management Institute withdrew its protest of the award this week. LMI had protested the award Feb. 8, and is believed to have argued that Parsons should have been downgraded for its performance building the Salt Waste Processing Facility at the Savannah River Site and that existing work in the weapons complex presented conflict of interest concerns, including the work at SWPF. Work under the contract was put on hold during the protest, but while Parsons is now free to take on task orders, the NNSA hasn't said what the path forward for the contractor will be under the contract.

LMI is believed to have withdrawn its protest after the NNSA filed its response to the Government Accountability Office in the case. "We really have nothing further to say since it is a closed matter and we were satisfied with the agency's response," LMI spokesman Matt Daigle said. Parsons teamed with Project Assistance Corp. and Vector Resources to win the contract to provide professional and technical services to NNSA and serve as a project integrator for projects across the complex valued between \$10 million to \$750 million. LMI, which teamed with Alion Science and Technology as well as other companies for the contract, was one of four bidders along with teams led by Project Time and Cost and Booz Allen Hamilton. A

one-year contract with four one-year options, the contract could be worth as much as \$125 million over five years.

Opportunity Scaled Back

The NNSA announced plans for the contract in September, significantly scaling back what had once been anticipated as a multi-billion-dollar complex-wide construction management opportunity. Of the original major engineering, procurement and construction companies that pursued the construction management contract, Parsons was the only one to bid on the scaled-down opportunity to help provide front-end project planning support. Most major companies opted not to compete for the contract because of strict conflict of interest rules that will bar Parsons from competing for NNSA construction or M&O work for up to eight years (up to five years while it's working under the contract and a three-year buffer).

As part of the contract, Parsons will "support NNSA in the planning and management of projects throughout the various stages of development from concept to construction, commissioning and closeout," the agency said. "Integrating tasks under a single contractor will result in improved checks and balances, enhance federal oversight and construction management, and reduce costs." Parsons will also provide technical expertise that "can be deployed to any NNSA project location and provide support to any NNSA federal project director's team," the agency said.

—Todd Jacobson

WHITE HOUSE NOMINATES HICKS AS NEW DoD POLICY DEPUTY

Pentagon official and former Center for Strategic and International Studies expert Kathleen Hicks has been nominated to replace Jim Miller as the Principal Deputy Under Secretary of Defense for Policy, the White House said this week. Miller was promoted earlier this year to Under Secretary of Defense for Policy, pending Senate approval. Hicks has served for the last three years as the Deputy Under Secretary of Defense for Strategy, Plans and Forces, providing guidance on national security and defense strategy. As Miller's replacement, she is expected to oversee the development of nuclear weapons policy; Miller headed up the formation of the 2010 Nuclear Posture Review and is leading the current follow-on NPR implementation study.

Hicks has spent much of the last two decades working in the Pentagon bracketed around a three-year stint at CSIS, where she was a senior fellow from 2006 to 2009. From 1993 to 2006, she held several different civilian posts in

the Office of the Under Secretary of Defense, including Director for Policy Planning and Director for Homeland Defense Strategic Planning and Program Integration. She was not involved in the preparation of the NPR or the ongoing NPR follow-on study.

Miller Nomination Hearing Set For March 29

Miller was nominated to replace Michele Fluornoy earlier this year, and he'll appear before the Senate Armed Services Committee at 9:30 a.m. March 29 for his nomination hearing. Also appearing at the hearing will be Frank Kendall, the nominee for Under Secretary of Defense for Acquisition, Technology and Logistics (and the chairman of the Nuclear Weapons Council), Under Secretary of Defense for Personnel and Readiness nominee Erin Conaton, Assistant Secretary of Defense for Reserve Affairs nominee Jessica Wright, and Assistant Secretary of Defense for Acquisition nominee Katharina McFarland. Because the Senate is likely to hold up most nominations this year, each of the officials are likely to serve in an acting capacity through the end of the Obama Administration's first term.

—Todd Jacobson

SEN. FEINSTEIN QUESTIONS VIABILITY OF USEC'S CENTRIFUGE PLANT

Transfer Authority for R&D Program Unlikely In March

Questioning the viability of USEC's American Centrifuge Project and the proposed national security value of the plant, Senate Energy and Water Appropriations Subcommittee Chair Dianne Feinstein (D-Calif.) this week raised concerns about the Administration's \$150 million funding request in Fiscal Year 2013 for a program supporting the project. Feinstein's skepticism comes as an interim lifeline funding the Department of Energy research, development and deployment program supporting USEC's project is set to run out at the end of the month. "I don't know how they're functioning. I don't know how they're paying for the functioning. I don't know whether they are functioning and producing. How many people they employ. I heard it was a couple of thousand people. So it's kind of like a shadow and I think we need to flesh it out," she said at a March 21 hearing on the National Nuclear Security Administration budget.

After USEC faced difficulties obtaining a \$2 billion DOE loan guarantee for the proposed enrichment plant, NNSA requested \$150 million in Fiscal Year 2013 for a two-year program that would eventually deploy a full train of 720 centrifuge machines in order to demonstrate the project on a commercial scale. DOE has also asked Congress to reprogram an additional \$150 million in FY 2012 to

support the effort. Arguments for placing the program in NNSA's nonproliferation budget have centered on the need for an indigenous source of low enriched uranium for tritium production. DOE has stated that peaceful use restrictions prevent uranium produced by foreign technology to be used for tritium production, a position that has been disputed by USEC enrichment competitor URENCO.

At the hearing, NNSA Administrator Tom D'Agostino touted the national security benefits of supporting USEC's plant, but also acknowledged that there are other options for producing tritium available in the case that the centrifuge plant does not succeed. "It takes time in order to take us from an R&D project, the two-year effort, to ultimately turning this into a capability that the nation can rely upon to take care of its needs out into the future. And that's why we believe it's important to move forward with this R&D project," he said. "But if at some point in working with Congress it isn't something that Congress is willing to do we will have to explore other paths and take back the technology and use a different approach." Those could include using existing enrichment facilities at USEC's Paducah Gaseous Diffusion Plant, down-blending existing stocks of highly enriched uranium, or the construction of a government-owned enrichment plant, but each option comes with its own pitfalls. According to NNSA's own analysis, using Paducah is expected to cost hundreds of millions of dollars, whether or not depleted uranium or natural uranium is enriched at the plant, while new construction could cost billions. Down-blending would be the cheapest options, but NNSA officials would like to avoid that to preserve HEU for use by the Navy.

'If it Doesn't Operate Well, Why Fund It?'

Feinstein also raised questions about an incident last June in which a circuit breaker failed at USEC's Lead Cascade test program, causing the failure of several operating centrifuge machines. "Didn't the centrifuges blow up?" Feinstein asked. D'Agostino answered, "I don't know if I would use the term blow up. We had, I think, as I understand it, there were some issues with the centrifuges spinning in a way that was not conducive to their operation at all," adding that he would get back to her with more details later. Feinstein remained skeptical. "If it can't operate, why fund it? If it doesn't operate well, why fund it, if there are other methods of handling the problem?" she asked, later adding: "This keeps going back-and-forth and back-and-forth. Candidly, I don't know whether this facility can produce or not. And yet, it's \$150 million dollars."

The first few months of the RD&D program is funded through the end of March by an arrangement in which DOE took on liability for \$44 million in depleted uranium

tails from USEC, freeing up money for the company to spend on the program. DOE's decision to start up the program without Congressional approval rankled Feinstein, who sent a letter to the Department stating that she would not support the program unless USEC had a better management structure and intellectual property issues surrounding the technology were clarified. While D'Agostino said this week that the Department would require a new management structure before moving ahead with support, he conceded that such a structure is not yet in place. "There are things happening in parallel because we won't do this first and then second and then third because we don't have the time for that kind of an approach," D'Agostino said.

Chances For Transfer Authority Slim in March

Meanwhile, chances have slimmed for Congress to support the \$150 million DOE is seeking to reprogram to support the RD&D program this fiscal year. The Senate passed a transportation bill last week that included a provision giving DOE transfer authority to reprogram money for the R&D program, but House leaders announced this week that they will instead seek a short-term extension of the current highway funding bill that will not include amendments. DOE and USEC are currently seeking a non-legislative solution in the event that Congressional support for the project is not reached by the end of March. The company still has \$82 million in tails liability that could be transferred to DOE in a similar arrangement to the earlier deal, and DOE is also looking at several other options for reprogramming smaller amounts. But ultimately the company is hoping for legislation this fiscal year that would fund the program, and DOE and Congressional appropriators are in ongoing discussions on potential funding solutions.

—Kenneth Fletcher

ACTIVISTS USE CMRR-NF DEFERMENT AS MODEL FOR NNSA PROJECT CRITICISMS

Group Uses High Costs to Call for Suspension of Other Construction Projects

An activist organization and longtime critic of National Nuclear Security Administration construction projects is claiming success in the recent deferment of the Chemistry Metallurgy Research Replacement-Nuclear Facility, predicting that budget constraints will lead to the suspension of more projects. The Alliance for Nuclear Accountability this week released "Nuclear Budget Busters: The U.S. Department of Energy's Riskiest, Most Unaccountable Projects," the latest in a series of annual reports that target large, expensive projects such as CMRR-NF, the Uranium Processing Facility, the Waste Treatment Plant

and the Mixed Oxide Fuel Fabrication Facility. At a Capitol Hill briefing this week, the group declared a “major victory” in NNSA’s recent decision to suspend work for five years on the weapons facility planned at Los Alamos National Laboratory. “The CMRR is an interesting case study,” Bob Schaeffer of ANA said, stating that last year the group made elimination of the project a priority. “People went back and did their political work at home and did their scientific work and our allies on the Hill did their work, and it’s gone. One down, several to go.”

When it rolled out its Fiscal Year 2013 budget request last month the Administration announced the deferment of the CMRR-NF for at least five years, and in turn laid out plans accelerate work on UPF at Oak Ridge. Cost estimates for CMRR-NF had risen in recent years to between \$3.7 billion and \$5.8 billion. While just last year both projects were considered critical to plans modernize the nation’s nuclear arsenal and weapons complex, rising costs, coupled with a need to cut spending, evaluate combining CMRR-NF with a new plutonium facility at Los Alamos and the availability of other options, led to the change in plans, NNSA officials said. ANA Director Susan Gordon said she was “a bit surprised” by the decision to suspend work on CMRR-NF. “Last year it was the primary facility that NNSA wanted to build. But I think that the whole process of complex modernization has created opportunity for many questions to be raised. Particularly around the CMRR-NF as seismic issues came up, as the economic analysis came forward,” she said.

NNSA Administrator Tom D’Agostino has stressed that the move was not a cancellation of the project, but would instead give the agency time to evaluate how to approach replacing the lab’s plutonium facility (*NW&M Monitor* Vol. 16 No. 7). “It’s very clear to us, if we’re going to get in the business of building billion dollar nuclear facilities that we need to take into consideration the big picture,” D’Agostino said during the budget rollout. “Because of where we are financially this affords us the opportunity to do that and it also allows us to take a look at the existing plutonium capability we have that doesn’t rely solely on the old CMR [Chemistry and Metallurgy Research] facility.” D’Agostino said that deferring the CMRR-NF project was easier than postponing UPF because there are a number of options to assume much of CMRR-NF’s mission. NNSA plans to utilize a variety of methods to meet the Defense Department’s annual production requirement of 50 to 80 plutonium pits, including building new pits and reusing and refurbishing existing pits.

‘Some Other Programs are Going to Crack’

But ANA believes that as the Administration and Congress look to slash budgets, other DOE construction projects will

inevitably face suspension or elimination. “That construction program is the most expensive construction program that the federal government is undertaking, and I think perhaps maybe even in the world,” said ANA Nonproliferation Policy Director Tom Clements. “So before rumors started flying as to if CMRR was going to be cut, it was apparent that something was going to crack in this DOE budget. Four massively expensive, largest construction projects in the federal government. And I think some other programs are going to crack... something is going to give in this budget. It’s not sustainable.”

Group Takes Aim at UPF

While CMRR-NF was zeroed out, UPF benefitted from a funding boost in the budget request, which asks for \$340 million for the project, \$150 million more than the agency predicted spending last year. However, ANA attacked the accelerated approach this week, recommending that Congress reject the additional funding for UPF. “Since the project was first announced in 2005, the need and urgency of the facility have diminished significantly. At the same time, however, the facility’s size and projected cost have ballooned,” according to the ANA report. It adds, “With no new nuclear warheads on the drawing board and demands for Life Extension Programs diminishing, the UPF is fast becoming a project without need. The cost savings, security footprint reductions, and manufacturing efficiencies advertised as benefits of the UPF can all be realized in existing facilities if they are consolidated, downsized or upgraded—at a fraction of the cost.” NNSA officials have said there are no options other than building UPF to replace the 9212 facility at Y-12, which NNSA officials say is badly in need of replacement.

The activist group believes the fate of CMRR-NF could serve as a “role model” for UPF, Ralph Hutchinson of the Oak Ridge Environmental Peace Alliance said. “Two years ago we heard that we just had to have the CMRR. No matter what the cost, it was absolutely essential. Somehow that disappeared almost overnight. It happened very quickly,” he said. “What we heard three years ago in Oak Ridge was the UPF, we just had to have.” Since then, Hutchinson said that DOE has stated the facility is needed to avoid the risk of intermittent shutdowns at current facilities. He added, “The necessity already began to fade at Oak Ridge. I look ahead and say somebody who wants to be fiscally smart is going to say ‘Wait a minute, if we don’t have to have this, why \$7.5 billion for this?’”

Groups: MOX Taking Funding from Nonproliferation

The MOX project at the Savannah River Site, the main component in NNSA’s plans for disposition of surplus plutonium, also came under fire this week. Clements said

that increased spending on the project has led to cuts for other nonproliferation programs. “Besides running far over earlier cost projections, the MOX program is causing severe damage to effective and necessary DOE nuclear nonproliferation programs such as the Global Threat Reduction Initiative and other programs under defense nuclear nonproliferation funding,” he said. While GTRI and the Second Line of Defense programs faced substantial cuts in the FY 2013 budget, NNSA’s Office of Fissile Materials Disposition received a significant increase: \$921 million, compared to the \$685 million appropriated this year.

ANA is advocating for Congress to cut MOX funding and redirect it to other nonproliferation projects. This week, a

coalition of advocacy groups including ANA sent a letter to the House Energy and Water Appropriations Subcommittee urging such a decision. “The plutonium disposition request for FY2013 represents over one-third of the NNSA’s Defense Nuclear Nonproliferation budget,” the letter states. “The result is that critical programs such as the Global Threat Reduction Initiative and Nonproliferation and International Security office are under extreme budgetary strain. Experts have made a strong case that projected funding for key non-proliferation budgets this year and in the coming years is inadequate. The relentless budget pressure caused by MOX, which does nothing to address loose fissile material, is a large part of the problem.”

—*Kenneth Fletcher*

At the Weapons Labs/DOE Sites

AT LIVERMORE LAB EMPLOYEES TO PAY INTO PENSION PLAN

Facing potential shortfalls in its pension plan, Lawrence Livermore National Laboratory is requiring employees to contribute to the plan for the first time in more than a decade. Starting in June, employees that elected to remain in the lab’s pension plan when Lawrence Livermore National Security, LLC, assumed management of the lab in 2007 will be required to contribute 5 percent of their pay to the pension fund. Lab spokeswoman Lynda Seaver said that the lab’s aging workforce combined with low interest rates have increased the fund’s liabilities in recent years, necessitating the employee contributions. LLNS will also chip in \$20 million to the pension fund, Seaver said. The lab is “committed to providing sound retirement plans for its workforce,” Seaver said. “Contributions to the pension plan are being requested to help prevent the problems other

pension plans around the country are currently experiencing.”

Seaver said approximately 48 percent of the lab’s employees are in the defined benefit plan. Employees were given a choice to stay with the pension plan during transition from management by the University of California to LLNS in 2007, or choose a defined contribution plan like a 401(k), which all incoming employees join. Seaver said that up until the early 1990s, employees contributed to the pension plan, but she said the plan was overfunded at the time and the University of California stopped employee contributions to the plan. She said University of California employees resumed employee contributions to its pension plan two years ago.

AT OAK RIDGE . . . REPORT REAFFIRMS 9212 VULNERABILITY TO NATURAL DISASTERS

A team from the Department of Energy’s Health, Safety and Security Office has concluded that the Y-12 National Security Complex has made significant preparations for dealing with severe natural phenomena, but their report also reaffirmed what previous studies have stated—that the 60-year-old uranium processing facility known as 9212 is vulnerable to seismic activity and could basically be destroyed by a major earthquake. The 9212 production center is where highly enriched uranium is processed and fabricated in various forms, and parts of the facility—consisting of numerous wings and units built during the Cold War—date back to the Manhattan Project. The National Nuclear Security Administration is spending millions of dollars trying to keep the facility in safe operation until construction of the multi-billion-dollar

Uranium Processing Facility comes online (around 2021, based on current schedules).

The HSS review evaluated the plant’s ability to deal with weather at its worst, but it focused largely on the plant’s key facilities, such as 9212—the aged center for uranium processing—and the Highly Enriched Uranium Materials Facility. The high-security HEUMF is a storage facility for the nation’s primary supply of weapons-grade uranium. It was built at a cost of \$549 million and was located with the HEU during the past couple of years. Inspectors found that the storage facility was capable of withstanding the worst natural disasters without a major impact on the uranium inventory, although the team identified a need for a better plan to evacuate the building’s occupants after an earthquake and more planning for rescue operations.

9212 Concerns Mark Report

The biggest concerns were about 9212, where seismic issues have been studied for decades. Even though the government has invested in improvements, with more planned in the next few years, officials have said they cannot bring the aged structure up to current seismic codes. A year ago, a federal spokesman at Y-12 acknowledged that an earthquake could seriously disable the operations at 9212 and “result in significant structural damage and process failure.”

The latest analysis essentially confirmed those statements. While the 9212 complex could withstand some plausible natural phenomena, the team concluded that structural failure could result from an earthquake of 6-7 on the Richter Scale. That’s a lesser earthquake than the one used for evaluating the HEUMF safety basis. The HSS study al-

so noted that the uranium production facility was vulnerable to flooding and that the roof could collapse under heavy rain or snowfall.

Y-12 spokesman Steven Wyatt emphasized that the report said Y-12 is meeting Department of Energy requirements for emergency management. The report also provided a series of recommendations, which Wyatt said are under review. As for the vulnerability of 9212, Wyatt said the building “clearly was not built to meet modern standards for seismic safety and can withstand only some severe events.” He said plant workers are trained on emergency response, including measures to conduct a “safe shutdown” of uranium operations in the event of a severe event and take other precautions to protect workers and the public. Construction of the UPF is tentatively scheduled to begin later this year, and Wyatt said it is designed to withstand “the full range of potential severe natural events.”

AT OAK RIDGE CONTAMINATED RESPIRATOR PROBLEM DATES TO 2009

An Oak Ridge investigation has concluded that the problem with contaminated respirators at the Y-12 National Security Complex goes back to early 2009 and possibly even before that. The issue first came to light in early February, when a rad technician identified some unused equipment that didn’t meet survey expectations. Y-12 officials said radiation technicians had since then surveyed thousands of pieces of respirator equipment that had been shipped off-site for cleaning and returned to Y-12 in sealed packages, supposedly certified as clean.

was jeopardized by the radioactive respirators. They said if employees had ingested or inhaled significant amounts of uranium particles, the problem would have surfaced in their bioassays—urine and fecal tests—that are performed on a regular basis for employees working in radiological areas.

According to Bill Reis, the vice president for environment, safety and health at Y-12 contractor B&W Y-12, about 10 percent of the equipment exceeded the radioactivity levels specified in the cleaning contract. The contaminated equipment included 503 respirator masks and 101 breathing tubes, which were returned to Y-12 at various times over the past three years, Reis said.

But Reis said that doesn’t reduce the seriousness of the situation. “I can’t sugarcoat it any other way,” Reis said. “We relied on this vendor to meet the contract requirements. They didn’t do that, and we didn’t catch it.” Reis said Y-12 is re-evaluating every aspect of its surveying program and use of respirators at the plant. “Everything is on the table,” he said. The Y-12 executive said investigators still aren’t sure why or how equipment that exceeded the rad cleaning standard was certified as clean at UniTech’s plant in Barnwell, S.C., and shipped back to Oak Ridge. A team from Y-12 visited the South Carolina facility on Feb. 10 after the problem was first uncovered.

B&W Y-12 Official: ‘I Can’t Sugarcoat It’

The contract for cleaning Y-12’s respirators is held by Global Solutions, a small business based in Maryland, in partnership with UniTech, a company that provides services throughout the nuclear industry. That contract has been in effect since 2010. Before that, UniTech held the Y-12 contract for cleaning respirators. So far, officials with both of the companies have not commented publicly on the problem. Y-12 officials have acknowledged there’s no way to know how many contaminated respirators may have been used over the past few years without detection and then returned to the vendor for cleaning. But Y-12 officials emphasized they do not believe the health of plant workers

Moratorium With Cleaning Contractor In Place

Reis said the Global Solutions/UniTech contractor team had worked closely with Y-12 to better understand the problem. A moratorium on sending respiratory equipment to UniTech for cleaning is still in effect, Reis said. Y-12 also has placed a ban on receiving additional shipments from the South Carolina plant and has asked the contractor to stop work on any Y-12 equipment that’s still there, he said. Reis declined to say if Y-12 will retain the current contractor or if there will be some type of penalties. He said all options will be looked at. He said a lot will depend on the results of the contractor’s own investigation.

He said Y-12 had provided the cleaning contractor with the results of surveys at the Oak Ridge plant, which identified the dates that contaminated equipment was received at Y-12 and—in some cases—showed who had inspected the equipment before it left UniTech’s facility in South Carolina. Another issue was uncovered in one of the sealed packages that reportedly had been certified as containing clean equipment. Reis said the respiratory equipment that

was contaminated with radioactive cobalt-60, a material that is not used at Y-12. Reis said that finding raised issues of whether there was possibly cross-contamination of equipment at the UniTech facility, although Y-12 officials have been assured that the Oak Ridge equipment was segregated from equipment received from other nuclear sites.

AT OAK RIDGE SITES PARTNER ON UT INSTITUTE FOR NUCLEAR SECURITY

The University of Tennessee has announced creation of the UT Institute for Nuclear Security in collaboration with Oak Ridge National Laboratory, the Y-12 National Security Complex, and Oak Ridge Associated Universities. “Speculation over the nuclear ambitions of countries like Iran and North Korea and debate over proposed nuclear reactors in the U.S. and abroad make it apparent that the need for nuclear security experts did not end with the Cold War,” UT said in the announcement. In a statement, Howard Hall, director of the institute and the UT-ORNL Governor’s Chair for Nuclear Security, said, “A few other

universities have nuclear security programs; however, in no case is there the combination of close organizational ties, geographic co-location and access to working nuclear facilities that this region affords.” It will be housed within the Howard H. Baker Jr. Center for Public Policy. Hall said, “We want our institute and UT to have a major impact on solving global challenges in nuclear security and our graduates to become the next generation of leaders that secure the future against nuclear threats while preserving our precious liberties.”

AT OAK RIDGE ORNL UNION APPROVES BARGAINING AGREEMENT EXTENSION

Union workers at Oak Ridge National Laboratory on March 22 ratified a three-year extension of the collective bargaining agreement with UT-Battelle, the government’s managing contractor at ORNL. It covers about 600 hourly workers at ORNL. Steve Jones, president of the Atomic Trades and Labor Council, confirmed the ratification, although he didn’t provide a vote total or margin. The contract extension was a contentious issue within the union ranks in Oak Ridge because in order to get the extension the workers had to give up some of their past gains on benefits and other areas, including this year’s scheduled wage increase.

The previously negotiated pay raise of 4 percent was cut to 2 percent. “It’s been a long, hard process,” Jones said. “But, in the end, it’s a democratic process and the majority [decided the future course].” The current contract was due to expire in April 2013. With the three-year extension, the contract will now stretch to April 2016. Before the vote, Jones had said there was some give and some take on the agreement. But, overall, it offers some stability during a very difficult economic period, he said. “Our ultimate goal is to keep our members employed,” he said. “This is an option for our members.” Over the course of this year and the three-year extension, union members will receive a total raise of 8 percent.

AT OAK RIDGE HFIR SET FOR MARCH 26 RESTART

A major wiring issue has been fixed, about 200 maintenance and upgrade tasks are done, and the High Flux Isotope Reactor is scheduled for restart in the early morning of March 26. HFIR, one of the world’s most powerful research reactors, has been shut down since Jan. 10. The reactor was shut down early in a fuel cycle because of a problem with a heat exchanger cell and the decision was made then to keep the reactor down and merge into the

planned spring maintenance outage—one of the longest of the year. Ron Crone, the research reactor chief at ORNL, said everything went well during the outage and he said the reactor system had been evaluated in recent days. “We had a large amount of work going on,” Crone said. “A lot of the reactor’s safety systems were calibrated during the break.”

AT OAK RIDGE SECURITY CONTRACTOR RESPONDS TO GUARDS LAWSUIT

Department of Energy security contractor WSI-Oak Ridge responded publicly to a lawsuit filed by more than 300

current and former security police officers in Oak Ridge, suggesting that the contractor was accurately following its

collective bargaining agreement with guards in not compensating them for some work preparation. WSI-OR spokeswoman Courtney Henry said that the company's collective bargaining agreement calls for the "pay time" of guards to begin when they reach their "guard mount," which is a beginning-of-shift meeting with senior contractor officials. "Our current collective bargaining agreement states their pay time begins at their guard mount and they're required to report to the guard mount fully equipped so they can go directly to their work assignment," Henry said.

In a March 9 lawsuit filed in U.S. District Court in Knoxville, the guards alleged that the contractor violated the

Fair Labor Standards Act by requiring them to perform various activities before and after their work shifts without being paid their straight time wages or overtime. DOE contractor G4S Government Solutions does business in Oak Ridge as WSI-Oak Ridge, and until recently was known as WSI. The lawsuit seeks back wages for the past three years, which reportedly is the statute of limitations for willful violations of the federal labor act, as well as legal fees and other compensation. The lawsuit isn't specific, but some of the contested activities reportedly include dressing out in special uniforms, donning protective equipment, picking up their weapons and other gear and later returning them, and time spent going to and from their work posts.

AT OAK RIDGE ORNL OK TO USE HFIR FOR Pu-238 PRODUCTION DEMO PROJECT

Apparently for the first time in its history, the 85-megawatt High Flux Isotope Reactor at Oak Ridge National Laboratory will be used to produce plutonium-238—albeit in very small amount during a demonstration project over the next two years. ORNL has the go-ahead for the R&D program to support the Department of Energy's plans to eventually produce about 1 ½ to 2 kilograms. The production mode won't start until sometime around the end of this decade to ensure there's a supply for radioisotope thermoelectric generators in future deep-space missions. ORNL will be competing, in essence, with other DOE facilities to see where the best capabilities exist within the current infrastructure.

Tim Powers, director of ORNL's Non-Reactor Nuclear Facilities Division, said the two-year, \$20 million research and demonstration effort at Oak Ridge will include development of neptunium-237 targets that will then be introduced into the High Flux Isotope Reactor to produce small amounts of Pu-238. Later, the project will involve processing the radioactive materials in hot cells at the lab's Radiochemical Engineering Development Center (REDC)—where workers will separate the Pu-238 from the neptunium and purify the plutonium.

INL Also Involved in Pu-238 Production

Very small amounts of neptunium will be introduced into HFIR at first, maybe within the next couple of months. Over time, according to Powers, some of the targets will be withdrawn for evaluation while others will be left in the reactor core for longer irradiation periods. Besides using HFIR and REDC, the Oak Ridge lab also plans to do some processing work at Building 3535, also known as the Irradiated Fuels Examination Lab. NASA is funding for the effort, with money being funneled through DOE's Nuclear Energy program to ORNL.

The Advanced Test Reactor at Idaho National Laboratory will also be producing Pu-238, although starting at a later time, and Powers said Oak Ridge would be providing its information on its target development, production evaluation and flow sheet on the processing work to Idaho. DOE will make a decision on where best to do the work following the various projects to demonstrate capabilities, and ORNL's Powers said, "We think we're the best choice." ■

Wrap Up

IN CONGRESS

United States Strategic Command chief Gen. Robert Kehler will testify before the Senate Armed Services Committee next week, potentially addressing the Obama Administration's nuclear modernization plan as part of testimony on the Fiscal Year 2013 budget request. Kehler will appear before the committee along with U.S. Cyber Command Gen. Keith Alexander at 9:30 a.m. Tuesday in Room SD-106 of the Dirksen Senate Office Building.

The Senate Armed Services Strategic Forces Subcommittee will hold a hearing next week on the Defense Department's nuclear forces and policies. Assistant Secretary of Defense for Global Strategic Affairs Madelyn Creedon, Assistant Secretary of Defense for Nuclear, Chemical, and Biological Defense Programs Andrew Weber, Air Force Global Strike Command Lt. Gen. James Kowalski, Navy Strategic Systems Program Director Rear Adm. Terry Benedict, and Air Force Assistant Chief of Staff for Strategic Deterrence and Nuclear Integration Maj.

Gen. William Chambers will testify at the hearing, which will take place at 2:30 p.m. Wednesday in Room 222 of the Russell Senate Office Building.

IN THE COURTS

A former Lawrence Livermore National Laboratory scientist who pleaded guilty to attempted espionage was formally sentenced to serve 13 years in prison by a U.S. District Court judge this week. Stewart David Nozette, 54, has been in federal custody since he was arrested in October of 2009, and he admitted last year to sharing “TOP SECRET/SCI” information regarding U.S. satellite information to an FBI agent acting as an Israeli intelligence officer in 2009. As part of an unrelated fraud case, he also was ordered to pay \$217,000 in restitution and serve 37 months in prison, which he will serve concurrently with his espionage sentence. “Stewart Nozette’s greed exceeded his loyalty to our country,” U.S. Attorney for the District of Columbia Ronald Machen said in a statement. “He wasted his talent and ruined his reputation by agreeing to sell national secrets to someone he believed was a foreign agent. His time in prison will provide him ample opportunity to reflect on his decision to betray the United States.”

IN THE INDUSTRY

Four prominent companies from the DOE marketplace have been recognized among the world’s “most ethical companies” in Ethisphere Institute’s sixth annual list.

CH2M Hill, Parsons, AECOM and Fluor were included on the international think tank’s list, which recognizes companies “that demonstrate real and sustained ethical leadership within their industries, putting into real business practice the Institute’s credo of ‘Good. Smart. Business. Profit.’ “

ON THE INTERNATIONAL FRONT

The National Nuclear Security Administration recently finished removing highly enriched uranium from Mexico, transporting about 10.8 kilograms of HEU out of a reactor Ocoyoacac to two locations in the United States. The removal, a part of the Obama Administration’s effort to secure vulnerable nuclear material around the world, leaves Mexico with no HEU, and comes on the eve of the second Nuclear Security Summit in Seoul, South Korea next week. The material at Mexico’s National Institute for Nuclear Research consisted of fresh and spent nuclear fuel; the spent nuclear fuel was taken to Idaho National Laboratory, while the fresh fuel was taken to the Y-12 National Security Complex. The U.S. supplied about 113 kilograms of low-enriched uranium to keep the Mexican reactor fueled. The NNSA said the operation cost \$16 million split between the U.S. and Canada, which chipped in \$5 million. In addition to officials from INL and Y-12, Secured Transportation Services, NAC International, TRIGA International, Edlow International Company, Global Threat Reduction Solutions, and Poulson Shipping participated in the removal. ■

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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Calendar

March

- 26-27 **Nuclear Security Summit, Seoul, South Korea.**
- 27 **Hearing: U.S. Strategic Command and U.S. Cyber Command budgets, Senate Armed Services Committee, with StratCom Commander Gen. Robert Kehler and Cyber Command chief Gen. Keith Alexander, Room 106 Dirksen Senate Office Building, Washington, D.C., 9:30 a.m.**
- 28 **Hearing: DoD Nuclear Forces and Policies, Senate Armed Services Strategic Forces Subcommittee, with Assistant Secretary of Defense for Global Strategic Affairs Madelyn Creedon, Assistant Secretary of Defense for Nuclear, Chemical, and Biological Defense Programs Andrew Weber, Air Force Global Strike Command Lt. Gen. James Kowalski, Navy Strategic Systems Program Director Rear Adm. Terry Benedict, and Air Force Assistant Chief of Staff for Strategic Deterrence and Nuclear Integration Maj. Gen. William Chambers, Room 222 Russell Senate Office Building, Washington, 2:30 p.m.**
- 29 **Hearing: Senate Armed Services Committee confirmation hearing, including Undersecretary of Defense for Policy nominee James Miller, Room G-50 Dirksen Senate Office Building, Washington, D.C., 9:30 a.m.**
- 29 **Speech: "The Next Step in Arms Control: A Nuclear Control Regime," Jan Lodal, former Principal Deputy Undersecretary of Defense, Georgia Institute of Technology, Wardlaw Center, Gordy Room, 177 North Ave., Atlanta, Ga., 3-4:30 p.m.**
- 30 **Report release: "The Comprehensive Nuclear-Test-Ban Treaty—Technical Issues for the United States," National Academy of Sciences, at the National Academies Keck Center, 500 Fifth St., NW, Washington, D.C., 1:30-3 p.m.**

April

- 3-4 **Meeting: 2012 DOE Project Management Workshop; the Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, VA., 22311.**
- 11 **Meeting: Nevada Site-Specific Advisory Board, Information: <http://www.nv.doe.gov/NSSAB/MeetingMinutes.aspx>.**
- 17 **Hearing: NNSA and EM budgets, House Armed Services Strategic Forces Subcommittee, with NNSA Administrator Tom D'Agostino, Room 2212 Rayburn House Office Building, Washington, 3 p.m.**

April 30 - May 3

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- Eileen Claussen**, Pres.t, Center for Climate and Energy Solutions
- Bjørn-Erik Haugan**, CEO, GASSNOVA, Norway
- Anthony Cugini**, Director, National Energy Technology Laboratory, U.S. Department of Energy
- Mike Davis**, President and CEO, National Institute of Clean and Low Carbon Energy, China
- Brad Page**, Chief Executive Officer, Global CCS Institute
- Karen Harbert**, President and CEO, Institute for 21st Century Energy, U.S. Chamber of Commerce
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May

- 16 **Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, NV 89119.**
- 28 **EM PUBLS CLOSED FOR MEMORIAL DAY**

July

- 4 **EM PUBLS CLOSED FOR INDEPENDENCE DAY**
- 18 **Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, NV 89030.**

(Changes from previous Calendar in Bold)

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NUCLEAR WEAPONS & MATERIALS

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Volume 16 No. 14

March 30, 2012

— *INSIDE HIGHLIGHTS* —

Gen. Robert Kehler, the head of U.S. Strategic Command, acknowledged this week that fiscal belt tightening has forced difficult funding choices for the nation’s nuclear forces, but he singled out the decision to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory as a specific concern. 2

A National Academy of Sciences report on technical issues related to the Comprehensive Test-Ban Treaty released this week poses no obstacles for advocates of the CTBT, suggesting that advances in maintenance of the nation’s nuclear stockpile and international monitoring capabilities should not prevent the United States from adhering to the treaty. 3

A senior Navy official provided more detail about concerns surrounding the NNSA’s decision to slow refurbishment of the W76 warhead, suggesting the slowdown has left no wiggle room in the schedule. 5

President Barack Obama reaffirmed his intention to reduce the nation’s nuclear stockpile through additional negotiations with Russia, suggesting in a speech this week at Hankuk University in Seoul, South Korea that he would discuss the potential reductions with Russian President-elect Vladimir Putin in May. 6

The NNSA reversed course earlier this year and decided to allow the release of contractor fee evaluations after withholding them for the last three years, but a nuclear watchdog group filed a lawsuit this week to hold the agency to its promises. 7

While the Nuclear Security Summit held this week in Seoul, South Korea, resulted in a flurry of announcements on new achievements and goal to secure vulnerable nuclear materials, the meeting made little progress toward developing binding commitments—a main criticism of the first Summit. . . . 7

Los Alamos National Laboratory will avoid forced layoffs after 557 employees accepted buyouts, laboratory Director Charlie McMillan told employees in an all-hands meeting late this week according to a lab spokesman. 9

The Obama Administration has deferred construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility, but a new GAO report questions the credibility of the facility’s ballooning price tag, providing guidance for the project should it ever be resurrected. 10

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STRATCOM CHIEF RAISES CONCERNS ON CMRR-NF DEFERMENT, MODERNIZATION

Gen. Robert Kehler, the head of U.S. Strategic Command, acknowledged this week that fiscal belt tightening has forced difficult funding choices for the nation's nuclear forces, but he singled out the decision to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory as a specific concern. The facility, as recently as last year, was considered one of the pillars of the Administration's plan to modernize the nation's nuclear weapons complex and arsenal, but the Administration has deferred construction on the project for five years. The delay has been viewed as emblematic of the Administration's decision to scale back its modernization plans in the face of tight budgets, which continued to draw sharp criticism at a series of Senate hearings this week from lawmakers concerned that modernization commitments made during debate on the New START Treaty in 2010 were slipping.

At a Senate Armed Services Committee hearing March 27, Kehler was pressed by Sens. Ben Nelson (D-Neb.), Jeff Sessions (R-Ala.) and Kelly Ayotte (R-N.H.) about the decisions on modernization, and specifically on CMRR-NF. "I'm concerned about that," Kehler said. "I am concerned about our ability to provide for the deployed stockpile. And that is my number one concern here. So I have some concerns." Instead of building CMRR-NF, the Administration has said it will use several different facilities to meet the project's needs while it assesses the broad plutonium infrastructure needs at Los Alamos, which in addition to CMRR-NF could need a replacement for its 34-year-old Plutonium Facility in the next few decades. The near-term options to replace CMRR-NF are expected to include using existing space at Los Alamos as well as facilities at the Nevada National Security Site and Lawrence Livermore National Laboratory, all of which are currently being studied. But Kehler said he wouldn't be

satisfied until a plan is firmly in place. "I will be concerned until someone presents a plan that we can look at and be comfortable with and understand that it's being supported," Kehler said. "So I'm not saying there isn't a way forward. I am hopeful that there is. We just don't have it yet. And until we do as the customer, I am concerned and I will remain concerned until we go a little farther down the road."

Senator Raises Questions About CMRR-NF 'Stopgap'

At a separate Senate Armed Services Strategic Forces Subcommittee hearing March 28 with military and civilian Pentagon leaders, Madelyn Creedon, the Assistant Secretary of Defense for Global Strategic Affairs, said that the NNSA's revised plutonium strategy would allow for production of 20 to 30 pits a year at Los Alamos in the next five years, which is expected to meet the Defense Department's near-term needs on the W78/W88 common warhead refurbishment. Ultimately, the Pentagon requires a production capacity of 50 to 80 pits per year, and Creedon said that requirement hadn't changed because a First Production Unit isn't scheduled to be completed on the W78/W88 until 2023. "That requirement has not changed. But the timing of when we need 50 to 80 pits has also moved," Creedon said.

Nelson, however, took issue with the decision to defer work on CMRR-NF, suggesting that some funding should be provided to keep the project moving forward in FY2013. "Otherwise, it looks like we've just put together a bailing-wire and maybe a duct-tape structure to get us through '13 budget-wise," he said at the full committee hearing March 27. He said that while that approach might work in the near term, it wasn't the best approach for the long-term health of the weapons complex. "It's hard to draw an analogy other than to say that trying to put together something in a stopgap basis might get us through '13 but doesn't position us for what we might do years beyond, and particularly with an aging stockpile," he said.

ExchangeMonitor Publications' Nuclear Team (WC Monitor, NW&M Monitor, RW Monitor)

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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GOP Warns of ‘Great Danger’

Criticism from the Senate wasn't only limited to CMRR-NF. During his appearance before the Senate Armed Services Committee, Kehler faced heavy criticism from many members of the panel about the Administration's decision to scale back its modernization plans and request \$7.58 billion for the NNSA's weapons program, well short of the \$7.9 billion it had projected was needed a year ago. "We are at a time of great danger, as I see it," Sessions said. "The defense budget is under great stress. We're looking to save money wherever we can save money, and it appears to me that the Administration does not have the kind of rigorous intellectual support from missile defense or nuclear weapons necessary to ensure we keep these programs on track." Ayotte also pressed Kehler on the Administration's modernization plan. "I certainly would like to know why, as reflected in the DoD '13 budget, the Administration has not followed through on its commitment to modernization, because I think that was critical, as I understand it, toward many individuals around here. They were concerned about that in the debate over the [New] START Treaty, and so it was very important issue and that's why it was specifically incorporated and tied to the [New] START Treaty in the 2010 [National Defense Authorization Act]."

Kehler emphasized that the Administration was still committed to modernizing, but acknowledged that concerns do remain within the weapons complex and nuclear arsenal. "The real issue for me is the weapons end of this and the weapons complex that supports those," he said. "In an era that we are in today, without nuclear explosive package testing, where we don't do any yield testing, that puts a strain on the industrial base in a way that I believe hasn't been strained in the past. It strains the science and engineering skills. We have to make sure that, as we do life extensions, that we have the appropriate science basis and understanding to be able to do those extensions without nuclear testing."

Kehler: Delays to Modernization ‘Manageable’

He noted that the Administration was still planning life extension work on three weapons systems—the W76, B61 and W78/W88—that would address aging issues within the stockpile. "Most of the problems with the weapons that we have today is that they are reaching the end of their lifetimes in various stages," he said. "And so being able to have life extension for those weapons is also very important. At the end of the day, if you have a more modern complex, we think that we probably can have a smaller stockpile, because the way we would hedge against failure would be different, as we go to the future." Kehler said that many of the concessions made to the nation's moderniza-

tion plan were "manageable," including the decision to slow production of refurbished W76 warheads for the Navy, but he noted that the path forward was not perfect. "I believe while all of these budget reductions, I think, in a perfect world, we would say we really wish we didn't have to deal with budget reductions, but the fact of the matter is that they are there and the nuclear force was not immune," he said.

At the subcommittee hearing March 28, Sessions, however, suggested that delaying some of the modernization work in the complex could jeopardize projects as budgets grow even tighter into the future. "The problem is that when you keep moving things to the right all of them don't get completed," Sessions said yesterday during a subcommittee hearing on the Administration's nuclear policies. "If you don't get started and you don't do them and Congress comes along and some other problem or something, and the next thing you know a program that is designed to be completed is never completed."

Cornyn Seeks Efficiencies to Make Up Funding

Sen. John Cornyn (R-Texas) suggested that some of the funding shortfall for CMRR-NF could be made up through efficiencies within the national laboratories and asked Pentagon officials at the March 28 subcommittee hearing to work with the panel to find money for the program. "If there's money that's not being used to good purpose, it seems to me that's a commitment that was made that we need to make sure is kept," Cornyn said. While Creedon said the Department of Defense would be happy to work with Congress, she suggested it would be difficult to find enough efficiencies to free up the \$300 million that would be needed in FY2013 for CMRR-NF and the \$1.8 billion that would be needed for the project over the next five years. "The department is working very closely with the NNSA right now going through a process to try and identify efficiencies," she said. "But at some point it really depends on what the annual budget is as to what we can accomplish. I mean, even with efficiencies, there's only so much you can do with efficiencies based on whatever the out-year's top line is."

—Todd Jacobson

NAS REPORT ON CTBT TECHNICAL ISSUES OFFERS CLEAR PATH FOR TREATY

A National Academy of Sciences report on technical issues related to the Comprehensive Test-Ban Treaty released this week poses no obstacles for advocates of the CTBT, suggesting that advances in maintenance of the nation's nuclear stockpile and international monitoring capabilities

should not prevent the United States from adhering to the treaty. The report, an update of the Academy's 2002 study of the subject, is expected to be used as ammunition by the Obama Administration in its push for Senate ratification of the treaty, which was signed by the U.S. in 1996 but voted down by the Senate in 1999. Ratification of the CTBT is one of the pillars of President Obama's nuclear security agenda, and the President is expected to push the Senate to ratify the treaty if he wins a second term in the presidential elections later this year.

In the meantime, Administration officials have spent time making the case for the treaty to members of the Senate, and the NAS report is expected to boost the Administration's case for the pact. "Provided that sufficient resources and a national commitment to stockpile stewardship are in place, the committee judges that the United States has the technical capabilities to maintain a safe, secure, and reliable stockpile of nuclear weapons into the foreseeable future without nuclear-explosion testing," the panel said.

Stockpile Stewardship 'Better Now'

One of the biggest issues facing the treaty, the health of the Stockpile Stewardship Program, received one of the biggest caveats from the NAS panel. Nuclear weapons experts have noted that recent progress in advanced computing and simulation, the understanding of the lifetime of plutonium pits and increased experimental capabilities have buoyed the program, and the panel said that the technical capabilities for maintaining the nation's nuclear weapons stockpile are "better now" than a NAS panel anticipated they would be in 2002. However, the panel suggested that the health of the Stockpile Stewardship Program was dependent on a commitment to modernizing the weapons complex, which has come into question in recent months due to government-wide budget constraints. Rather than requesting the \$7.9 billion it anticipated a year ago for the National Nuclear Security Administration's weapons program, the Administration requested \$7.58 billion, delaying warhead life extension programs and deferring construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility.

The NAS panel, however, suggested that to sustain its technical capabilities, it was essential to maintain a Stockpile Stewardship Program with a strong scientific and engineering base, a competent and capable workforce, a vigorous stockpile surveillance program, a modernized nuclear production complex and nuclear weapons designs that preserve an adequate ratio of margin to uncertainty. That includes maintaining a program of dynamic experiments and a vigorous stockpile surveillance program as well as the exploration of nuclear designs that reuse or replace plutonium pits. The Stockpile Stewardship Pro-

gram also should include efforts to broaden the base of nuclear expertise by involving personnel in nuclear forensics, intelligence, threat reduction programs and basic science applications of stewardship activities and develop and implement a long-term modernization plan for the NNSA's production facilities, including maintenance of a plutonium science and production facility that would provide the capability to build different types of pits for weapons in the stockpile. "The Administration, in concert with Congress, should formulate and implement a comprehensive plan that provides a clear vision and strategy for maintaining the nation's nuclear deterrence capabilities and competencies, as recommended in the 2010 Nuclear Posture Review and related studies," the panel said.

Panel Takes Aim at NNSA Oversight of Labs

The panel also took a page from another NAS study panel, the group that earlier this year released a report on the management of the NNSA's weapons laboratories, and recommended that the agency reevaluate how it oversees work at the laboratories. The agency should "reduce the number of requirements in directives and simultaneously transform those requirements to performance goals (prescribing what must be done, now how to do it)" and "shift the balance of incentives in contracts for the weapons laboratories to emphasize successful implementation of the technical mission."

Monitoring System Gets Vote of Confidence

The NAS study addressed many of the main concerns facing the treaty, including the credibility of the international monitoring system set up to detect clandestine nuclear tests. The panel noted that most of the seismic monitoring stations that will make up the system have been built and are operating, and there is a "90 percent confidence levels for IMS seismic detection are well below 1 kiloton worldwide for fully coupled explosions." The panel said that with the addition of regional seismic monitoring stations and better understanding of backgrounds, countries hoping to avoid detection in North America, Asia, Europe, or North Africa would have to limit the yield of a nuclear device to less than 1 kiloton "to ensure no more than a 10 percent probability of detection by the IMS." The U.S. could also bolster its own detection abilities by focusing its own global monitoring capabilities, which the panel said are "superior" to that of the IMS, on countries of concern. "Constraints placed on nuclear-explosion testing by the monitoring capabilities of the IMS, and the better capabilities of the U.S. [national technical means] will reduce the likelihood of successful clandestine nuclear-explosion testing, and inhibit the development of new types of strategic nuclear weapons," the panel said.

The panel noted that the development of low-yield nuclear weapons that might be usable on a battlefield or in a regional conflict could be developed without detection—and without testing—but it said that the U.S. would not be required to resume testing in order to respond. The U.S. “already has—or could produce—weapons of equal or greater capability based on its own nuclear-explosion test history,” the panel said. “Thus, while such threats are of great concern, the United States would be able to respond to them as effectively whether or not the CTBT were in force.” If there was a technical need to resume nuclear testing, the panel noted that the U.S. could withdraw from the treaty by invoking the “supreme national interest” clause.

Will Report Sway Opinion?

While the study could reassure some Senators on the fence about the treaty, it’s not likely to change the minds of some of the treaty’s most staunch opponents. Those include lawmakers like Sen. Jon Kyl (R-Ariz.), who opposed the treaty in 1999 and questioned the composition of the NAS panel when it was formed, suggesting that it was stacked in favor of CTBT advocates. The panel was chaired by University of Maryland physics professor Ellen Williams, and also includes former Lawrence Livermore laboratory Director Bruce Tarter, noted University of California-Berkeley physics professor Raymond Jeanloz, nuclear weapons expert Richard Garwin, Texas A&M nuclear engineering professor Marvin Adams, Pacific Northwest National Laboratory nuclear explosion monitoring expert Theodore Bowyer, former NNSA Administrator Linton Brooks, Defense Threat Reduction Agency nonproliferation and arms control adviser Donald Cobb, former Strategic Command chief Adm. Richard Mies, and nuclear testing verification expert Lynn Sykes. To counter the suggestion that the panel was biased, the report was reviewed by several well-known treaty skeptics, including former Sandia National Laboratories Director Paul Robinson and former Lawrence Livermore National Laboratory Director John Foster.

Political opposition could also mount because of reduced funding for the weapons complex. Congressional staff have speculated that the Administration’s decision to scale back its modernization plan for the nation’s weapons complex and arsenal could doom consideration of the treaty. “The fact that the Administration now is breaking its commitment . . . is going to ensure there will be no more arms control agreements getting through the Senate, including the Comprehensive Test-Ban Treaty, and there is going to be mounting political pressure against any significant changes to the U.S. deterrent stockpile,” Rob Soofer, a professional staffer for Kyl, said last month at the Nuclear Deterrence Summit.

A separate report released March 29 by the conservative National Institute for Public Policy came to an entirely different conclusion than the NAS report, suggesting that U.S. ratification of the treaty is unlikely to rally international cooperation against nonproliferation, one of the Administration’s main touted benefits of ratification. The report called the treaty’s verification provisions “questionable” and said that the treaty lacked “any serious enforcement mechanisms.” It also criticized the treaty for not adequately defining a nuclear test, which it said would hamstring the U.S. because it would adhere to a “zero-yield” standard that others might not observe, and the study suggested that the U.S. should not forswear its right to nuclear testing when an uncertain international future could lead to a need to develop, and test, new kinds of nuclear weapons. “The proponents’ case for CTBT ratification reflects hope over available evidence and experience—hope without reason that the future will be more predictable and benign than the past,” the NIPP report said. “Evidence and experience suggest strongly instead that U.S. ratification of the CTBT would bring few if any tangible benefits while introducing significant new risks for U.S. and allied security.”

—Todd Jacobson

SENIOR NAVY OFFICIAL SHEDS LIGHT ON CONCERN ABOUT W76 LEP SLOWDOWN

Navy officials aren’t thrilled with the decision by the Obama Administration to slow refurbishment of the W76 nuclear warhead, a decision made as budget pressure forced tradeoffs within the National Nuclear Security Administration’s Fiscal Year 2013 request. But the service’s real concern involves future budgetary pressure, because while the current W76 refurbishment plan meets the Navy’s operational objectives, a senior Navy official last week noted that there’s no wiggle room left in the schedule at all. “We’re eating all of the margin,” Rear Adm. Terry Benedict, the Director of the Navy’s Strategic Systems Programs, told *NW&M Monitor* after a Senate Armed Services Strategic Forces Subcommittee hearing this week. “We’re eating into the margin, and that’s the concern.” He noted during the subcommittee hearing that the current refurbishment plan will provide the Navy with enough W76 warheads to meet its operational needs through 2018, but the plan stretches out the completion of hedge warheads until 2021. And any other deviations from the plan could have a much more drastic impact, he said later. “I think the concern is the fact that we’re not on the original baseline schedule, which is a true statement,” Benedict said after the hearing. “As you heard in there, there are challenges that we face every single day and will we stay on the adjusted schedule?”

Navy Adm. Jonathan Greenert, the service's Chief of Naval Operations, said the Navy was "concerned" about the NNSA's plan beyond FY2013, but the service has been otherwise mum about the reasons behind its concerns. NNSA officials have said the altered production schedule frees up money for another life extension program on the B61 bomb by postponing the production of "technical hedge" warheads but is designed to meet the Navy's operational requirements. The Obama Administration requested \$174.9 million for the W76 refurbishment program in Fiscal Year 2013, \$80.1 million less than the Administration had projected a year ago. Greenert previously told the House Armed Services Committee that "we have to keep our strategic nuclear systems, including the warheads, modernized. That affects the targeting. It affects the numbers and our delivery. So looking at the '13 submission, we're okay with that. When we look at '14 and up, we are concerned."

—Todd Jacobson

OBAMA REAFFIRMS PLAN TO PUSH FOR MORE STOCKPILE REDUCTIONS

President Barack Obama reaffirmed his intention to reduce the nation's nuclear stockpile through additional negotiations with Russia, suggesting in a speech this week at Hankuk University in Seoul, South Korea that he would discuss the potential reductions with Russian President-elect Vladimir Putin in May. In South Korea for the second Nuclear Security Summit, Obama's comments reflect the current Nuclear Posture Review implementation study being conducted by the Pentagon, which is considering reductions beyond the 1,550-warhead ceiling set by the New START Treaty. According to published reports, the study considered reducing the nation's strategic deployed stockpile to several levels: between 300 and 400, 700 and 800, 1,000 and 1,100, and maintaining the status quo. "Even as we have more work to do, we can already say with confidence that we have more nuclear weapons than we need," Obama said. "Even after New START, the United States will still have more than 1,500 deployed nuclear weapons, and some 5,000 warheads. I firmly believe that we can ensure the security of the United States and our allies, maintain a strong deterrent against any threat, and still pursue further reductions in our nuclear arsenal."

In his speech, Obama said that the nation's arsenal continued to be "poorly suited to today's threats, including nuclear terrorism" and that the U.S. has a "moral obligation" to further reduce its stockpile. "I say this as president of the only nation ever to use nuclear weapons," he said. "I say it as a commander in chief who knows that our nuclear

codes are never far from my side. Most of all, I say it as a father, who wants my two young daughters to grow up in a world where everything they know and love can't be instantly wiped out."

Panetta: Options Have Been Given to Obama

Defense Secretary Leon Panetta this week said that the results of the NPR implementation study had been presented to Obama for his consideration, and Madelyn Creedon, the Assistant Secretary of Defense for Global Strategic Affairs told the Senate Armed Services Strategic Forces Subcommittee that a decision could come within "weeks." "The president is always interested in trying to see what we can do to reduce our nuclear arsenal," Panetta told reporters this week. "We've gone through a nuclear review and presented options to him, but let me be very clear that those options are in no way unilateral. They're all based on potential bilateral negotiations with the Russians."

GOP Senators Vow to Oppose Reductions

A group of 43 Republican Senators is vowing to oppose any additional reductions to the nation's nuclear weapons stockpile, calling President Obama's interest in reducing the nuclear arsenal below the ceiling set by the New START Treaty "ill-advised." The Republicans, led by Sen. Jon Kyl (R-Ariz.), noted in a March 27 letter that former U.S. Strategic Command chief Gen. Kevin Chilton said in 2010 that the New START Treaty force levels were adequate to maintain the nation's nuclear deterrent. "In light of this comment—and the fact that your administration is still engaged in a study of our nuclear forces—it would certainly seem premature, and quite possibly incorrect, to claim that we can further reduce our nuclear arsenal," the Republican Senators wrote. "This is especially so given that reductions to even New START force levels were predicated on the successful completion of a nuclear modernization program that has lost your full support and now appears delayed."

Chilton's view, however, was not held by his successor at StratCom, Gen. Robert Kehler. In testimony before the Senate Armed Services Committee March 27, Kehler seemed open to the idea of further reductions. "I think there are opportunities to reduce further, but I think that there are factors that bear on that ultimate outcome," he said. "And rather than get into those, which I don't think would be appropriate, I would just simply say I do think there are opportunities here, but recognizing that there are some factors that bear on this."

—Todd Jacobson

GROUP SUES TO COMPEL NNSA TO RELEASE PERFORMANCE EVALUATIONS

The National Nuclear Security Administration reversed course earlier this year and decided to allow the release of contractor fee evaluations after withholding them for the last three years, but a nuclear watchdog group filed a lawsuit this week to hold the agency to its promises. Nuclear Watch New Mexico filed a Freedom of Information Act lawsuit against the NNSA in New Mexico District Court March 28 to compel the agency to release the Performance Evaluation Reviews that are used to determine the amount of fee paid to the contractors that run the weapons complex. Jay Coghlan, the director of Nuclear Watch New Mexico, said in a statement that his group was seeking to “expose why taxpayers are paying increasing profits to nuclear weapons contractors with decreasing corporate accountability.”

The lawsuit comes on the heels of the of the Department of Energy’s February decision to allow the release of the PERs, which came as a response to increased criticism and scrutiny from media outlets, watchdog groups and Congress over the Department’s lack of openness in how its contractors are paid. Deputy Energy Secretary Dan Poneman mandated that the NNSA and DOE’s Office of Environmental Management release the annual report cards, mirroring the Office of Science’s long-standing release policy, though neither NNSA nor EM has done so yet. NNSA Administrator Tom D’Agostino said the reviews could be released in a “couple of months” in testimony before the House Energy and Water Appropriations Subcommittee last month. The NNSA had shielded the reviews from public release since 2009. “We have reversed the decision,” D’Agostino said. “We’re going to be providing more information. What we’re working on right now is a consistent approach within the Department. The Office of Science’s approach is to provide a one-page summary, post that on the web, if you will, and then provide a link if an individual would like to get the next level of detail down to their particular site office. We’re negotiating between kind of all of the elements of the Department on how do we get that consistent approach.”

Policy Dates to 2009 Decision

The PERs serve as report cards of sorts for the contractors that run various sites and projects and detail how and why the contractors are paid, but then-NNSA Acquisition and Supply Management chief David Boyd said in 2009 that because the reviews contain potentially sensitive information, the reviews would remain hidden for three years. The NNSA has said contractors can release the information themselves, but none have done so. In the place of the full

reviews, NNSA has provided one-page ‘desk’ statements summarizing the report cards, but the information contained in the statements often varies from site to site. Previously, NNSA released fee data and Performance Evaluation Reviews approximately two-to-three months after the end of the fiscal year.

Pressure from outside groups ramped up in recent months, with *NW&M Monitor*, the *Albuquerque Journal* and the *Knoxville News Sentinel* each urging the agency to release the fee information. A chorus of nuclear watchdog groups called for the release of the PERs as well, but most importantly, the NNSA’s decision drew the attention of Congress, and Hill staffers pressed the agency on its decision, promising increased attention on the issue this year. Sen. Sherrod Brown (D-Ohio) also went on the record, saying he was “very concerned” and would “work with Congress and DOE to increase efficiency and transparency,” according to his spokeswoman Lauren Kulik.

Lawsuit ‘About Fiscal Responsibility’

Like some other watchdog groups and media outlets, including *NW&M Monitor*, Nuclear Watch New Mexico submitted a Freedom of Information Act request for Fiscal Year 2009 PERs for NNSA contractors on Dec. 23, 2009. The NNSA denied the request and the group’s subsequent appeal in 2010, but DOE’s Office of Hearings and Appeals challenged NNSA’s decision to withhold the reviews in response to a claim by FOIA Group Inc. Armed with that information, Nuclear Watch New Mexico resubmitted its FOIA request Feb. 22, but hadn’t heard back in the 20-day response window mandated by law. “I am a strong supporter of the President, particularly in his tireless efforts towards achieving a nuclear free world. Nevertheless, in this instance, bureaucratic stonewalling has prevented the public from knowing how our nuclear weapons complex is being managed,” Jules Zacher, a Philadelphia-based lawyer for Nuclear Watch New Mexico, said. “This lawsuit is not about national security but instead is about fiscal responsibility.”

—Todd Jacobson

2012 NUCLEAR SECURITY SUMMIT BUILDS ON GOALS FROM PREVIOUS MEETING

Critics Say Results Still Lack Binding Commitments From Participants

While the Nuclear Security Summit held this week in Seoul, South Korea, resulted in a flurry of announcements on new achievements and goal to secure vulnerable nuclear materials, the meeting made little progress toward developing binding commitments—a main criticism of the first Summit. But President Barack Obama, who launched the

first Summit in 2010 in Washington, reaffirmed his support for the process this week as a key step in preventing nuclear terrorism. “I think we all understand that no one nation can do this alone,” Obama said in a speech in Seoul. “This is one of those challenges in our interconnected world that can only be met when we work as an international community. And what we did in Washington, what we’re now doing in Korea, becomes part of a larger global architecture designed to reduce the dangers of nuclear weapons and nuclear terrorism, but also allows us then to more safely and effectively pursue peaceful uses of nuclear energy.”

This week’s meeting resulted in the release of a six-page communiqué adopted by all participants, including 53 heads of state, that reaffirms previous goals and touches upon new areas such as nuclear safety in the wake of the Fukushima nuclear disaster in Japan and security of radiological sources. The principles grew out of the broad goal set in 2010 to secure vulnerable nuclear materials around the world in four years. The document encourages countries “in a position to do so” to announce by 2013 voluntary actions to minimize the use of highly enriched uranium. It also supports bringing the amended Convention on the Physical Protection of Nuclear Material into force by 2014, which, among other impacts, would impose legally binding requirements on the security of nuclear materials. “Nuclear terrorism continues to be one of the most challenging threats to international security,” the communiqué said. “Defeating this threat requires strong national measures and international cooperation given its potential global political, economic, social, and psychological consequences.” Leaders plan to follow up on the commitments made at previous Summits at the next meeting in 2014 in the Netherlands.

‘Nothing That Requires Anybody to Do Anything’

However, following this year’s summit, nonproliferation experts warned that the vague goals agreed to are not likely to result in securing all vulnerable nuclear materials by the start of the meeting in the Netherlands. Ken Luongo, co-chair of the Fissile Materials Working Group and president of the Partnership for Global Security, suggested additional steps to be taken before 2014, should include the adoption of binding, comprehensive security standards by states. “There is nothing that requires anybody to do anything at the present time. It’s completely driven by national regulations and by decisions that are made at the national level and there’s no transparency,” Luongo told *NW&M Monitor*. “So how do we know whether or not the security in any country is any good? There’s a weak link problem and there’s nothing in this system that promotes international confidence.”

He continued, “What was missing from this summit is a vision of where we want this nuclear security issue to end up. Instead of having presidents and national leaders talk to each other about what the bureaucracies are actually doing, I think it should be the other way around, with the leaders telling the bureaucracies what they want to achieve and then telling them to go execute it. ... It is important what they are doing. But it needs to be linked to a bigger vision. It can’t just be a recitation of what the U.S. government bureaucracy is already working on.” Luongo said he would like to see a set of countries from the Summit to put work together to put together a road map that they can adhere to, instead of imposing broad criteria from above.

But Administration officials stressed that the international agreements coordinated by the Summits are key to complementing efforts to combat terrorist groups. “The fact is it’s also a solvable problem. We know how to secure nuclear materials. We know what materials are more dangerous than other materials, and we know that if we can take coordinated action around the globe, we can get to a point where there are levels of security and levels of safety that dramatically reduce the threat of nuclear terrorism and proliferation,” Ben Rhodes, White House National Security Advisor for Strategic Communications, said in a press briefing following the Summit. Shawn Gallagher, NSC Director for Nuclear Threat Reduction, added, “I think in the lead-up to the Washington summit you had a lot of countries coming in and making pledges and statements about the things that they want to do individually. What we’ve seen over the last couple of year is that evolve into a collective action.”

U.S. Announces Agreements, Removal Efforts

For example, this week the United States, Belgium, France and the Netherlands announced an agreement to minimize the use of HEU to produce medical isotopes, with the ultimate goal of eliminating the use of HEU for those purposes. The countries committed to convert European production of the isotopes to processes that don’t use HEU by 2015, subject to regulatory approval. The United States has committed to supplying those countries with HEU while the conversion efforts take place. Also this week, Italy announced that it will work with the United States to eliminate excess HEU and plutonium from its research reactor program. The country’s nuclear decommissioning program has been working with the National Nuclear Security Administration’s Global Threat Reduction Initiative in the past year to identify material to be transferred for disposition in the United States, with a goal to complete removal by the 2014 Summit. And Kazakhstan, the United States and Russia announced completion of work securing nuclear material at Semipalatinsk, a former Soviet nuclear test site in Kazakhstan.

The Administration also announced the completion of removal efforts for nuclear materials located in several countries. Following a pledge at the 2010 Summit to convert Mexico's research reactor from HEU to low enriched uranium, Mexico, the United States and Canada announced that they had completed the process in coordination with the International Atomic Energy Agency. NNSA also said this week that 128 kilograms of HEU from two sites in Ukraine has been shipped to Russia, completing a pledge made in 2010 to remove all HEU by the 2012 Summit. In exchange, the United States will provide Ukraine with replacement low enriched uranium. And Sweden also announced this week that it had removed all of its plutonium after shipping three kilograms of the material to the United States for disposition.

Harvard Study: Work Remains After Four-Year Goal

While the efforts launched at the 2010 Summit have reduced the dangers of nuclear terrorism, much remains to be done, according to a study released by The Harvard Kennedy School in advance of the Seoul meeting. "At the end of four years, the global risks of nuclear theft will be significantly lower than they were before," Matthew Bunn, associate professor of public policy at Harvard Kennedy School, said in a statement. "But there will still be a great deal left to do to make sure that all the world's stocks of nuclear weapons and the materials needed to make them are protected from the full range of plausible terrorist and criminal threats—in a way that will last." The study notes that U.S. efforts so far have resulted in the elimination of HEU from six countries and has removed almost 1,000 kilograms of HEU from research reactors. However, it also states that about 120 research reactors are using HEU and finds that the "global governance of nuclear security is still weak."

—*Kenneth Fletcher*

LANL AVOIDS FORCED LAYOFFS AS 557 EMPLOYEES TAKE BUYOUTS

Laboratory Director: 'Difficult Decisions Still Ahead' On Procurements, Flexible Workforce

Los Alamos National Laboratory will avoid forced layoffs after 557 employees accepted buyouts, laboratory Director Charlie McMillan told employees in an all-hands meeting late this week according to a lab spokesman. With the lab facing budget shortfalls in Fiscal Year 2012 and FY2013, officials had hoped between 400 and 800 of its 7,600 workers would accept a buyout offer of up to 39 weeks of severance pay, and McMillan said the 557 workers that ultimately took the buyout this week were enough to stave off a round of involuntary layoffs. "The loss of hundreds employees will be painful, but the program did accomplish

what it set out to do," McMillan said. "This VSP, and other actions that started late last year, are necessary to preserve our capabilities during uncertain economic times."

Flexible Workforce Under Scrutiny

Lab spokesman Fred DeSousa said McMillan noted in his address that "difficult decisions still need to be made on procurements and the flexible workforce." DeSousa said the lab had already decided to cap its student and post-doctoral candidate population at FY2011 levels, and he said the flexible workforce would be analyzed in the coming weeks and months. He said the lab's flexible workforce consists of approximately 1,985 staff augmentation and task order contractors, term employees, and lab associates (generally retirees and parent organization employees on temporary assignments). "A consistent analysis of the flexible workforce will happen at the principal associate directorate level, based on project funding, skill mix, and work scope," he said. The reductions would be approved by the Laboratory Integrated Stewardship Council, which was created last year to oversee spending cuts at the lab.

The buyouts were driven by approximately \$300 million in cuts to the lab's budget in FY2012 and expected budget belt tightening in the future, which includes the deferment of lucrative work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility. According to the latest budget figures from the lab and the Department of Energy's Office of the Chief Financial Officer, FY2012 reductions at the lab include an \$80 million drop in Directed Stockpile Work, a \$30 million drop in Advanced Simulation and Computing, and a \$25 million drop in Readiness in Technical Base and Facilities.

McMillan Details Departure Demographics

McMillan said that 612 employees initially applied for the Voluntary Separation Program, but 55 rescinded their applications, leaving 557 workers in a variety of fields that will leave the lab April 5. Of the employees leaving, 258 are from fields such as finance, information technology and records management, 152 are from research and development fields, 74 are managers, 59 are technicians, and 14 are support employees, the lab said. Thirty-six percent of the employees come from science, technology and engineering areas, 25 percent are from operations and business, 16 percent are from the lab's weapons program, 15 percent are from global security, and 4 percent each are from capital projects management and departments reporting to the Office of the Director. "For employees who remain here at the Lab: while change is sometimes difficult and departures of colleagues will leave gaps that force all of us to re-prioritize and reallocate work, I know

you are ready to lean forward and to continue the tradition of excellence established by our predecessors at Los Alamos,” he said. The lab’s last substantial workforce cut came in 2008, when it avoided forced layoffs after 430 workers took buyouts and another 140 left through attrition.

—*Todd Jacobson*

GAO REPORT RAISES QUESTIONS ABOUT DEFERRED CMRR-NF PROJECT

The Obama Administration has deferred construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility, but a new report from the Government Accountability Office questions the credibility of the facility’s ballooning price tag, providing guidance for the project should it ever be resurrected. The report, “New Plutonium Research Facility at Los Alamos May Not Meet All Mission Needs,” suggests that while the National Nuclear Security Administration’s decision to build a “minimally-sized” CMRR-NF was made to keep costs down, it could have produced a facility that wouldn’t meet the nation’s plutonium needs and could lead to even more cost increases down the road, and the GAO recommended that the NNSA broadly reassess its plutonium needs before reconstituting the project. “The CMRR was intended to support the plutonium-related research and storage needs of other DOE and NNSA national security missions and activities outside of the nuclear weapons stockpile work, including homeland security and nuclear nonproliferation activities; but because NNSA decided early in the project to reduce the size of the proposed facility to save money, CMRR may now lack the ability to accommodate these other research needs,” the GAO said in its report.

Facility Size Constant, But Price Skyrocketed

According to the GAO, the NNSA analyzed three different sizes for the facility—22,500, 31,500 and 40,500 square feet—before settling on the smallest option in 2004, acknowledging that the “smaller facility would result in trade-offs, including the elimination of contingency space.” Despite picking the smallest option to keep costs down, the GAO noted that the facility’s price tag had skyrocketed: from a 2005 estimate of between \$745 to \$975 million to an April 2010 estimate of \$3.7 to \$5.8 billion. The GAO said that Los Alamos officials attributed the cost increases to design changes and project delays, including a \$500 increase driven by seismic-related design changes and a \$1.2 billion increase from delays in the completion of construction. In part because of the project’s rising price tag and in part because of the increasing

financial constraints on federal budgets, the Administration decided in February to defer the project for up to five years, choosing to use several different facilities around the weapons complex to meet the project’s mission while it examines its broad plutonium needs at Los Alamos.

NNSA largely agreed with the report’s findings, and noted in a response to the GAO that it was currently planning how to meet its plutonium needs with the construction project deferred for up to five years. “Consistent with the FY2013 Budget request, NNSA is conducting additional analysis to determine the most effective way to provide analytical chemistry, materials characterization and storage capabilities originally slated for the CMRR-NF through the use of existing infrastructure,” Cynthia Lersten, the agency’s acting Associate Administrator for Management and Budget, said. “As part of this analysis, NNSA will evaluate options to use existing facilities at other sites. NNSA remains committed to ensuring continuity of required plutonium capability and mission functions.”

Smaller, But Not Better?

The decision appears to fall in line with the GAO’s recommendations, which suggest that the CMRR-NF as planned was going to exceed cost estimates and fall short of expectations. According to the GAO, while the NNSA decided during the Bush Administration to consolidate plutonium activities at Los Alamos, the 22,500-square foot facility might not be able to support non-weapons program activities, like nonproliferation, homeland security, nuclear forensics, nuclear counterterrorism, waste management, and material recycle and recovery programs. It also might not have been able to accommodate all of the needs for the weapons program, especially if pit production needs approach or exceed current Pentagon requirements of up to 80 pits per year. “NNSA officials acknowledge that the smaller size option poses more risk because the facility will include no contingency space,” the GAO said, later noting that if pit production needs increased and no contingency space was available, “other plutonium-related research beyond that required for the nuclear weapons stockpile will also likely be affected.”

The GAO said several studies conducted in 2006—by Los Alamos National Laboratory and Albuquerque-based TechSource—indicated that adding 9,000-square feet to the design would lower risk and increase the flexibility of the facility, but NNSA officials kept the facility at a smaller size to keep costs down despite its own analysis showing that the facility would only be able to support non-weapons activity if additional capacity remained after weapons-related work was supported. “If additional capacity is not available, NNSA may face the prospect of not being able to use the new facility for one of its in-

tended purposes of supporting certain plutonium-related research for missions outside of nuclear weapons stockpile work,” the GAO said. “A 2004 NNSA study suggested that this could effectively result in national security, nonproliferation, and environmental management programs potentially not performing in a cost-effective, compliant, and timely manner.”

The GAO said that in particular the new facility could not accommodate pit testing capabilities that currently reside at Lawrence Livermore National Laboratory’s Superblock facility, which is having almost all of its plutonium removed as a result of the plutonium consolidation effort at Los Alamos, and that the size of the facility’s planned vault did not meet the lab’s need for long-term storage.

Feinstein Raises Concerns

The report’s findings drew concern from Sen. Dianne Feinstein (D-Calif.), the chair of the Senate Energy and Water Appropriations Subcommittee. Feinstein earlier this month blasted NNSA Administrator for wasting money on projects that have now been scuttled or put on hold, like the CMRR-NF. The GAO report “found that the cost of building a new plutonium facility at Los Alamos would cost six times more than projected,” Feinstein said. “However, NNSA would have eliminated certain critical capabilities that were part of the original project scope to avoid even more cost increases. For example, the facility would not have been able to accommodate other plutonium-related missions for homeland security and nuclear proliferation. The result may have been requests for even more funding at a later date to build more facilities to house capabilities that should have been included in the plutonium facility.”

GAO Concerned by Cost Estimating Weaknesses

The government watchdog agency also suggested that “important weaknesses” existed within the project’s April 2010 cost and schedule estimate that further call into question the estimated price tag for the facility. While it said that the NNSA’s cost and schedule estimates were “generally well prepared,” it said that hundreds of risks to the project were not used in preparing a schedule risk analysis. The GAO said that three risks in particular could cause delays ranging from one to five years: project officials indicated that a necessary electrical system upgrade might not be completed in time for construction activities, simultaneous design changes could create uncertainties, and it could be difficult for industry to meet certain quality assurance standards. But the project currently estimated only a one-year schedule contingency for the risks, though project officials told the GAO that they are in the early stages of developing a plan to incorporate

the risks in the schedule. “NNSA cannot yet provide high assurance that all project risks are fully accounted for in the project’s schedule risk analysis that is used for updating the project’s schedule contingency estimates,” the GAO said. “As a result, NNSA cannot yet be fully confident that, once it decides to resume the CMRR project, the project will meet its estimated completion date, which could lead to further delays and additional costs.”

The GAO also called into question the project’s cost and schedule estimate because an independent cost estimate (ICE) hasn’t been completed on the entire project. A less rigorous independent cost review was started in 2011, but an ICE was only initiated for \$250 million worth of work covering the design and infrastructure needed to complete the project, and a full ICE won’t be completed until just before the cost and schedule baseline is established and the facility is 90 percent designed, which is expected to occur at the end of this year. “However, until a quality independent cost estimate is completed on the entire project or another means of validating the estimate for the project, DOE and NNSA officials cannot be confident that the current cost estimate is completely credible,” the GAO said.

—Todd Jacobson

WSI WINS PROTECTIVE FORCE CONTRACT FOR SANDIA-LIVERMORE CAMPUS

Longtime Department of Energy protective force contractor WSI has added another site to its portfolio after it was awarded the security services contract at Sandia National Laboratories’ Livermore campus this week. WSI teamed with Gregg Protection Services to win the one-year contract, which includes one option year. The contract is valued at \$5.6 million, but the win gives WSI an entrée into Northern California, where the National Nuclear Security Administration and laboratory officials are believed to be considering merging the Sandia and Livermore protective force contracts. The short contract is believed to be designed to serve as a bridge to a much larger contract at Sandia-Livermore, or perhaps a combined contract. WSI beat out incumbent Sandia-Livermore security contractor U.S. Security Associates. Sandia performs its own security at its Albuquerque campus. Sandia spokesman Jim Danneskiold said that 10 bids were received for the contract.

WSI performs protective force work at several NNSA and DOE sites, including the Savannah River Site, Oak Ridge, the Y-12 National Security Complex, the Nevada National Security Site, Hanford, and the Strategic Petroleum Reserve. “WSI is very pleased to have been selected to

provide security services to the Sandia-Livermore National Laboratory and we are excited about becoming an integral part of their great team. We are also looking forward to working with our partner on this project, Gregg Protection Services, which brings to the team an enviable record of outstanding accomplishments in the security industry,” WSI said in a statement. Gregg Protection Services will perform technical security work under the contract in a partnership with WSI.

As recently as 2010, Lawrence Livermore National Laboratory considered opening up security work at the lab to subcontractors for the first time, but ultimately decided to keep a proprietary force managed through laboratory

contractor Lawrence Livermore National Security, LLC, in order to provide flexibility to adjust to changing security requirements. The lab’s security needs are expected to change significantly at the end of this year when all special nuclear materials requiring Category I/II security will be removed from the lab, and nuclear weapons complex observers have suggested it could make sense at that point to sever the protective force contract from the M&O. The NNSA has supported efforts to carve security work out of M&O contracts in recent years, most notably stripping security work out of its combined Y-12/Pantex M&O contract late last year.

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT OAK RIDGE

Tens of millions of dollars remain at stake in federal court lawsuits that linger on the construction of Y-12’s Highly Enriched Uranium Materials Facility, and there continue to be some signs of movement—albeit tentative—toward a settlement that would put the \$549 million project to rest more than two years after operations began. In response to questions, Warren Barrow, executive vice president of Caddell Construction, who headed the Caddell-Blaine Joint Venture that built the HEUMF, said no settlement or resolutions had been reached as of March 29. But, he noted, “The court has ordered a mediation by all parties, and the dates are being worked out with B&W Y-12 and all of the contractors. I expect that this will be a couple of months away, because it is difficult to schedule this many parties and their attorneys.” In the meantime, Barrow said there is an effort underway to schedule a negotiating session between B&W Y-12 and Broadway Electric—the

HEUMF LAWSUITS HEADED FOR MEDIATION

project electrical chief—prior to the mediation with all parties. “I believe this will happen fairly soon,” he said.

The HEUMF construction team, headed by Caddell-Blaine Joint Venture, filed about \$60 million in claims associated with the government project, and B&W Y-12, the managing contractor at Y-12, countersued in U.S. District Court. Both sides claim breach of contract. There were numerous difficulties encountered during the construction of HEUMF, many of them associated with mid-project design changes to meet evolving security requirements to make sure the new storage facility was protective against terrorist assaults and other scenarios. Millions of dollars in payments to the project’s construction manager, Caddell/Blaine Joint Venture, and its subcontractors, were withheld, reportedly creating severe financial hardships and near-bankruptcies for some of the companies involved.

AT OAK RIDGE

Oak Ridge National Laboratory’s High Flux Isotope Reactor returned to operation early March 26, producing a load of neutrons for research and isotope production for the first time since Jan. 10—when the 85-megawatt reactor had to be shut down because of an electrical issue early in a fuel cycle. ORNL reactors chief Ron Crone said the restart went smoothly following the lengthy shutdown, which was extended to include the annual spring maintenance period—one of the year’s longest. About 200 maintenance tasks were performed during the outage, he said.

Meanwhile, during a week in which there were many nuclear security milestones announced in Seoul at the Nuclear Security Summit—including worldwide efforts to

HFIR BACK UP AND RUNNING

convert reactor using highly enriched uranium fuel to low enriched uranium (under 20 percent U-235)—Crone confirmed that conversion of the High Flux Isotope Reactor is now scheduled for February 2020. That’s significantly later than has been previously acknowledged. In 2009, Crone said the Oak Ridge reactor was due to be converted to low-enriched fuel in September 2016. There was no immediate response when asked for an explanation of the changing timetable.

The High Flux Isotope Reactor at ORNL is believed to use 93 percent enriched fuel. That’s reportedly the same as the High Flux Reactor at the Institut Laue-Langevin in France. At roughly the same time as the Nuclear Security Summit was getting under way in South Carolina, the Y-12 Na-

tional Security Complex in Oak Ridge received export approval from the Nuclear Regulatory Commission to ship about 186 kilograms of highly enriched uranium to France. According to the license, the uranium is enriched to 93.35 percent U-235. Steven Wyatt, a federal spokesman at Y-12, referred questions to NNSA headquarters, where

there was no response to requests for additional details on the shipments to ILL. NRC approved the license March 16. The HEU apparently will be transported to Europe by boat because one of the conditions for approval is that quantities of U-235 in excess of 350 grams cannot be transported aboard passenger-carrying aircraft. ■

Wrap Up

IN CONGRESS

The Senate this week confirmed Gregory Woods to serve as the new General Counsel for the Department of Energy. Woods currently serves as Deputy General Counsel for the U.S. Department of Transportation. He was nominated to the DOE General Counsel position last

summer to replace Scott Blake Harris, who left DOE in early 2011. From 2004 to 2009, Woods was a partner at Debevoise & Plimpton LLP in New York, New York, and was an associate at the firm from 1998 to 2004. From 1995 to 1998, he served as a trial attorney at the Department of Justice. Woods holds a B.A. from Williams College and a J.D. from Yale Law School. ■

Calendar

April

3-4 Meeting: 2012 DOE Project Management Workshop; the Hilton Alexandria Mark Center, Alexandria, Va.

10 Discussion: "2012 Nuclear Security Summit: An After Action Report," Laura Holgate, Senior Director for Weapons of Mass Destruction Terrorism and Threat Reduction, National Security Council, at the National Defense University, Washington, 11:30 a.m.-1 p.m.

11 Meeting: Nevada Site-Specific Advisory Board, Bob Ruud Community Center, 150 North Highway 160, Pahrump, Nev.

17 Hearing: NNSA and EM budgets, House Armed Services Strategic Forces Subcommittee, with NNSA Administrator Tom D'Agostino, Room 2212 Rayburn House Office Building, Washington, 3 p.m.

17 Speech: "Senate Perspectives on Iran, Missile Defense and Nuclear Deterrence," Sen. Jon Kyl (R-Ariz.), Breakfast Series at the Capitol Hill Club, Washington, D.C., 8 a.m. RSVP online at <http://2012ndseminars.eventbrite.com/>

18-20 Conference: Project on Nuclear Issues Spring Conference, at Pacific Northwest National Laboratory, Richland, Wash., 8 a.m.-3:30 p.m. Info: <http://csis.org/event/2012-poni-spring-conference-pacific-northwest-national-laboratory>

24 Speech: "WMD Proliferation Challenges," Gary Samore, White House Coordinator for Arms Control and Weapons of Mass Destruction and Terrorism, Breakfast Series at the Capitol Hill Club, Washington, D.C., 8 a.m. RSVP online at <http://2012ndseminars.eventbrite.com/>

(Changes from previous Calendar in Bold)

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Volume 16 No. 15

April 6, 2012

— *INSIDE HIGHLIGHTS* —

Over the next six months, collective bargaining agreements involving approximately 1,500 protective force officers at three sites across the weapons complex will expire, and representatives from the companies that will be involved in the negotiations, as well as the NNSA and protective force unions, are girding themselves for what could be a stressful summer. 2

In the face of pressure from media outlets, watchdog groups and Congress, the NNSA has released the first set of Fiscal Year 2011 Performance Evaluation Reviews under a new policy that allows the contractor report cards to be shared with the public. 4

The White House Office of Science and Technology Policy has tasked the Institute for Defense Analyses' Science and Technology Policy Institute to study the governance structure of the nation's federal laboratories, and former Under Secretary of Energy for Science Steve Koonin will head up the review effort. 5

Procurement Tracker 6

Babcock & Wilcox continued to shake up its executive leadership this week, naming Westinghouse's briefly tenured CEO Jim Ferland as its new President and Chief Executive Officer, where he will succeed Brandon Bethards. 8

The Defense Nuclear Facilities Safety Board has raised multiple concerns about safety planning for the Uranium Processing Facility, the high-priority, high-dollar project that's nearing the start of construction at the Y-12 National Security Complex. 9

The Department of Energy is moving forward with plans to partially extend Fluor-led Savannah River Nuclear Solutions' contract to manage the Savannah River Site. 10

Following on the heels of the second Nuclear Security Summit in Seoul, South Korea, last month, the United States will focus on nuclear nonproliferation and nuclear security at a United Nations Security Council meeting April 19. . . 10

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TENSIONS HIGH AS PROTECTIVE FORCE NEGOTIATIONS LOOM AT THREE SITES

Over the next six months, collective bargaining agreements involving approximately 1,500 protective force officers at three sites across the weapons complex will expire, and representatives from the companies that will be involved in the negotiations, as well as the National Nuclear Security Administration and protective force unions, are girding themselves for what could be a stressful summer. Depending on perspective, the unique six-month window provides an opportunity, or a challenge. While union officials are quick to downplay the likelihood of a strike, suggesting that a work stoppage is something they would like to avoid, they've long pushed for better retirement and career longevity options for their members and acknowledge this might be their best opportunity to push for the perks. And since the last set of negotiations, the unions have begun to cooperate more under the umbrella of the National Council of Security Police and are keen to protect the benefits and retirement plans that are already part of their contracts.

At the same time, protective force contractors at the sites are under pressure from the NNSA and Department of Energy to keep costs down, and have spent the last few months making contingency plans in case there is a strike. With those goals seemingly at odds with each other and so much at stake, it's no surprise that tensions are high. "If NNSA wants to come in playing hard ball and try to sever our benefits, then there is no question we would take a hard stance," said Randy Lawson, who is the president of the NCSP as well as the head of Oak Ridge's International Guards Union of America. Lawson emphasized that the unions were not looking to "hit the lottery" because of the timing of the negotiations and he suggested no one was interested in a strike, but he said they would still fight for what they feel they've earned. "If they try to take things away, they would be asking for disaster because we would absolutely have no choice," he said. "I'll put it this way: if

NNSA sets the parameters too low for the contractors, there will be no choice but for all three sites to go on strike."

Tight Budgets to Govern Negotiations

As the umbrella organization covering dozens of local unions across the country, the NCSP represents thousands of protective force officers, but three sites will receive even more attention this summer. The collective bargaining agreement between Savannah River Site contractor WSI-SRS and United Professional Pro-Force of Savannah River Local 125 expires April 30, and not long thereafter, the collective bargaining agreement between the Pantex Guards Union—which went on strike for six weeks in 2007—and contractor B&W Pantex expires June 10. WSI-Oak Ridge manages protective force work at the Oak Ridge Reservation, and its CBAs with IGUA at Y-12 and Oak Ridge National Laboratory run out Aug. 15, while its CBA with IGUA at the Federal Office Building in Oak Ridge expires Sept. 13. Guards at the East Tennessee Technology Park are represented by the International Union of Security, Police, and Fire Professionals of America (SPFPA), and that contract expires Oct. 30.

With so much at risk, contingency plans are being made across the complex, with potential replacement guards sought from other DOE sites, according to contractor officials from all three sites. "Although we are hopeful that the PGU will not go on strike, we are conducting prudent contingency planning to deal with that possibility," B&W Pantex spokesman Edwin Veiga said in a statement. "Should a strike occur, we will provide a qualified, trained, and well equipped force to ensure the continuing security of Pantex."

WSI-Oak Ridge spokeswoman Courtney Henry said the company was currently working with DOE and NNSA to "develop the parameters that will be used in the negotiations," and Randy Garver, the WSI-Savannah River's

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Senior Vice President and General Manager, suggested that the current budget environment will require some sacrifices by the unions. “Everything fiscally is very, very tight,” Garver told *NW&M Monitor*. “My priority is to ensure that our employees are treated fairly but at the same time they can’t expect nor should they expect to be given significant pay raises or significant increases in benefits during a time that we as a nation need to tighten up and do our fair share for the country, and that’s how I look at it.” The NNSA did not respond to a request for comment.

Different Sites, Different Priorities

All of the bargaining agreements are different, and priorities differ between the sites. At Oak Ridge, Lawson said that protecting Oak Ridge’s defined benefit retirement plan was his top priority, so much so that he said that he had already gotten orders from his membership to reject any offers that would get rid of the plan, or any offers that make significant cuts to other benefits. The NCSP has fought for defined benefit pension plans for all protective force officers across the weapons complex, but DOE has balked at the costly pension plans, abandoning the idea of federalizing the guard force, and Savannah River and Pantex guards don’t have defined benefit retirement plans. While representatives from both Savannah River and Pantex said they would like to switch to defined benefit retirement plans, there are other priorities at the sites that could impact negotiations.

More important, said Martin Hewitt, the president and chief negotiator of United Professional Pro-Force of Savannah River Local 125, is protecting what the guards currently have in terms of wages, benefits and retirement and increasing career longevity options for the guards. That includes increasing the number of guard positions with relaxed physical standards, which would allow protective force officers to transition to less physically taxing jobs as they get older. Hewitt also said pushing for better physical fitness facilities would be a priority. “Longevity, and maintaining your job out here, is very important to these guys out here,” Hewitt said. “And once you leave, being able to maintain some decency in retirement is another priority. Right now people, based on what we currently have, it’s not there.”

Leo Salazar, the Business Agent for the Pantex Guards Union, said the issues at Pantex will be similar to when guards there went on strike in 2007—retirement, career longevity, physical requirements, and benefits. But Salazar suggested that morale had not improved in the five years since the strike. “Our guys are tired and beat up from the

way the company is treating them,” Salazar said. But Salazar suggested that the guards would not use the timing of negotiations at each site to try to force concessions from companies and the government. “This time we do have a little leverage on it but I’m not going to say it’s a great opportunity to do whatever we want,” Salazar said. “We still have to figure out a way to protect the assets.”

All Eyes on Savannah River

Because the Savannah River Site collective bargaining agreement expires first, all eyes are currently trained on negotiations there. If negotiations there hit a snag, it’s likely a sign of things to come, Lawson said. Hewitt said that talks thus far have focused on non-economic issues like drug testing programs, start times, and physical training programs, and that union and company officials are not expected to exchange economic proposals until April 13. Though the CBA expires April 30, Hewitt said union members won’t vote on a new contract until May 10, at the earliest. “Things are going well right now,” Hewitt said. But he said he expected negotiations to become tougher once the economic proposals are exchanged. “I don’t expect them to roll over and say, ‘Here you go,’ “ Hewitt said, suggesting that proposals from WSI-Savannah River that would impact current benefits would not be well received. “If they’re looking to cut maybe our 401(k), our benefits, or raise the price on benefits without a pay increase, going back on what we already have is unacceptable to me,” he said.

Garver suggested that the union would be asked to maintain the status quo. “Here is my expectation: in a perfect world, today, they’re not going to get any additional benefits but I don’t envision us having to take something away unless they come up with something new they want. As you know, whether it’s negotiations or balancing your checkbook, there is only so much in the pot. However they want to slice that up we could adjust to that but we’re not looking at things above and beyond what they already have.” Even still, Garver said that a contingency plan is in place in case negotiations break down, even though he emphasized that he was not expecting a strike. “We laid out a detailed plan for us so we’re prepared to execute that in the event we can’t come to a successful negotiation,” he said. It’s unclear, however, if current contingency plans cover strikes at all three sites, which has never occurred before. “It would be very difficult if all three were on strike, if they could get a strike contingency force big enough to handle all three sites. That would be difficult for anyone,” Lawson said.

—Todd Jacobson

NNSA RELEASES FIRST SET OF FY2011 PERFORMANCE EVALUATION REVIEWS

In the face of pressure from media outlets, watchdog groups and Congress, the National Nuclear Security Administration has released the first set of Fiscal Year 2011 Performance Evaluation Reviews under a new policy that allows the contractor report cards to be shared with the public. The Department of Energy earlier this year reversed a policy that had kept the reviews hidden, and reviews for six NNSA contractors were released this week under separate Freedom of Information Act requests by *NW&M Monitor* and other groups: Los Alamos National Security, LLC; Lawrence Livermore National Security, LLC; B&W Y-12; Savannah River Nuclear Solutions; National Security Technologies, LLC; and Kansas City Plant contractor Honeywell Federal Manufacturing & Technologies. The reviews are available online at http://www.exchangemonitor.com/publications/MB/MB_Links.pdf.

The agency said that FY2011 PERs for Lockheed Martin-run Sandia Corp. and B&W Pantex are still undergoing security reviews and are expected to be released later this month. Earlier PERs, dating back to the NNSA's 2009 decision to withhold the reviews, will also be released in the coming months, the agency said.

Deputy Energy Secretary Dan Poneman earlier this year decided to standardize the release of the reviews (the Office of Science made them available, while NNSA and the Office of Environmental Management did not) in the face of stiff opposition from watchdog groups, media outlets and Congress. One nuclear activist group, Nuclear Watch New Mexico, sued the NNSA last week to compel the agency to release the reviews, which contain previously unreleased information about contractor performance. "We are of course pleased these reports have been released, but they never should be withheld to begin with," Nuclear Watch New Mexico Director Jay Coghlan said in a statement. "We are still reviewing them, and have some initial concerns that they may not be full and complete. If that's the case, we will continue to fight for the full information that American taxpayers are entitled to. We need far greater contractor accountability for the millions of taxpayers' dollars that corporations receive in profits from nuclear weapons research and production."

LANS Docked Fee for CMRR Work

The NNSA earlier this year released FY2011 fee data for its contractors, providing information about the amount of money earned and a one-page summary of the contractors' performance, but the information often contained little

about where contractors struggled. The more expansive Performance Evaluation Reviews, which in some cases total up to 60 pages, provide significantly more data. For instance, the reviews revealed that Los Alamos National Security, LLC, was docked \$524,000 for its work on the first phase of the Chemistry and Metallurgy Research Replacement project, the Radiological Laboratory/Utility/Office Building. NNSA officials earlier this year publicly lauded the project for coming in on schedule in 2010 and said it would be fully equipped by April of 2012, but in the NNSA's assessment of the project, it dinged lab managers that believed they deserved the full fee attached to work on the project. "LANS has submitted completion evidence denoting award of full fee, however NNSA review has resulted in a differing position," the NNSA said in the review, without providing further details. The review also questioned the lab's management of the now-deferred CMRR-Nuclear Facility project.

At Lawrence Livermore National Laboratory, the NNSA's review of the lab performance on the Inertial Confinement Fusion Ignition and High Yield Campaign earned an "excellent" rating according to one evaluation measure and "very good" ratings on two others, and the NNSA said that National Ignition Facility "has done a very good job of transitioning to routine facility operations." But it also revealed that NIF hadn't lived up to expectations in FY2011. In all, the NNSA said that the multi-billion-facility had executed 147 shots in FY2011, which did not meet expectations. "The overall number of shots resulting in useful data collection remains below the rate which has previously been communicated to stakeholders as necessary for assuring success of the National Ignition Campaign," the agency said in the report. It remains in question whether the facility will achieve fusion ignition by the end of FY2012, as is expected.

The NNSA also criticized B&W Y-12 officials for work on the Uranium Processing Facility. While project officials received high marks for completing an "aggressive collaboration" with Los Alamos CMRR project officials, the UPF Preliminary Safety Design Report was completed "not meeting all expectations," according to the NNSA (*see related story*), which noted that there was "a clear and agreed to path toward an acceptable solution in the near term." The NNSA also said that the UPF CD-2/3A package "remains an issue with resolution of technical and procurement issues that must be addressed to alleviate risk and proceed into this first phase of construction." The project was also given kudos for exceeding health and safety goals for all projects within design and construction and for improving its reporting capabilities.

Fee Details Released in January

According to information released in January, four of the NNSA's seven contractors earned "outstanding" or "excellent" ratings from the agency, while three received "very good" ratings. B&W Pantex and Kansas City Plant contractor Honeywell Federal Manufacturing & Technologies each received 95.9 percent of the at-risk fee in their contracts, with B&W Pantex earning a total of \$33.5 million out of \$34.9 million in available fee to earn its highest rating ever, while Honeywell FM&T earned \$39.8 million in fee, including \$28.8 million out of \$30 million in at-risk fee. Honeywell's additional fee was earned through its Work for Others activities.

In addition, Nevada National Security Site contractor National Security Technologies, LLC, received 95.5 percent of its at-risk fee for a total of \$27.9 million, which includes Work for Others fee, while B&W Y-12 received 92.3 percent of its at-risk fee (\$48.5 million out of \$52.5 million available). B&W Y-12 also earned \$4.8 million for Recovery Act-related work and \$2.7 million for Work for Others for a total fee award of \$56.1 million. Contractors are graded on various requirements by the NNSA, but at-risk fee is typically only a portion of the fee that can be earned. Contractors also typically earn fixed fee, which is not subject to evaluation by the agency, and money for work outside of its NNSA contract.

The managers of the agency's three weapons laboratories all received "very good" ratings; Lawrence Livermore National Security, LLC, earned 88.6 percent of its at-risk fee (\$26.3 million out of \$29.7 million) and \$46.9 million out of \$50.5 million that was available. Lockheed Martin's Sandia Corp. received 85.3 percent of its at-risk fee (\$8.5 million out of \$9.9 million) and a total of \$27.0 million for managing Sandia National Laboratories, while Los Alamos National Security, LLC, earned 82.6 percent of its at-risk fee (\$50.1 million out of a possible \$60.7 million) and a total of \$76.1 million. Livermore and Los Alamos both were awarded one-year contract extensions for meeting specific goals as part of the contract, as was NSTec. NSTec's contract now runs through 2015, while the Livermore contract runs through 2016 and the Los Alamos contract stretches into 2017.

—Todd Jacobson

WHITE HOUSE COMMISSIONS STUDY OF LABORATORY GOVERNANCE STRUCTURE

Former DOE Under Secretary for Science Koonin to Lead Institute for Defense Analyses Study

The White House Office of Science and Technology Policy has tasked the Institute for Defense Analyses'

Science and Technology Policy Institute to study the governance structure of the nation's federal laboratories, and former Under Secretary of Energy for Science Steve Koonin will head up the review effort, *NW&M Monitor* has learned. The study is expected to examine whether the governance structures in place at the laboratories—including the government-owned, contractor-operated model in place at Department of Energy/National Nuclear Security Administration labs—is appropriate to meet national security challenges into the future. OSTP and Koonin did not respond to requests for comment, but Koonin is expected to hold invitation-only information-gathering sessions with current and former officials from the Administration and the laboratories over the next month to aid in the review.

The White House is believed to be keenly interested in preserving science and technology at the laboratories, especially on the heels of several reports that have been critical of the NNSA's weapons laboratories. Two recent reports from the National Academy of Sciences—one on management of the laboratories and another on the Comprehensive Test-Ban Treaty—have urged drastic changes at the weapons laboratories. The NAS study on lab management called the NNSA's relationship with its labs "dysfunctional" and "broken," while the NAS CTBT study recommended that the agency re-evaluate how it oversees work at the labs, suggesting that the number of requirements and directives impacting work at the facilities while shifting contract incentives toward the technical success. The White House "wants to see reform," one official with knowledge of the OSTP's interest in the subject told *NW&M Monitor*, but it also has a "strong interest in science remaining strong" at the labs and "they want to make sure that's maintained."

OSTP Concerned With 'Suitability' of Governance

According to information obtained by *NW&M Monitor*, the White House is specifically interested in the pluses and minuses involved in each governance structure used at the laboratories and the "suitability" of the governance structures for "future national security challenges." While DOE national laboratories operate under a government-owned contractor-operated model, Department of Defense laboratories typically are owned and run by the government. DoD also uses research centers affiliated with universities to meet some of its research needs.

Koonin has been notably outspoken about the state of the science at the NNSA's weapons laboratories, and at a public meeting during the NAS lab management study, he suggested that the switch to private management of the labs had taken its toll on science. "It's been a challenge to maintain a vibrant scientific enterprise," Koonin said at the

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|---|---|---|---------------------------------|----------------|--|--|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Reopen | Contract with CH2M-WG Idaho to expire in 2012. | Sources sought notice issued June. 24, 2010. | Undetermined/ Up to 10 years | Undetermined | Environmental Remediation, D&D, Waste Management | DOE to award three-year sole source extension to CWI. |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2012. | DOE has authorized a five-year extension for Battelle to stretch its contract through 2017. | Undetermined | Unrestricted | Laboratory Management | Negotiations between DOE and Battelle are ongoing. |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | One-year extension authorized Dec. 16 to allow time for contract competition to take place. | Undetermined | Unrestricted | Laboratory Management | |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2012. | Energy Secretary Steven Chu has authorized a five year extension. | Undetermined | Unrestricted | Laboratory Management | Negotiations on contract details ongoing. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Sept. 30, 2012, with two three-month options; SRS tritium currently part of Savannah River Nuclear Solutions contract. | Three teams submitted proposals by March 13; orals scheduled for May 1-3. | Undetermined | Full and Open | Management and Operation | |
| Enterprise Construction Management Services | N/A | Parsons notified of contract award Jan. 31. | Up to 5 years/ \$125 million | Full and Open | Construction Management Services | Protest by team led by Logistics Management Institute withdrawn March 26. |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expires March 28, 2012. | Second draft solicitation issued Feb. 22; comments due Feb. 29. Final RFP expected in March or early April. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER (Continued)

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|---|--|---|------------------------------|--|
| NNSA (Continued) Y-12, Pantex and Oak Ridge Security | Y-12 and Oak Ridge contracts held by WSI extended through end of November 2012. Pantex security currently provided by B&W Pantex. | NNSA decided Nov. 15 to strip protective forces out of final RFP for consolidated Y-12/Pantex M&O contract. Sources Sought Notice gauging small business interest new contract issued Dec. 6. | More than \$1 billion a year | Undetermined | Security Services | NNSA said targeted award date is Sept. 30, 2012. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | |
| MISC. SITES/PROJECTS Hanford Occupational Medical Services | Contract held by CSC Hanford Occupational Health Services set to expire in 2014. | Request for Proposals issued Nov. 14, 2011. Bids due by Feb. 15, 2012. | 6 years/ \$102 million | Small Business Set-Aside | Support Services | |
| Legacy Management Support Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | |
| Moab Mill Tailings | Contract held by EnergySolutions set to expire mid-2011. | New contract awarded to Portage Nov. 4, 2011. | 5 years/ \$121 million | ID/IQ Small Business Set-Aside | Environmental Remediation | GAO denied protests filed by Gonzales-Stoller and TerranearPMC-EnergySolutions. |
| WIPP Management and Operations | Contract held by Washington TRU Solutions set to expire Sept. 30, 2012. | Request for Proposals issued June 20, 2011. Bids submitted Aug. 17, 2011. | 10 years/ \$135 million per year | Full and Open | Facility Management | |
| WIPP Mobile Loading Unit Support Services | Contract held by S.M. Stoller set to expire April 30, 2012. | DOE has announced plans to extend current contract for up to one year. | N/A | N/A | Support Services | RFP set to be released in April. |

time. “That’s not to say there isn’t some great stuff going on, but if you look at the totality of the effort, I don’t think it matches what we had decades ago in the basic research area.” Koonin left the Department in the fall for a post at IDA.

House Lawmakers Welcome Study

The request for the study comes as interest in how the nation’s laboratories are managed continues to grow. In addition to the recent NAS studies, the National Academy of Public Administration is studying oversight at the national laboratories at the direction of the Senate Energy and Water Appropriations Subcommittee and leaders on the House Armed Services Strategic Forces Subcommittee are expected to introduce some NNSA reform measures in the Fiscal Year 2013 Defense Authorization Act. The top two lawmakers on the House subcommittee, Reps. Mike Turner (R-Ohio) and Loretta Sanchez (D-Calif.), said they were happy to see the White House “engaged” on the governance issue in a statement issued April 4. “In our oversight of the National Nuclear Security Administration’s national labs, we’ve become concerned about a governance structure that the National Academies of Science recently called ‘dysfunctional’ and ‘broken.’ We must ensure these national labs are setup to face the many nuclear security challenges facing the nation, and we look forward to taking some concrete first steps at reform in the upcoming fiscal year 2013 defense authorization bill to improve oversight that will enable a safe, cost-effective work environment and preserve scientific and engineering excellence at the laboratories,” Turner and Sanchez said.

—Todd Jacobson

WESTINGHOUSE EXEC JIM FERLAND TO TAKE OVER AS B&W PRESIDENT AND CEO

Ferland Will Replace Retiring Brandon Bethards in Formal Handoff April 19

Babcock & Wilcox continued to shake up its executive leadership this week, naming Westinghouse’s briefly tenured CEO Jim Ferland as its new President and Chief Executive Officer, where he will succeed Brandon Bethards. Bethards, who took over the top spot at B&W in 2008 and led the company through its spinoff from McDermott International, is retiring and will formally hand over the reins at B&W to Ferland April 19. Bethards will retire from the company and resign from its Board of Directors at its annual shareholders meeting May 8, but will remain an advisor to the company for 12 months “to

ensure a seamless transition.” In the last five months, B&W Technical Services Group President Bob Cochran abruptly left the company and was replaced by George Dudich, and Tony Colatrella replaced Michael Taff as the company’s senior vice president and chief financial officer.

Ferland, 45, served as Westinghouse’s Americas Division President until he was named the company’s CEO earlier this year. He was slated to formally take over at Westinghouse April 1, but on April 3, the company announced that he had resigned, and it’s unclear whether he actually ever held the company’s top spot. Ferland briefly addressed the decision in an April 4 conference call with analysts. “Westinghouse is a great company and it’s a very talented company for sure but the opportunity to come to B&W with the great diversity in business lines here and the great tradition and history was one that I just couldn’t pass up and I decided to take that opportunity,” he said.

Fees: ‘Now Was the Time to Move Forward’

John Fees, the chairman of B&W’s Board of Directors, said that the company had been looking for a replacement for Bethards as the executive approached retirement age, but had no timetable to replace him. “We were never in a situation where we had an exact retirement date for Brandon,” Fees said. “We sort of walked into this set of circumstances where Jim got identified as a potential candidate. We became very attracted to him and he became very attracted to the position and all that came together at this particular point in time and it was a decision that was mutually agreed to by the Board and Brandon that now was the time to move forward based upon the circumstances that arose in the middle of the process.”

According to B&W, Ferland has more than 23 years of experience in the commercial nuclear power and utility industry. Ferland previously spent time as the Vice President of Utility Operations for Albuquerque-based PNM Resources and as the President and CEO of Louisiana Energy Services, where he oversaw the company’s push to obtain a Nuclear Regulatory Commission construction and operating license for a new enrichment facility. He also worked at several U.S.-based utilities and as a nuclear test supervisor at General Dynamics. “Jim’s unique qualifications and effective leadership skills ideally suit him to lead B&W in its next phase of growth and development,” Fees said. “I look forward to working closely with Jim as we build upon the strong foundation already in place at B&W and continue to execute our strategic priorities and create stockholder value.”

—Todd Jacobson

DNFSB RAISES CONCERNS ABOUT SAFETY PLANNING FOR UPF

The Defense Nuclear Facilities Safety Board has raised multiple concerns about safety planning for the Uranium Processing Facility, the high-priority, high-dollar project that's nearing the start of construction at the Y-12 National Security Complex. The safety board has strongly supported the UPF as a needed replacement for the antiquated uranium-processing operations at Y-12, but the DNFSB—including chairman Peter Winokur, who addressed the concerns in an April 2 letter to NNSA Administrator Tom D'Agostino—has emphasized the need to tighten up the safety issues and comply with DOE's nuclear requirements. Following the release of the letter, critics of the UPF piggy-backed on the defense board's concerns and called for a slowdown, rather than the planned acceleration, of construction that's currently scheduled to begin later this year. "The Board has determined that safety is not adequately integrated into the design," Winokur wrote. "Multiple significant unaddressed and unresolved issues exist with the [Preliminary Safety Design Report] and the development of the underlying safety basis for the facility."

Winokur outlined multiple issues and said the board is worried that the NNSA and its contractors have not documented a strategy for meeting Department of Energy safety requirements at the UPF. The specific concerns include the uranium facility's confinement strategy following a major seismic accident; systems and structures to avoid an inadvertent nuclear criticality during an earthquake; the need for a "thorough" evaluation of unmitigated accident and hazard scenarios; and the need to identify controls to protect the public in the case of small fires with significant off-site issues of toxicity. Winokur also cited the need to use "reasonably conservative values" to calculate dose consequences for multiple accident scenarios. "Given the hazards present in the UPF, the Board has determined that the safety controls and their associated safety functions and functional requirements will not provide adequate protection for site workers and the public," the Board said in a report accompanying Winokur's letter. The Board requested a report and a briefing in response to its concerns within 30 days.

NNSA: UPF Safety Still a Work in Progress

The NNSA responded to Winokur's letter by emphasizing the importance of safety and suggesting that any concerns raised by the board would be addressed and likely incorporated into the building design. NNSA spokesman Josh McConaha noted that the design of the UPF has not been completed and that the agency was still taking "all ideas

and suggestions into account so that we're building a safe facility." He said that many of the issues raised by the DNFSB had already been addressed and were reflected in a revised Safety Design strategy that is pending approval. "This Safety Design Strategy documents upgrades to the UPF design to improve safety systems, such as confinement ventilation and fire barriers," McConaha said. "Safety is a priority to this project and we will ensure that the UPF will be built with the full set of safety controls and features necessary to protect workers and the public."

Steven Wyatt, a federal spokesman at Y-12, said the design of the UPF is about 70 percent complete, and he emphasized that there is still time to make sure all safety issues are studied and addressed. In fact, Wyatt said, some of the concerns raised by the DNFSB letter have already been dealt with. The UPF, when constructed, will have a "full set" of safety controls, Wyatt said.

Changes Give Rise to Concerns

A seven-page attachment to Winokur's letter addressed the safety concerns in some detail. In the summary, the board indicated concern that the UPF plan may have weakened the safety strategy for the big project over time. When first reviewing the conceptual design back in 2007, the board noted that the strategy used safety-significant passive controls to segregate nuclear materials, reduce accident consequences and preclude a post-accident nuclear criticality event. Overall, there was a "reasonably conservative" Safety Design Strategy, the board noted. "While the board was concerned about the lack of high-level key safety decisions in the SDS documents at conceptual design, the proposed control set provided a basis for the Board to determine that the project a robust safety posture," the report states. "Now that the project has advanced to preliminary design, the project team has made a number of changes in the safety classification and seismic design of safety-related systems, structures and components that give rise to concerns."

Much of the Board's concern stems from seismic-related safety design issues and several systems, structures and components that were downgraded since the Board reviewed the facility's Safety Design Strategy in 2007, and for which there was not adequate justification. The Board said that the facility's confinement ventilation system was downgraded from Seismic Design Category (SDC) 2 to SDC-1, its criticality prevention controls were downgraded from SDC-3 to SDC-2, and its Criticality Accident Alarm System went from SDC-3 to SDC-1. The Board also said that the PSDR did not adequately analyze all hazards properly, including hazards within the Saltless Direct Oxide Reduction process, those dealing with small fires, worst-case fire scenarios, and that project officials were

not conservative enough in planning for criticality accidents.

Activists Call for Project to Be Stopped

The Oak Ridge Environmental Peace Alliance has fought the project from the early planning stages, calling the UPF unnecessary and unconscionably expensive at a time when the United States is facing serious debt issues. Following the DNFSB's latest report, the activist group urged the government to put the UPF on hold. "It's time to put the brakes on the rush to build the UPF," OREPA coordinator Ralph Hutchison said.

The Obama Administration proposed a big boost in funding for UPF in FY 2013 in order to speed the work on the new facility and to vacate the existing production facilities—notably the 9212 complex—as soon as possible. OREPA noted that design issues at UPF also were raised in the National Nuclear Security Administration's FY 2011 evaluation of B&W Y-12, the contractor at Y-12. "Clearly, there were significant challenges, both with site readiness and with the safety design report," Hutchison said. "It's crazy—and fiscally irresponsible—to push forward without taking time to resolve these issues carefully." NNSA's Wyatt declined to comment on the statements from the peace activist group.

—Todd Jacobson and staff reports

DOE MOVING FORWARD WITH PLANNED CONTRACT EXTENSION FOR SRNS

Contractor to Receive 38 Months Of Available Five-Year Option

The Department of Energy is moving forward with plans to partially extend Fluor-led Savannah River Nuclear Solutions' contract to manage the Savannah River Site. This week, DOE issued a preliminary notice of intent of its plan to extend SRNS' contract for an additional 38 months, short of the full five-year option period available. Explaining the proposed extension length, Bill Taylor, a spokesman for the DOE Savannah River Operations Office, said the Department believes "38 months would be the best fit." Taylor declined to comment on the anticipated value of the extension or whether tritium operations would be covered by the extension, saying this week's notice is only "preliminary." The National Nuclear Security Administration has signaled that it would like to combine Savannah River's tritium operations with its merged Y-12/Pantex management and operating contract, making Savannah River tritium work an option in the contract that could be exercised after the contract is in place for a year. DOE was required to issue the notice of intent at least 12 months

before SRNS' initial five-year contract period ends July 31, 2013.

NW&M Monitor first reported earlier this year that the Savannah River Operations Office had recommended to DOE headquarters that SRNS be given an extension of approximately three years (*NW&M Monitor*, Vol. 15 No. 4). Such a time frame may allow DOE to seek to recombine the Savannah River M&O contract with the site's liquid waste contract, held by URS-led Savannah River Remediation and set to run through March 2015 with two one-year option periods, though it remains unclear whether the Department will choose to do so. In an interview with *NW&M Monitor* last month, Savannah River Operations Office Manager Dave Moody said there is "no move afoot" currently to recombine the contracts, and expressed skepticism over the value of doing so. "If it ain't broke, don't fix it," Moody said. "We have two excellent contracts and two excellent contractors. I mean, there's been no decision made one way or another, but look, we're working very well with Savannah River Nuclear Solutions. They've embraced the vision and they own it as well as the Department owns that vision. And we're moving forward together in partnership on that vision."

SRNS, which also includes Honeywell and Newport News Nuclear, has managed Savannah River since the summer of 2008. SRNS' contract is set to run for up to 10 years, consisting of a five-year base period and the five-year option period. For Fiscal Year 2011, the contractor earned the bulk of its available fee—\$44.3 million out of a maximum of \$49.7 million. SRNS did not return calls for comment on the planned extension this week.

—Mike Nartker

U.S. TO FOCUS ON NONPROLIF. DURING UN SECURITY COUNCIL PRESIDENCY

Following on the heels of the second Nuclear Security Summit in Seoul, South Korea, last month, the United States will focus on nuclear nonproliferation and nuclear security at a United Nations Security Council meeting April 19. The United States has the rotating presidency of the Security Council for the month of April, and U.N. Ambassador Susan Rice told reporters this week that the U.S. would use its role to continue to highlight the danger of nuclear terrorism. "From the U.S. point of view, the greatest danger that we and all states around the world face is a nuclear weapon in—or nuclear material falling into—the hands of terrorists," Rice said. When the Obama Administration first was in charge of the 15-member security council in 2009, it pushed through Resolution 1887, which indicated that all countries should "take

effective measures to prevent nuclear material or technical assistance becoming available to terrorists.”

Obama has touted nuclear security throughout his presidency, pledging in 2009 to secure all vulnerable nuclear material around the world by 2013, and the Nuclear Security Summit was established under U.S. leadership in 2010. Rice said that with the second summit completed, “it’s appropriate, we think, to take stock of international efforts on this issue. And so the goal of the upcoming Council session is to highlight global efforts to combat the

threat of nuclear proliferation and terrorism and to underscore the international community’s broadly shared interests and responsibilities to respond to these threats. It’s also an important opportunity to reinforce the Council’s support of the work of the IAEA as well as the importance of each U.N. member-state implementing Resolution 1540 to prevent proliferation of WMD and related materials.”

—*Todd Jacobson*

At the Weapons Labs/DOE Sites

AT OAK RIDGE OTHER CONTRACTORS REPORT NO ISSUES WITH RESPIRATORS

While B&W Y-12, the managing contractor at the Y-12 National Security Complex, has been beset with contaminated respirators apparently not properly cleaned or surveyed by outsourced vendors, the government’s other Oak Ridge contractors have not encountered similar issues. B&W Y-12 has reported that about 10 percent of the reconditioned respiratory equipment did not meet the radioactive specifications in the contract held by a partnership of Global Solutions and UniTech. URS-CH2M Oak Ridge (UCOR), which uses the same cleaning vendor as B&W Y-12, said it has not identified any problems with contaminated respirators or related equipment.

Dennis Hill, a spokesman at UCOR, DOE’s cleanup manager in Oak Ridge, said the contractor took a close look at the issue after the Y-12 problems were discovered in February. “UCOR completed surveys of respirators received from the vendor and we did not find any contaminated respirators,” Hill said. Hill said UCOR typically uses about 600 respirators a week. He said UniTech is the vendor that does most of the respirator cleaning for the contractor. Y-12 uses a partnership of Global Solutions and UniTech, but the equipment is cleaned at UniTech’s Barnwell, S.C., operation. “UniTech cleans the respirators for UCOR,” Hill said. “In some cases, we clean them ourselves and survey them prior to reuse. UniTech will certify that the units it services are clean. We [UCOR] survey 10 percent of the returned respirators as a secondary check once they are received in the facility.”

He also said UCOR had not had any problems with contaminated clothing. Y-12 reported an incident recently in which cesium-137 was found on the back of a work shirt that had been returned from the local cleaning service operated by UniTech. “No contaminated work clothing has been found in laundered clothing. UCOR utilizes disposal

clothing as the outer layer of clothing for almost all radiological work. If reusable clothing is used, it is laundered by UniTech,” Hill said. Y-12 also uses UniTech’s Oak Ridge facility for non-nuclear laundry.

ORNL Experiences No Contamination Problems

Oak Ridge National Laboratory, which is managed by contractor UT-Battelle, said it also has not experienced any contamination problems with its respirators and related equipment. After the Y-12 situation became known, ORNL management reassured lab employees. “While ORNL respiratory equipment is laundered off-site, the laboratory does not use the same vendor that Y-12 uses,” the statement to employees said. “Since the ORNL respirator laundry contract was instituted in April 2010, ORNL RCTs [radiological control technicians] have performed surveys of 100 percent of the equipment upon its return to ORNL by the vendor, prior to inspection, repair and re-issuance. ORNL has never found detectable contamination on any laundered respiratory protection equipment from our off-site vendor.”

Jeff Smith, ORNL’s deputy lab director for operations, said the ORNL vendor for respiratory cleaning is BES Tech. ORNL does use the same off-site vendor at Y-12 [UniTech’s Oak Ridge laundry facility] for protective clothing that’s used in radiological areas. In a message to employees, the lab noted, “The process used for the ORNL clothing is a completely separate cleaning and monitoring process than that used for respiratory protection equipment. Surveys conducted last week [early February] indicated there was no contamination found on recently laundered clothing return to ORNL by the vendor.”

AT OAK RIDGE Y-12 HEU ARRIVES IN FRANCE

The National Nuclear Security Administration confirmed that more than 400 pounds of highly enriched uranium (more than 93 percent uranium-235) has reached its destination in France and would ultimately be used for fuel at the high-performance research reactor at the Institut Laue-Langevin near Grenoble. A federal spokesman, however, would not discuss the shipping arrangements, even after the high-security delivery had been completed. "The material was delivered," Steven Wyatt of the NNSA's Y-12 Site Office said. The Nuclear Regulatory Commission approved an export license March 16 for the super-potent uranium to be shipped to Europe. Because of its high enrichment the special nuclear material could potentially be converted into nuclear weapons. Therefore, the shipment required high security, which Wyatt declined to discuss. "Details are sensitive and/or classified," he said.

Initially, there was a suggestion that the HEU was to be transported by sea vessel, but one expert on shipping activities later said a more likely scenario was that the nuclear material was flown by military aircraft to its destination. He also suggested NNSA's reluctance to discuss the details could reflect the heavy involvement of French security in the project. According to the export license, no more than 350 grams of highly enriched

uranium can be sent aboard passenger-carrying aircraft. That would not, however, preclude the use of a military transport plane.

The HEU was to be shipped from Y-12 to France "in the form of broken metal," the export license said. The delivery was reportedly made to the Company for the Study of Atomic Fuel Creation, where it would be fabricated into fuel elements. The French reactor at ILL is reportedly similar to Oak Ridge National Laboratory's High Flux Isotope Reactor, which also uses highly enriched uranium for fuel. Wyatt said this is the first time since 1991 that the United States has shipped highly enriched uranium to France for use in the ILL reactor, and he said it's expected to be the last time. "The United States government has the authority under the Atomic Energy Act to supply HEU to research reactors, but only does so under specific conditions—including a commitment from the facility to convert to low-enriched uranium replacement fuel when it is available," he said. At this time, there is no low-enriched fuel that is suitable for the French reactor's operations, Wyatt said. However, he said the "international research community" is working on a new high-density, lower-enrichment fuel.

AT KANSAS CITY NNSA WORKING ON REUSE OPTIONS FOR BANNISTER COMPLEX

The National Nuclear Security Administration is working with a "small group of interested companies" to refine approaches to potentially reusing the Bannister Federal Complex home of the Kansas City Plant, which the agency is leaving for a new home over the next few years. The NNSA issued a Notice of Availability for the transfer, sale, or lease of its portion of the Bannister Federal Complex in October and said it received a "substantial response from various companies." Some of the companies are interested in the entire Bannister Federal Complex, the NNSA said, which includes property currently used by the General Services Administration. "We're very excited about the level of interest we've had so far, and we look forward to future conversations with these companies about options for transferring the property to benefit our community," Kansas City Site Office Manager Mark Holecek said in a statement.

As part of the reuse plans, the NNSA and GSA are working on a National Environmental Policy Act study that is analyzing a variety of disposition plans for the complex. Potential options could include industrial, warehousing and commercial/office uses, but the study will also analyze the complete demolition of some structures at the site. A Record of Decision is expected in December of 2012. "Consistent with the NEPA process, NNSA will work with the small group of companies to further develop their approaches in support of potential reuse opportunities," the agency said. "This approach allows conceptual design and feasibility studies to be performed while not limiting the choice of reasonable alternatives available to the agency." Kansas City Plant contractor Honeywell Federal Manufacturing & Technologies will begin moving into its new home eight miles south of the Bannister Federal Complex in January 2013. ■

Wrap Up

IN THE INDUSTRY

Oak Ridge Associated Universities, which manages the Oak Ridge Institute for Science and Education for the Department of Energy, received \$3.2 million in fee for

Fiscal Year 2011. That was 94 percent of the maximum fee available. "Congratulations to you and your staff for an outstanding performance by ORISE during this period," John Eschenberg, DOE's acting manager in Oak Ridge, said in Feb. 14 letter to ORAU CEO Andy Page. ■

Calendar

April

- 10 Discussion: "2012 Nuclear Security Summit: An After Action Report," Laura Holgate, Senior Director for Weapons of Mass Destruction Terrorism and Threat Reduction, National Security Council, at the National Defense University, 300 Fifth Ave., SW, Lincoln Hall, Room 1105, Washington, 11:30 a.m.-1 p.m.
- 11 Meeting: Nevada Site-Specific Advisory Board, Bob Ruud Community Center, 150 North Highway 160, Pahrump, Nev.
- 17 Hearing: NNSA and EM budgets, House Armed Services Strategic Forces Subcommittee, with NNSA Administrator Tom D'Agostino, Room 2212 Rayburn House Office Building, Washington, 3 p.m.
- 17 Speech: "Senate Perspectives on Iran, Missile Defense and Nuclear Deterrence," Sen. Jon Kyl (R-Ariz.), Breakfast Series at the Capitol Hill Club, Washington, D.C., 8 a.m. RSVP online at <http://2012ndseminars.eventbrite.com/>
- 18-20 Conference: Project on Nuclear Issues Spring Conference, at Pacific Northwest National Laboratory, Richland, Wash., 8 a.m.-3:30 p.m. Info: <http://csis.org/event/2012-poni-spring-conference-pacific-northwest-national-laboratory>
- 24 Speech: "WMD Proliferation Challenges," Gary Samore, White House Coordinator for Arms Control and Weapons of Mass Destruction and Terrorism, Breakfast Series at the Capitol Hill Club, Washington, D.C., 8 a.m. RSVP online at <http://2012ndseminars.eventbrite.com/>

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May

- 16 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.
- 28 EM PUBLS CLOSED FOR MEMORIAL DAY

July

- 4 EM PUBLS CLOSED FOR INDEPENDENCE DAY
- 22-26 **Meeting: Health Physics Society Annual Meeting; Hyatt Regency Sacramento; Sacramento, Calif.; Info: <http://hps.org>.**

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

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 ...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 16

April 13, 2012

— *INSIDE HIGHLIGHTS* —

While much of the industry remains focused on the NNSA’s combined Y-12/Pantex procurement, the agency has quietly begun forming an Acquisition Strategy Team for its next looming procurement at Sandia National Laboratories. 2

House appropriators are slated to mark up the FY 2013 Energy and Water Appropriations Act this week as budget season heats up on Capitol Hill, but most Congressional staff are not expecting to wrap up work on appropriations or authorizing legislation before the November elections. 3

Despite technical advancements in recent years, two former nuclear weapons laboratory directors still aren’t convinced that the United States should forswear its right to nuclear testing. 3

FY 2011 Performance Evaluation Reviews are continuing to trickle out of the NNSA after the agency reversed its policy and decided to release the reviews earlier this year. 5

Former Los Alamos National Laboratory weapons program chief Glenn Mara has been tapped by the University of California Board of Regents to oversee the university’s interests at Los Alamos, Lawrence Livermore and Lawrence Berkeley National Laboratories. 5

The United States is continuing to slowly reduce its strategic deployed nuclear stockpile under the counting rules of the New START Treaty, according to the twice yearly exchange of data released about U.S. and Russian weapons required under the New START Treaty. 6

The NNSA is expected to begin issuing task orders under its Enterprise Construction Management Services blanket purchase agreement contract this month, including work for enterprise-wide support as well as support to specific construction projects. 6

With the first preparatory committee for the 2015 review conference on the Nuclear Nonproliferation Treaty set to begin work at the end of the month, Susan Burk, the President’s Special Representative for Nuclear Nonproliferation, hopes that treaty compliance by all member states will take a larger role in upcoming discussions. 6

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NNSA FORMING ACQUISITION STRATEGY TEAM FOR SANDIA PROCUREMENT

While much of the industry remains focused on the National Nuclear Security Administration's combined Y-12/Pantex procurement, the agency has quietly begun forming an Acquisition Strategy Team for its next looming procurement at Sandia National Laboratories. Taking a page from the Y-12/Pantex competition, the AST will set the framework for a Source Evaluation Board to develop a Request for Proposals and *NW&M Monitor* has learned that the AST will be headed up by Ike White, the director of the Office of Nuclear Safety and Governance within the agency's Office of Defense Programs. White is expected to eventually chair an SEB when it is formed, and will receive help on the AST effort from Deputy Sandia Site Office Manager Rich Sena. NNSA spokesman Josh McConaha declined to comment on White or the formation of the AST, but with Lockheed Martin's contract to run Sandia set to expire in September of 2013, industry officials have expected the agency to begin accelerating work on Sandia 18 months out from the expiration date.

One of the AST's biggest tasks will be to figure out how the Sandia contract is structured and exactly what scope should be included. When the agency studied combining the Y-12 and Pantex management and operating contracts several years ago, it also considered carving Sandia production work out of the lab M&O contract and folding it into a non-nuclear production contract with non-nuclear production work at Sandia National Laboratories. The agency decided against merging the Sandia and Kansas City work in large part because of possible complications with construction of a new home for the Kansas City Plant, but the bulk of the plant's move will be completed by the end of 2013. In February, NNSA Principal Deputy Administrator Neile Miller suggested that such consolidation would be on the table for the Sandia recompile. "We're

open to pretty much whatever ideas people have so that we can evaluate the worth of those ideas in many ways," she said.

Other Questions Remain

The NNSA announced Dec. 16 that it was extending Lockheed Martin's contract to run Sandia, adding a year to its contract (with the possibility of two three-month options) to allow for a competition to take place. The extension lengthens Lockheed's contract through Sept. 30, 2013. But the NNSA has been mum ever since about its procurement plans, giving no sense of a timetable for the competition or answering any questions about the procurement, including how much a successful contractor could hope to earn. Lockheed Martin earns significantly less to run Sandia than Bechtel and University of California-led teams do at Los Alamos and Lawrence Livermore National Laboratory, and most industry officials expect that the fee to run Sandia will be increased, at least somewhat, under the new contract.

Despite the uncertainty about the fee, there is expected to be no shortage of interest for the contract. Seven teams bid for the contract when it was last competed in 1993, and this procurement is expected to bring out almost every company with interest in the DOE market—and perhaps many others. A team consisting of DoD giant Boeing and Fluor has already formed, making their intent to bid known more than 10 months ago. Lockheed Martin is also expected to defend its turf against competition from the likes of teams that could include Bechtel, Battelle, URS, Babcock & Wilcox, Northrop Grumman, IBM, Honeywell, CH2M Hill, AECOM, and SAIC, though the contract could also attract more defense contractors.

—Todd Jacobson

ExchangeMonitor Publications' Nuclear Team (*WC Monitor*, *NW&M Monitor*, *RW Monitor*)

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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HOUSE E&W APPROPRIATIONS PANEL SET TO MARK UP FY2013 SPENDING LEGISLATION

Busy April and May Expected to Hit Wall as Finality on Budget Bills Not Expected Before November Elections

House appropriators are slated to mark up the Fiscal Year 2013 Energy and Water Appropriations Act this week as budget season heats up on Capitol Hill, but most Congressional staff are not expecting to wrap up work on appropriations or authorizing legislation before the November elections. That's not to say that lawmakers aren't expected to try, and over the next month, all four of the committees with budgetary oversight of the National Nuclear Security Administration are expected to weigh in. That includes the House Energy and Water Appropriations Subcommittee, which has scheduled a markup for the morning of April 18. The House Armed Services Strategic Forces Subcommittee will mark up its version of the FY2013 Defense Authorization Act April 26, with the full House Armed Services Committee slated to take up the bill May 9. The Senate Energy and Water Appropriations Subcommittee could mark up its version of the bill by the end of the month, and the Senate Armed Services Committee is expected to dive into the bill in late May. But there is little optimism that substantial work to wrap up legislation will occur until after November. "I think we'll mark up and then we'll sit on the shelf," one Congressional aide said. "It's going to be after the election before anything gets moving."

With appropriators moving to quickly take up their versions of the FY2013 Energy and Water Appropriations Act, it is likely that House and Senate leadership will push to take up the bill on the House and Senate floors quickly, too. The committees will be working from different numbers, however. The House-passed budget resolution cuts approximately \$18 billion from the \$1.047 billion spending cap established by the Budget Control Act of 2011, which the Senate is expected to adhere to. Senate Majority Leader Harry Reid (D-Nev.) has signaled that he would not support bringing a budget resolution to the Senate floor because he believes the spending guidelines in the Budget Control Act of 2011 provide an outline for funding and there is little chance of striking a deal with Republicans. "I think Senator Reid has made the judgment quite correctly that there is very little chance that we're going to get the two sides together before the election," Senate Budget Committee Chairman Kent Conrad (D-N.D.) said during an April 8 appearance on Fox News.

Different Committees, Different Priorities

The committees with jurisdiction over the NNSA's budget could take very different approaches to funding the agency in their versions of the bill. Like many Republicans on both sides of Capitol Hill, House Armed Services Strategic

Forces Subcommittee Chairman Michael Turner (R-Ohio) has blasted the Administration for backing off of its commitment to modernize the nation's nuclear weapons complex and arsenal in the FY2013 request, asking for \$7.58 billion and deferring construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory for five years while slowing work on several different life extension programs, and Turner is likely to seek to restore some funding for the agency. Conversely, House Energy and Water Appropriations Subcommittee Chairman Rodney Frelinghuysen (R-N.J.) has previously suggested that more money for the NNSA's weapons program is not in the cards. "I think we've been doing a pretty good job providing them what they need," Frelinghuysen told *NW&M Monitor* after a budget hearing with NNSA officials Feb. 29. "There is obviously a desire for more and there are obviously some who feel we're not measuring up but I think they've done an excellent job with less resources. I think we've taken a pretty close look at their operations and I think we're meeting their needs."

In the Senate, the two senior members of the Armed Services Strategic Forces Subcommittee, Sens. Ben Nelson (D-Neb.) and Jeff Sessions (R-Ala.), have both raised questions about the commitment to funding modernization, while Senate Energy and Water Appropriations Subcommittee Chair Dianne Feinstein (D-Calif.) has raised concerns about the commitment to nuclear nonproliferation, which has long been a priority of the funding panel.

—Todd Jacobson

FORMER WEAPONS LAB DIRECTORS STILL RAISING QUESTIONS ABOUT CTBT

Despite technical advancements in recent years, two former nuclear weapons laboratory directors still aren't convinced that the United States should forswear its right to nuclear testing. Speaking at the Heritage Foundation this week, former Lawrence Livermore National Laboratory Director John Foster and former Sandia National Laboratories Director Paul Robinson provided a counter to a recent National Academy of Sciences report that suggested there were no technical obstacles that would prevent the U.S. from ratifying the Comprehensive Test-Ban Treaty. The study is expected to be used to bolster the Obama Administration's push to have the Senate ratify the treaty, though that push is only likely to come after the November elections.

Foster said because the weapons complex has been underfunded for years, "We may be running serious risks and not know it. That's the concern that the laboratory

directors have. They know there are problems in the stockpile but they have no evidence to say that therefore they must go back to testing.” Foster suggested that the nation focus on adequately funding efforts to modernize the weapons complex and arsenal before making a decision on the CTBT. “For large measure, for 20 years we’ve failed to provide the necessary capabilities and opportunities and funding to maintain the nuclear deterrent,” he said. “So given that degree of ignorance it seems to me reasonable to assume the first priority is to restore our ability to maintain the nuclear deterrent. That will give us a wealth of information. Given that information we might decide whether we need to return to testing, or we may not.”

In its report, the NAS suggested that the health of the Stockpile Stewardship Program was better than anticipated when the NAS last examined technical challenges to the CTBT in 2002, and it said that “the United States has the technical capabilities to maintain a safe, secure, and reliable stockpile of nuclear weapons into the foreseeable future without nuclear-explosion testing ... provided that sufficient resources and a national commitment to stockpile stewardship are in place.”

Foster: Weapons Budget a ‘Disaster’

It did not define the resources needed, and former NNSA Administrator Linton Brooks, a member of the study panel, said in a conference call this week with reporters that was not within the scope of the panel. “Our charter was entirely technical,” Brooks said. “We hope if there is debate that it will be informed by the best technical data available.” The funding issue is expected to figure prominently in the debate, especially from Republicans, which have blasted the Administration for backing off of commitments made during debate on the New START Treaty. Rather than requesting the \$7.9 billion it anticipated a year ago for the National Nuclear Security Administration’s weapons program, the Administration requested \$7.58 billion, delaying warhead life extension programs and deferring construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility.

In comments to *NW&M Monitor* after the Heritage event, Foster called the budget situation for the NNSA a “disaster.” During the event, he suggested that if the Senate were to ratify the CTBT, it would further delay modernization of the nuclear deterrent as attention shifted away from the topic. In contrast, he suggested that a second failed ratification attempt would be a good thing for the weapons complex. “A second Senate rejection of CTBT ratification would again present the opportunity for Congress to muster the political support and modernization of our nuclear deterrent,” he said. He later added: “What it does

is provide more political support for the nuclear deterrent side as opposed to the nuclear disarmament side.”

Robinson: Loopholes Could Limit U.S.

Robinson applauded the NAS report for being much more thorough than a previous study by the organization, but he said loopholes in the treaty would still handcuff the United States while giving other countries the opportunity to modernize their nuclear stockpiles without detection. “Allowing other nations to perform scaled experiments, giving them the ability to continue to do experiment proof testing of their stockpiled nuclear arsenals to show they are still working, while the U.S. is restricted to only surveillance examinations on weapons which otherwise must sit on the shelves—you don’t always get the symptoms to show themselves, of underlying difficulties, just as in most medical defects that we are all familiar with. And for this reason, allowing other to have supreme confidence while we do not is certainly a mistake.” Brooks, however, emphasized that the NAS panel found no concern that such efforts would threaten the United States. “We could not identify a scenario that would likely lead to a national security requirement for the United States to resume testing,” he said.

While the NAS report suggested that advances in the global monitoring system that is the backbone of the treaty, along with the United States’ own intelligence efforts, make it unlikely that a country would be able to test a nuclear weapons without being caught, Robinson said that opinion is based on a “weakness in judgment” that a country would use existing nuclear test facilities to carry out the test. “This is exactly the opposite of what our intelligence community believes,” Robinson said. “They would never attempt to go to an area that we are most heavily monitoring to carry out such an explosion, but certainly countries with large territorial masses would find some very remote areas in which to conduct their test, not only because of the ability of great secrecy there, but they are the farthest away from any U.S. monitoring systems.”

Will U.S. Ratification Rally Others?

Robinson and Thomas Scheber, the vice president of the National Institute for Public Policy and the former director of Strategic Strike Policy in the Office of the Secretary of Defense, also suggested that U.S. ratification of the treaty would not have the Administration’s desired effect of pushing other countries to ratify the treaty, which the NAS report did not deal with. Scheber noted that France did not stop testing once the U.S. announced its own testing moratorium in 1992, continuing to test up until 1996 in order to help develop a new series of nuclear warheads similar to what the U.S. had planned in the failed push for

the Reliable Replacement Warhead. The U.S. is one of eight remaining “Annex 2” countries that must ratify the treaty before it takes effect, including: China, Egypt, India, Iran, Israel, North Korea, and Pakistan. “Certainly, there is little evidence that our ceasing nuclear testing in 1992 has had any rallying effect on causing others to forego development/modernization of their nuclear arsenals or testing,” Scheber said.

—Todd Jacobson

NNSA RELEASES FY2011 PERFORMANCE EVALUATION REVIEW FOR B&W PANTEX

Fiscal Year 2011 Performance Evaluation Reviews are continuing to trickle out of the National Nuclear Security Administration after the agency reversed its policy and decided to release the reviews earlier this year. After releasing the annual report cards for six of its contractors early last week in response to a Freedom of Information Act request by *NW&M Monitor* and other media outlet and organizations, the agency released the FY2011 PER for Pantex Plant contractor B&W Pantex late last week. B&W Pantex received its highest rating from the NNSA in FY2011, earning 95.9 percent of the at-risk fee in its contract (\$33.5 million out of \$34.9 million available), and the 79-page report card provides more detail than has ever been previously released about the contractor’s performance. According to the document, the company “substantially exceeded planned weapon deliverables by aggressively overcoming schedule obstacles including technical issues, late receipt of critical components and equipment issues.”

B&W Pantex met 112 percent of all baseline deliverables in FY2011, including 109 percent of deliverables for the W76 life extension program, 120 percent of scheduled dismantlements, and 99 percent of surveillance units—the report revealed that three base surveillance units were “missed due to technical or delivery issues beyond the control of the M&O contractor,” and three additional “D&Is” (dismantlement and inspection) were completed for the B61, W88 and W80 weapons systems.

Report Notes Areas For Improvement

The report also provided additional detail on B&W Pantex’s performance on the W76 refurbishment, which is the centerpiece of the NNSA’s current life extension work and the subject of controversy this year as the Administration has decided to slow work on the program in order to accelerate work on the refurbishment of the B61 weapons system. The decision, which the NNSA said will still enable Pantex to meet the Navy’s operational requirements

but would push back the completion of hedge warheads from 2018 to 2021, has drawn concern from Navy officials that are worried about the lack of margin in the schedule now. In FY2011, however, the NNSA said that B&W Pantex “substantially exceeded expectations” by completing 109 percent of deliverables to the Navy. “All scheduled surveillance rebuilds were also completed along with an additional six unscheduled repair rebuilds,” the NNSA said in its performance review of the contractor. “This was all accomplished in spite of technical issues and receipt of components at less than full lead time, some at less than 30 day lead time, eg. the MC4700 AF&F.”

The report also noted several areas where improvement was needed, noting that “focused attention should be placed on increasing operational discipline and personal reliability to enable error-free operations.” It also said human resources operations should be shored up, improvements were needed in relation to the Fair Labor Standards Act and Equal Employment Opportunity, and the contractor should rely more on in-house legal services. B&W Pantex’s review is available with six other NNSA reviews online at http://www.exchangemonitor.com/publications/MB/MB_Links.pdf. The agency still has not released the FY2011 PER for Sandia National Laboratories.

—Todd Jacobson

GLENN MARA TO REPLACE DARLING AS UC VICE PRESIDENT FOR LAB MANAGEMENT

Former Los Alamos National Laboratory weapons program chief Glenn Mara has been tapped by the University of California Board of Regents to oversee the university’s interests at Los Alamos, Lawrence Livermore and Lawrence Berkeley National Laboratories. On July 1, Mara will replace UC Vice President for Laboratory Management Bruce Darling, who announced earlier this year that he was taking a post as the executive officer of the National Academy of Sciences’ National Research Council. Since he retired from Los Alamos in 2009, Mara has served as UC’s Associate Vice President for Laboratory Programs. The UC Board of Regents approved a total annual compensation package of \$394,266 for Mara on March 29, and required that Mara suspend the payment of all retirement benefits. He had been working as a retired “re-hire” since 2009.

In his new role, Mara will run UC’s Laboratory Management Office and oversee UC’s management of three national laboratories: Los Alamos, Lawrence Livermore and Lawrence Berkeley National Laboratories. UC solely

manages Berkeley, and runs Los Alamos and Livermore with partners from industry. Darling headed up the recent UC-led searches for Los Alamos and Lawrence Livermore's directors. Mara joined the management team at Los Alamos in 2006 as part of transition from sole management by UC to management by a consortium that included the university, and he retired in 2008. Before joining the management team at Los Alamos, Mara worked at Livermore, retiring in 2004 as the lab's deputy director of operations. "Over the last decade, Mr. Mara has served in a number of leadership positions in the Laboratory Management Office that has provided him with a strong and in depth understanding of the University's role with the UC affiliated national labs—Los Alamos, Livermore and Berkeley," UC President Mark Yudof said in a statement. "He also has 38 years of experience at Lawrence Livermore and Los Alamos National Laboratories in a variety of senior management positions spanning research programs, the national security enterprise, and operations."

—Todd Jacobson

U.S. STRATEGIC DEPLOYED STOCKPILE SLOWLY SHRINKING UNDER NEW START

The United States is continuing to slowly reduce its strategic deployed nuclear stockpile under the counting rules of the New START Treaty, according to the twice yearly exchange of data released about U.S. and Russian weapons required under the New START Treaty. As of March 1, the U.S. has 1,737 strategic deployed nuclear warheads, the State Department said in a release this week, down from 1,790 six months ago and 1,800 a year ago. Russia reduced the size of its strategic deployed stockpile to 1,492, below the 1,550-warhead ceiling established by the treaty, after going over the cap with 1,566 warheads in the last exchange of data between the two countries six months ago.

The U.S. also had 812 delivery vehicles (nuclear-capable bombers, ICBMs and submarine-launched ballistic missiles), 10 less than it had Sept. 1, while Russia has reduced its delivery vehicles by 22 over six months to 494. The treaty allows 700 deployed delivery vehicles, and a total of 800 counting reserve systems. In total, the U.S. has 1,040 delivery vehicles, while Russia has 881. The U.S. and Russia must be beneath the treaty's limits by 2018.

—Todd Jacobson

WITH PROTEST RESOLVED, NNSA TO ISSUE TASKS UNDER ECMS THIS MONTH

The National Nuclear Security Administration is expected to begin issuing task orders under its Enterprise Construction Management Services blanket purchase agreement contract this month, including work for enterprise-wide support as well as support to specific construction projects, industry officials have told *NW&M Monitor*. The NNSA awarded the contract to Parsons Infrastructure and Technology in late January, but the contract was held up until late March by a protest from a team led by Logistics Management Institute. When LMI withdrew the protest, the NNSA moved quickly to meet with Parsons and begin work on the contract, and has spent the last several weeks refining the list of projects and the scope of task orders it plans to issue under the contract, though the agency has declined to comment on the contract's status.

LMI is believed to have argued that Parsons should have been downgraded for its performance building the Salt Waste Processing Facility at the Savannah River Site and that existing work in the weapons complex presented conflict of interest concerns, including the work at SWPF. Because the company withdrew its protest before the Government Accountability Office could complete a review of its claims, the exact details were not released, and LMI declined to comment on its protest, except to say that it was "satisfied" with NNSA's response to its claims.

\$125M Estimated Ceiling on Contract

Parsons teamed with Project Assistance Corp. and Vector Resources to win the contract to provide professional and technical services to NNSA and serve as a project integrator for projects across the complex valued between \$10 million to \$750 million. LMI, which teamed with Alion Science and Technology as well as other companies for the contract, was one of four bidders along with teams led by Project Time and Cost and Booz Allen Hamilton. A one-year contract with four one-year options, the contract could be worth as much as \$125 million over five years.

As part of the contract, Parsons will "support NNSA in the planning and management of projects throughout the various stages of development from concept to construction, commissioning and closeout," the agency said. "Integrating tasks under a single contractor will result in improved checks and balances, enhance federal oversight and construction management, and reduce costs." Parsons will also provide technical expertise that "can be deployed to any NNSA project location and provide support to any NNSA federal project director's team," the agency said.

—Todd Jacobson

ADMIN. HOPES NEXT NONPRO TREATY REVIEW EMPHASIZES COMPLIANCE

With the first preparatory committee for the 2015 review conference on the Nuclear Nonproliferation Treaty set to begin work at the end of the month, Susan Burk, the President's Special Representative for Nuclear Nonproliferation, hopes that treaty compliance by all member states will take a larger role in upcoming discussions. While the action plan produced by the 2010 review conference on the treaty did underscore the importance of compliance, Burk said language used in future discussions should be stronger. "In my personal view, the language in the final document itself is understated to say the least given the challenge that noncompliance plays to the integrity of the NPT. It fails to identify specific cases of noncompliance, as was done in the past," Burk said April 12 at the Carnegie Endowment for International Peace. She added, "We want our NPT partners to encourage compliance and to make it clear that noncompliance is not acceptable. We believe that the NPT parties have a responsibility to respond firmly to NPT violations, including those that involve abuse or misuse of technical assistance that states may have received under the auspices of NPT membership."

The NPT entered into force in 1970, and with 190 member states is the most widely signed arms control agreement. It aims to prevent the spread of nuclear weapons and related technology through three so-called pillars: nonproliferation, disarmament and the right to peacefully use nuclear technology. The treaty also envisions a review conference every five years to examine implementation of the treaty's provisions and set goals for the future, with the last one taking place in 2010 in New York. Compliance with the treaty is regulated through a safeguards system verified by inspection conducted by the International Atomic Energy Agency. The 2010 review's action plan included several provisions related to concerns expressed by states on noncompliance, stating that it "underscores the importance of resolving all cases of non-compliance with safeguards obligations in full conformity with the IAEA statute and the respective legal obligations of Member States."

Compliance Should Also Apply To Non-Nuclear States

However, Burk said that compliance concerns have so far focused on Russia, the United States, Great Britain, France and China, known as the P5, with regards to compliance with Article Six of the treaty. That provision calls for a cessation of the arms race and an eventual commitment to complete disarmament. Burk said that noncompliance discussions should not just focus on certain parts of the

treaty. "When we talk about compliance, it's got to be compliance with all the aspects of the treaty. The U.S. and the nuclear weapons states get accused of not complying with Article Six. I don't agree with that and I think the President has laid out an agenda that makes it very clear that he is very committed to the NPT and doing what he can to do this," Burk said. She noted that President Obama laid out a goal for complete nuclear disarmament in his Prague speech in 2009. "Right now the U.S. is firmly committed and is making every effort to move the ball forward and if we can achieve the elements of the Prague agenda I think we would be in a much better place to then go to the next round. We are not suggesting that we don't have to comply and others do," she said.

Instead of only discussing compliance of the five nuclear weapons states, the future review should also take into account provisions relevant to non-nuclear weapons states. "The nuclear weapons states' compliance seems to be fair game in the discussion on whether or not the P5 are complying; no problem with that. But when it comes to compliance by other states that aren't nuclear weapons states, that seems to be one that people are hesitant to talk about," she said. She added, "In the NPT process, what we are really focusing on is NPT parties in compliance with their obligations. Are they doing what they need to do to provide assurance on non-nuclear weapons states that their activities are exclusively for peaceful purposes? Iran, for example, has not satisfied that requirement in the minds of most."

PrepComm Meeting To Start at End of Month

The issue is one that Burk hopes will be discussed at several preparatory committee meetings for the 2015 review conference, the first of which is scheduled to be held from April 30 to May 11 in Vienna. While no formal plan or announcements will be made at the meeting, she also sees it as a chance to reflect on progress made so far by member states regarding the concrete action plan developed in the 2010 review. "This will be an opportunity to determine whether or not most of the other parties are coming in prepared to really sustain the mood, continue to want to collaborate and cooperate, have a good comprehensive discussion about what everybody has been doing since 2010 to keep the faith on the action plan and carry it out," she said. "We'll know when we hear the status whether or not we do have that mood and whether or not people feel really committed."

But coming on the heels of the successes of the 2010 review, in which 172 states agreed to a 46-page action plan based on the treaty's three pillars, making progress in the 2015 conference is expected to be more challenging. "Now, having achieved a pretty decent outcome, with

consensus, and having discussion and created a mood that was very collaborative and overcome some very tough issues that had not been resolved in the past, the bar is higher. So we are going to have to jump higher in 2015. So that's one big challenge," Burk said. She added, "But I'm really focused in taking it one meeting at a time, building on the result. I am a firm believer that we need to engage

consistently and regularly with our foreign partners, we need to keep these lines of communication open and we need to have real conversations, because we are not going to be able to deliver result on our own, the P5 aren't going to be able to deliver it on our own."

—Kenneth Fletcher

At the Weapons Labs/DOE Sites

AT LOS ALAMOS NNSA DEVELOPS NEW APPROACH FOR RLWTF UPGRADE

In response to cost concerns, the National Nuclear Security Administration is pursuing a new approach for upgrading Los Alamos' Radioactive Liquid Waste Treatment Facility that entails the construction of two new smaller facilities, rather than one large one as previously planned. The new facilities would entail a "small" Hazard Category-3 facility for processing transuranic waste and a "less than Hazard Category-3" facility for processing low-level waste, according to a Defense Nuclear Facilities Safety Board report released last month. Previously, a single Hazard Category-2 facility was planned for both missions. The new approach is intended to "reduce construction and lifecycle operational costs as well as simplify operations," Toni Chiri, a spokeswoman for the NNSA Los Alamos Site Office, said in a written response late last week.

(PRD). "These PRD updates included a 50 percent reduction in planned total influent volumes of low-level and TRU waste streams to be treated by the replacement facilities and refining the definition of facility availability to reflect ensuring the facility is available to receive LLW and TRU waste streams. These PRD updates allowed for a reduction of LLW and TRU treatment process systems, tanks, and piping which also translates into a smaller facility footprint to house these processes. Separating the LLW and TRU treatment processes into two separate facilities further reduces the amount of HC qualified footprint for the TRU component of the project," she said.

Design Work to Begin This Fiscal Year

The Radioactive Liquid Waste Treatment Facility-Upgrade Project is intended to replace an aging facility at Los Alamos with a history of leaks that led to concerns that ongoing operations could be threatened due to a lack of an adequate waste processing ability. In 2010, the NNSA decided to take a new look at how to upgrade the facility in response to a significant increase in projected costs. While earlier estimates had placed the cost of the project at approximately \$100 million, by the time design work was approximately 90 percent complete, the estimated price had jumped to approximately \$350 million.

Going forward, NNSA plans to implement a phased approach to designing and building the two facilities, with work to begin first on the low-level waste facility followed by the transuranic facility. "A notional schedule has LLW design activities running from FY12 through FY14, with construction taking place from mid-FY15 through FY17. Design for the TRU facility would be initiated no earlier than FY14 and running through FY15 with construction taking place in FY17 through FY20," Chiri said. Cost estimates for the new approach are not yet available. "The project is re-affirming CD-1[Critical Decision-1] around the May 2012 time frame and as such, cost estimates for the project are not available at this time and are premature as the project has not achieved CD-2," Chiri said.

According to Chiri, the idea of splitting the replacement facility into two small facilities was "facilitated" by an update to the project's Program Requirements Document

AT OAK RIDGE UPF GLOVEBOX SUPPLIER FORUM SET FOR MAY 9-10

An upcoming spate of long-lead procurements for the Uranium Processing Facility has not yet begun, but the Y-12 National Security Complex is hosting a May 9-10 UPF Glovebox Supplier Forum that may be the launching point. Based on the latest estimates, the new production center at Y-12 will require about 2,200 linear feet of gloveboxes for processing uranium in a high-safety environment. Design of the project is about 70 percent

complete, according to the latest estimate. "These needs will fluctuate as design continues," Y-12 spokeswoman Ellen Boatner said.

According to contractor B&W Y-12, the forum will provide "an ideal opportunity to interface directly with procurement, engineering and quality specialists to learn more about the requirements for gloveboxes that will be

used in UPF.” There also will be detailed information about how to qualify for the work at big project, which is estimated to cost up to \$6.5 billion. The two-day event will be held at Y-12’s New Hope Center on Scarboro Road near the plant entrance. There is no registration fee, but Y-12 said attendees must register to “reserve your place.”

Many of the uranium-processing activities at UPF are expected to be conducted in gloveboxes to reduce potential worker exposures and otherwise enhance safety and efficiency of operations. Construction of UPF is supposed to get started later this year, with operations tentatively set to begin around 2020-21.

AT OAK RIDGE MICROWAVE TECHNOLOGY HITS SNAG AT Y-12

Microwave technology to support uranium processing activities, reduce costs and improve safety has been under development for more than a decade at the Y-12 National Security Complex. The plan is to use microwave technology for melting highly enriched uranium and casting the nuclear material into specified forms and shapes. However, unspecified technical issues have arisen as the plant prepares to introduce the first unit into the production program. The previously unacknowledged problem was referenced in the recently released Fiscal Year 2011 Performance Evaluation Review of B&W Y-12, the managing contractor at the Oak Ridge plant. The report said the project did not complete a milestone as planned because of technical issues with the equipment.

lation of the equipment. The Project Team is forecasting completion of the project by the end of 2012.”

Technology ‘Definitely Will Be Used’

Ellen Boatner, a spokeswoman for B&W Y-12, said the plan is to use the microwave unit for melting and casting HEU. “It definitely will be used in our production,” she said. During the past few years, Y-12 has installed five research and development microwave units and tested them, followed by a production prototype, as a way to move toward actual production work. The initial production unit installed at Y-12 was manufactured by Microwave Synergy Inc. (now called Hadron) based on Y-12’s specifications. But it’s not clear who is currently reworking some of the microwave components.

NNSA spokesman Steven Wyatt, in an email response to questions, said the project team did not achieve readiness by the end of September, but did reach that milestone in October. After the readiness was reached, however, the microwave unit did not perform as expected during start-up melt tests, he said. “In January, a team of engineers and experts in the microwave industry evaluated the testing data and concluded that some of the microwave generating equipment needed to be either refurbished or replaced,” Wyatt said. “The microwave generating equipment has been removed and returned to the manufacturer for testing and either refurbishment or replacement. Testing is expected to resume this summer upon re-instal-

Boatner said the parts for the machine were supplied by multiple vendors and Y-12 is now getting replacement parts for the microwave unit from those sources. “The microwave [unit] has not left Y-12—only pieces of it that must be replaced or repaired,” Boatner said by email. “Those parts are coming from the original vendors who made them. B&W Y-12 personnel, who installed the microwave originally, are in charge of putting the repaired or replaced parts back on the microwave.” Microwave technology is supposed to be used extensively at the Uranium Processing Facility, currently scheduled to come online sometime around 2020. ■

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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Wrap Up

IN CONGRESS

The directors of the nation's three nuclear weapons laboratories will appear before the Senate Armed Services Strategic Forces Subcommittee next week along with the authors of a National Academy of Sciences report that was critical of the relationship between the labs and the National Nuclear Security Administration. Los Alamos National Laboratory Director Charlie McMillan, Sandia National Laboratories Director Paul Hommert and Lawrence Livermore National Laboratory Director Parney Albright will be joined at the April 18 hearing by former Lawrence Berkeley director Charles Shank and Pranalytica Inc. CEO Kumar Patel, the chairs of the NAS panel. In a February report, the NAS panel called the relationship between the NNSA and the labs "broken" and "dysfunctional." The hearing will take place at 2:30 p.m. in Room SR-222 of the Russell Senate Office Building.

IN THE NNSA

Two senior NNSA officials that received new assignments as part of the agency's management reorganization officially reported to their new jobs this week.

Geoff Beausoleil formally took over yesterday as the Manager of the Sandia Site Office, and Michael Lempke assumed his position as the agency's Associate Administrator for Infrastructure and Operations, where he will oversee the agency's eight field offices and report to Principal Deputy Administrator Neile Miller. Beausoleil previously served as the deputy manager of the Pantex Site Office, while Lempke headed up the agency's Naval Reactors Laboratory Field Office.

ON THE INTERNATIONAL FRONT

The small South Pacific island country of Niue, where the United States, France and the United Kingdom tested nuclear weapons decades ago, signed the Comprehensive Test-Ban Treaty this week. The milestone brings the number of countries that have signed the treaty to 183; 157 have ratified the pact. However, the treaty will not enter force until it is ratified by eight remaining "Annex 2" countries that includes the United States, China, North Korea, Egypt, India, Iran, Israel, and Pakistan. Niue, which is near the Marshall Islands, was the site of nuclear weapons testing starting with the 'Able' test in 1946. In total, 263 nuclear tests were conducted on the island nation. ■

Calendar

April

- 17 Hearing: NNSA and EM budgets, House Armed Services Strategic Forces Subcommittee, with NNSA Administrator Tom D'Agostino, Assistant Secretary of Defense for Global Strategic Affairs Madelyn Creedon, StratCom Chief Gen. Robert Kehler, Environmental Management cleanup chief Dave Huiizenga, and Defense Nuclear Facilities Safety Board Chairman Peter Winokur, Room 2212 Rayburn House Office Building, Washington, D.C., 3 p.m.
- 17 Speech: "Senate Perspectives on Iran, Missile Defense and Nuclear Deterrence," Sen. Jon Kyl (R-Ariz.), Breakfast Series at the Capitol Hill Club, Washington, D.C., 8 a.m. RSVP online at <http://2012ndseminars.eventbrite.com/>
- 18 **Markup: House Energy and Water Appropriations Subcommittee, Fiscal Year 2013 Energy and Water Appropriations Act, Room 2362-B Rayburn House Office Building, Washington, D.C., 9:30 a.m.**

- 18 **Hearing: "Budget and Spending Concerns at DOE," House Energy and Commerce Oversight and Investigations Subcommittee, Room 2322 Rayburn House Office Building, Washington, D.C., 10:30 a.m.**
- 18 **Hearing: Management of the National Security Laboratories by the NNSA, Senate Armed Services Strategic Forces Subcommittee, Los Alamos National Lab Director Charlie McMillan, Sandia National Labs Director Paul Hommert, Lawrence Livermore National Lab Director Parney Albright, and Charles Shank and Kumar Patel, co-chairs of the National Academy of Sciences lab management study panel, Room 222 Russell Senate Office Building, Washington, D.C., 2:30 p.m.**
- 18 **Speech: "A Conversation with Acting Under Secretary of State Rose Gottemoeller," Rose Gottemoeller, Acting Under Secretary of State for Arms Control and International Security, Harvard University, Belfer Center Library, Cambridge, Mass., 3-4:30 p.m.**

(Changes from previous Calendar in Bold)

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Volume 16 No. 17

April 20, 2012

— *INSIDE HIGHLIGHTS* —

Republicans on both sides of the Capitol continued to ramp up their criticism of the Obama Administration’s decision to scale back its plans to modernize the nation’s nuclear weapons complex this week, raising the issue in several forums around Washington. 2

The Obama Administration’s scaled back modernization plan for the nation’s weapons complex and arsenal will present more challenges for the nation’s nuclear weapons laboratories, the three directors of the labs said this week in testimony before a Senate panel. 4

House appropriators this week continued to buck Republican lawmakers who have pushed for a boost in funding for the NNSA’s weapons account, matching the Obama Administration’s \$7.58 billion FY2013 request. 6

The NNSA needs more money in FY2013 for work on the W76 life extension program, NNSA Administrator Tom D’Agostino told the House Armed Services Strategic Forces Subcommittee this week. 7

Seeking to expand the backup supply of low-enriched uranium set aside for potential buyers of mixed-oxide fuel, the NNSA is looking to have a team of WesDyne International and B&W Nuclear Fuel Services downblend another five metric tons of highly enriched uranium. 8

The NNSA released a draft RFP for its combined protective force management contract at the Pantex Plant, Y-12 National Security Complex and Oak Ridge Reservation yesterday, but in contrast to the agency’s combined Y-12/Pantex management and operating contract, the draft security contract does not significantly link award fee to potential cost savings. 9

Ali Azad has been named Babcock & Wilcox’s new Senior Vice President and Chief Business Development Officer, filling a vacancy that has existed since George Dudich was named last year as president of B&W Technical Services Group to replace Bob Cochran. 10

While the Republican debate revs up on whether the Obama Administration is living up to its commitments on modernization of the nuclear weapons complex, a counter campaign is being waged against the Uranium Processing Facility, the big project that has the Administration’s support. 10

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GOP LAWMAKERS CONTINUE ASSAULT ON ADMIN. MODERNIZATION DECISIONS

Republicans on both sides of the Capitol continued to ramp up their criticism of the Obama Administration's decision to scale back its plans to modernize the nation's nuclear weapons complex this week, raising the issue in several forums around Washington. At a House Armed Services Strategic Forces Subcommittee hearing, GOP frustration boiled over as the panel's chairman, Rep. Michael Turner (R-Ohio), sparred with National Nuclear Security Administrator Tom D'Agostino over the modernization plans, while at a Senate hearing the next day, Republicans quizzed the directors of the nation's three nuclear weapons laboratories on their confidence in the plan (*see related story*).

At the same time, Sen. Jon Kyl (R-Ariz.) suggested this week in a speech at the Capitol Hill Club that the gap between what was needed for the nation's nuclear weapons complex and what's included in the Administration's plans "continues to grow," and Sens. Bob Corker (R-Tenn.) and Johnny Isakson (R-Ga.) called for a Senate Foreign Relations Committee hearing to examine the modernization promises made during debate on the New START Treaty in 2010. "When do you cross the line between manageable risk and peril when each year we're told we're at the end of the line?" Kyl said in his April 17 speech. "What happens if President Obama is re-elected and is no longer answerable for another election to the American people? What is likely to happen to these programs then?"

Sharp Criticism at House Hearing

While Kyl has long been Capitol Hill's most outspoken voice on nuclear weapons issues, Turner delivered the sharpest criticism of the Obama Administration's decisions on modernization during a House Armed Services Strategic Forces Subcommittee hearing April 17. What has particularly rankled Republicans is the fact that the Admin-

istration requested \$7.58 billion for the NNSA's weapons program in Fiscal Year 2013, approximately \$370 million less than it said it expected to spend a year ago. As part of that decision, NNSA deferred construction on one of the pillars of the modernization effort, the Chemistry and Metallurgy Research Replacement-Nuclear Facility, and slowed work on three separate life extension programs: the W76, B61 and W78/88.

Republicans say the Administration's modernization pullback violates the essential bargain of the debate on the New START Treaty: that reductions to the nation's strategic deployed stockpile must be accompanied by a commitment to modernize the nation's nuclear weapons complex and arsenal, which the Administration pledged to do with \$88 billion over the next decade. "The question is what is necessary today and how are we going to accomplish it," Turner said during an April 17 hearing with officials from the Pentagon and National NNSA. "There could be no doubt the reductions that are proposed by the New START Treaty are only in our national interest if we complete the modernization of our nuclear deterrent, warheads delivery systems, and infrastructure."

Turner Questions Changed Modernization Needs

In a tense exchange with D'Agostino at the April 17 hearing, Turner zeroed in on the Administration's deferment of the CMRR-NF project planned for Los Alamos National Laboratory, noting that D'Agostino had appeared six times before the subcommittee before this week, and until the Obama Administration's FY2013 budget was released February, the administrator had voiced support for the project many times. The Administration has deferred the project for at least five years, largely due to budget pressure but also because it believes it can meet the mission of the facility by using a combination of several other facilities, a plan that Turner called a "fig leaf to cover the Administration while it scrambles to figure out the repercussions of its hasty decision." "Today you tell us that

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the CMRR nuclear facility is no longer needed for at least five years,” Turner added. “I’m not certain as this committee tries to evaluate this how we determine its credibility. If we take your testimony and if we put it in front of the committee and allowed it to vote, your testimony today would be outweighed by your previous testimony. So it begs a few questions: Who are we to believe? You from now? Or you from four years ago.”

D’Agostino said he believed that the agency was “on solid ground” with its plans to use other facilities like the Radiological Laboratory/Utility/Office Building at Los Alamos, Superblock at Lawrence Livermore and the Device Assembly Facility at the Nevada National Security Site to achieve CMRR-NF’s materials characterization and analytical chemistry mission as well as a plan to reuse plutonium pits in order to help meet the Pentagon’s requirement for a capability to produce 50 to 80 pits a year. But when D’Agostino noted that part of the plan hinged on a newly built facility at Los Alamos known as the RLUOB that was recently authorized to handle more plutonium than had been envisioned, Turner interjected. “This building fell out of the sky?” he said. “It wasn’t a plan? It wasn’t something you knew was going to be there? ... And considering the record of construction I’m certain there was a significant amount of lead time.”

Changes ‘Difficult to Understand’

D’Agostino noted that in late 2011, the RLUOB facility had been approved to use 34 grams of plutonium, up from four grams, through the application of modern dose conversion factors that are used in the creation of safety guidelines for the facility. “We didn’t want to count on this happening two years ago,” D’Agostino said. “We weren’t sure that we’d be able to do all of the analysis, but we finished that analysis within the past year. That provides the country with a lot of flexibility.” Turner, however, emphasized that the abrupt change in plans was difficult to swallow. “These things are difficult for us to understand because obviously we’re not the experts like you guys are,” Turner said. “And when we get your testimony year after year and time after time and we go to rely on it and then we suddenly get testimony that’s completely different—I mean, it’s not as if we have a different D’Agostino standing in front of us.”

Pentagon Official Notes Concern With NNSA

Turner also pressed Pentagon officials on NNSA’s performance, asking Madelyn Creedon, the Assistant Secretary of Defense for Global Strategic Affairs, whether the Department of Defense has “got your money’s worth” on its transfer of billions of dollars to help support modernization. Creedon acknowledged that difficult choices led to

the deferral of the CMRR-NF project, but said that money in 2011 and 2012 had appropriately gone to design of the project. But when pressed by Turner, she also admitted that she was “concerned” with the rising price tags, schedule delays and management of NNSA projects like CMRR-NF, UPF and life extension work on the W76 and B61. “We have noted over time that the estimated cost that has been provided some years earlier have, in fact, all increased,” Creedon said. “And the decisions with respect to the deferral were, in fact, largely driven by the increased cost. So yes, DoD is very concerned about the management of the money and about the increased cost associated with the two projects and the two life extensions.” But she emphasized that the NNSA was “aware” of the problems and that the Pentagon was behind efforts by the agency to correct the problems, which did not appear to placate Turner. “Our goal as a committee is we are going to have to get way past awareness,” Turner said. “I mean, this is obviously something that needs to be addressed, not just awareness.”

Pressed by Turner on the same subject, Strategic Command chief Gen. Robert Kehler continued to emphasize, as he has in past appearances before Congress, that he was “comfortable” with the current status of the nation’s nuclear deterrent but concerned with future modernization because a solid plan has not been developed with performance timelines, metrics and an implementation plan. “It is all of those factors, and then being able to implement it with sufficient investment that goes behind that,” Kehler said. “... My job is to be the advocate for these things. And as long as I am the advocate for these things, I will have concerns until we get to the point where there is a plan in place that we know we can execute.”

Garamendi: Budget, Congress to Blame

Rep. John Garamendi (D-Calif.) noted, however, that the fiscal situation facing the country drove the bulk of the changes in the modernization plan. “We as a committee need to recognize that this whole scenario has been put in place by the effort to reduce government expenditures in most every category to meet the Budget Control Act of last summer and now as it plays out,” Garamendi said. “And it doesn’t seem to me to do us any good whatsoever to sit here and start blaming everybody in the world for what is actually a process that has been initiated by the budget reductions that this Congress has put in place.” D’Agostino emphasized that reduced budgets forced the agency to “look at what were we trying to accomplish, what are we trying to get done, what’s the most important thing to do.”

Kyl, however, suggested that the budget situation provided an excuse for the Administration to back off of its plan, though he laid part of the blame on Congress for not

protecting funding for the agency. He said that actions by appropriators last year to cut funding for the NNSA's weapons program and decisions to not fence off defense funding in the Budget Control Act of 2011 gave the Administration an out it was too eager to take. "It's too easy for them to say, 'We didn't do it, you did,'" Kyl said. "The problem is they seem all too ready to jump on that excuse." Nonetheless, Kyl suggested the Administration should have fought harder for the modernization funding in the face of Congressional opposition. "Why instead of meekly just saying, 'I guess Congress didn't want us to do it,' why didn't they stand up and fight against it?" Kyl said. "I had these conversations with the Vice President and other Administration officials and I said you all know we're going into a very tough budget environment. 'Well, we can't control the House of Representatives,' they said. I said, 'I know that, I can't either. But you can sure as heck fight for what you think you're committed to here instead of just meekly giving in' but they're all too ready to do that."

And What About Sequestration?

Rep. Mo Brooks (R-Ala.), a newcomer to the subcommittee, also blasted the Pentagon for not planning for the impact of massive budget cuts on the nation's nuclear forces that would be triggered by a sequestration clause in the Budget Control Act at the end of this year, if they're not repealed. "The Secretary [of Defense, Leon Panetta] has been very clear that it would have a devastating effect," Creedon said. "And we have not looked at exactly how that would be spread across the various elements. I can only reiterate what the secretary said and was just a devastating effect, but I don't know the answer to that question because we haven't done that allocation." Brooks said that he was "disconcerted" that no planning had yet taken place. "Is there any plan to plan? We're talking about something that's pretty dramatic," Brooks said. "It's only eight and a half months away and it's the law of the land. ... Are we just going to wait till December 31st and wake up on January 1st and start planning at that point?"

—*Todd Jacobson*

LAB DIRECTORS RAISE CONCERNS ABOUT NNSA MODERNIZATION PLAN

The Obama Administration's scaled back modernization plan for the nation's nuclear weapons complex and arsenal will present more challenges for the nation's nuclear weapons laboratories, the three directors of the labs said this week in testimony before a Senate panel. "I see higher risks in our path forward," Los Alamos National Laboratory Director Charlie McMillan told the Senate Armed

Services Strategic Forces Subcommittee April 18. "And I'm very concerned about the long term because I see the pressures of doing things in the here and now, which we have to do—I fully agree—possibly shifting the balance so far that we then increase the risk in the future."

The Administration has adjusted its plans, asking for less money in Fiscal Year 2013 than it had previously projected (\$7.58 billion), deferring construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos and slowing work on the W76, B61 and W78/88 life extension programs—so much so that Sandia National Laboratories Director Paul Hommert told the panel that he would not be able to offer the same level of support for the plan as he did in 2010, when he endorsed the modernization plan along with now-retired Los Alamos Director Mike Anastasio and retired Livermore Director George Miller during debate on the New START Treaty. Hommert testified before the subcommittee this week with McMillan and Lawrence Livermore National Laboratory Director Parney Albright, but Hommert is the only lab director that was in his current position during the New START Treaty debate. "We don't yet have a plan that is completely closed and by that I mean with an authorized and appropriated budget plan and multi years that would lead me to ... the same level of confidence at the time," Hommert said during an exchange with Sen. David Vitter (R-La.). "I believe we can get to that, and of course in the intervening time we've faced additional fiscal constraints overall which have clearly impacted the budget effort. So some further work is necessary to achieve the same level of confidence going forward at this point."

When asked by Vitter about their comfort level with the modernization plan on a scale of 1 to 10, each of the laboratory directors used numbers in the range of five, six, or seven. Since 2010, two things changed, Albright said. "The costs went up and the budgets came down. And one of the impacts of that budget ... has been some additional technical risk which drives you down to sort of—I hate to put a number on things, but sort of a six or a seven or a five or something in that ballpark because we haven't done the work yet to know whether or not we can actually overcome some of those technical issues."

McMillan 'Cautiously Optimistic' on Pit Reuse

Among the additional technical risk is work associated with the decision to defer work on the CMRR-NF. For instance, McMillan said that it could be up to five years before the agency knows whether its plan to reuse some plutonium pits in the absence of CMRR-NF to meet Department of Defense requirements for a capability to produce 50 to 80 pits a year will work. With additional investments, McMillan said the lab is expected to be able

to make 20 to 30 new pits a year with its existing facilities, but pit reuse would make up the remaining pit production shortfall. “I’m cautiously optimistic that we can reuse some of these pits, but we must do the scientific work to further understand the effects of aging and to provide modern safety that starts with insensitive high explosive systems. If we choose this path, it will require an investment over the next five to 10 years.” He suggested that reusing pits was like taking an engine out of a 1965 Ford Mustang and putting it into a 2012 Mustang while meeting 2012 emissions standards. “You can probably do it, but not without a lot of work,” McMillan said.

Albright suggested that the deferral of CMRR-NF would make it more difficult to continue to meet the nation’s needs, but not impossible. “The technical solutions that we’re looking at for our life extension programs are constrained in a certain way that we are I think I would say cautiously optimistic that we can accommodate those constraints, but it is by no means a done deal,” he said. Hommert noted that the decision to push back the completion of a First Production Unit on the B61 life extension program erases all margin in the program. And all three laboratory directors emphasized that stable funding is needed over the next decade. “My larger concern is not so much what happens next year or the year after that, but what happens five years from now,” Albright said. “If we don’t continue to sustain funding of the overall effort, particularly in the areas of understanding the science of nuclear weapons both experimentally and analytically, we run a huge risk ultimately in our ability to continue to do assessments and to conduct future life extension programs.”

Hommert emphasized that it was important to now be thinking about the nation’s needs over the next few decades. “It’s very important that we can see what the stockpile we want to have 20 years from now, because when you back up from that, we have to make technical choices or begin scientific work today that would position us to have that stockpile in the future,” he said. “I’m encouraged that I think such a plan can be developed, but we don’t have that in hand today.”

Vitter Worried About Higher Risk

The assessment by the laboratory directors was disconcerting to Vitter, who has been among a group of Republicans that have raised concerns about the changes to the Administration modernization plan. The Administration has largely attributed to budget pressure facing the government, but Vitter questioned that excuse. “I know we’re in a tough budget environment, but it’s not like we were running surpluses in December 2010,” he said. “I mean, it’s not like we’re in a very different budget environment.

We knew all of that then. And I’m real concerned about our collectively having passed New START based on these promises, this course, and now, hardly a year and a half later, we’re way off course. We’re trying to get a plan to catch up with lower budget numbers and the experts tell us when we do—and we’re not there yet—we’ll be at higher risk.”

Fixing a ‘Broken’ and ‘Dysfunctional’ Relationship?

All three laboratory directors suggested that the work at the laboratory could be made easier if the relationship between the labs and the NNSA was shifted to more of a partnership rather than a task-oriented oversight model that led a National Academy of Sciences panel earlier this year to describe the relationship as “dysfunctional” and “broken.” Charles Shank, the former Lawrence Berkeley National Laboratory Director who co-chaired the NAS study, suggested that the solution was doing more strategic oversight, which could be more effective at less cost while allowing the labs to escape burdensome oversight that the lab directors have described as encroaching on their mission. “It’s time now to think about not just doing oversight, but doing more effective oversight with less cost,” Shank said. “And that really is going to some kind of national standards, taking advantage of other agencies that could do oversight, that do oversight more broadly and begin to make the laboratories look like not only other industry, but even some other national laboratories and places outside NNSA.”

Lab Directors Urge More Partnership

McMillan said the labs are managed as “traditional” contractors rather than as partners that are hired to provide expertise and solve highly technical issues. “Trust has been replaced by reliance on operational formality,” McMillan said. “As the academy said, this approach is a mismatch. It stifles the innovation we must have to address challenging issues in our nuclear deterrent. It is the ability to innovate that drives the staff that I have responsibility for at Los Alamos to produce at the highest levels for our nation. I believe that a governance model must include the ability to work within a risk framework to accomplish goals and priorities set by Congress and the Administration.”

Given the funding constraints on the agency and the concerns about modernization, Senate Armed Services Strategic Forces Subcommittee Chairman Sen. Ben Nelson (D-Neb.) noted that the time was more ripe than ever to ensure that the labs are not overly burdened by oversight. Across the Capitol, the House Armed Services Strategic Forces Subcommittee has signaled that it will take action to address the burden on the laboratories, perhaps pushing the agency to adopt more industry-accepted standards. “As

we examine the needs of each of your laboratories and the large investments that they require to modernize, we in Congress are worried and concerned that these investments will not be used to the maximum extent possible if the relationship between the NNSA and its laboratories is described by our National Academies witnesses as, quote, 'dysfunctional,' " Nelson said. Hommert agreed. "This is a very pragmatic issue for us," he said. "As we approach modernization, it's very important that we can look to best leverage the funds. If we're tasked at a very fine level, we lose some of the ability to leverage and achieve overall cost effectiveness and productivity as we try to accomplish modernization."

—Todd Jacobson

HOUSE E&W MATCHES \$7.58B WEAPONS REQUEST; CUTS \$176M FROM NONPROLIF.

House appropriators this week continued to buck Republican lawmakers who have pushed for a boost in funding for the National Nuclear Security Administration's weapons account, matching the Obama Administration's \$7.58 billion Fiscal Year 2013 request for the program as the House Energy and Water Appropriations Subcommittee cleared its version of the Energy and Water Appropriations Act. The panel also cut \$176 million from the Administration's \$2.46 billion request for FY2013 nonproliferation work, which is believed to be largely attributed to funding reductions for the Mixed Oxide Fuel Fabrication Facility and research and development work to support USEC's American Centrifuge Project. As it marked up the bill this week, the panel released few details about its funding decisions, in many cases providing top line numbers for major accounts and hints at where spending choices were made. Those details will be released when the full House Appropriations Committee marks up the bill, which is expected to take place next week. The Senate Energy and Water Appropriations Subcommittee is also slated to markup its version of the bill at 10:30 a.m. April 24.

Subcommittee Chairman Rodney Frelinghuysen (R-N.J.) said while the panel matched the Administration's weapons program request, changes were made to boost funding for "some priority programs," singling out the W76 life extension program (*see related story*). But Frelinghuysen said he was comfortable with the funding level provided for the weapons program. Some House and Senate Republicans have blasted the Administration for not asking for more funding for the weapons program in FY2013; a year ago, the Administration said approximately \$7.9 billion would be needed, about \$370 million more than it ultimately asked for. Drawing howls of disdain from Republicans upset that the Administration was not following

through on modernization promises made during debate on the New START Treaty, the Administration deferred construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility and slowed work on three life extension programs: the W76, B61 and W78/88 weapons systems. "I think we've done pretty well given the allocation we have here," Frelinghuysen told *NW&M Monitor* after the hearing. "It's obviously a top priority of the committee, it always has been. Support has been bipartisan. We've given them what they basically need."

'Core' Nonpro. Programs Get Boost

Frelinghuysen also suggested that the NSA's non-proliferation account would have what it needs, despite the \$176 million cut to the program's top line request. Without being specific, he said that the agency's "core" nonproliferation programs, like the International Material Protection, Control and Accounting Program and the Global Threat Reduction Initiative, received a boost in the bill, which is believed to be at the expense of cuts to funding for USEC's American Centrifuge Project and the MOX project. The subcommittee earlier this year raised questions about both projects, with ranking member Peter Visclosky (D-Ind.) suggesting that neither program "contributes to securing vulnerable materials." Frelinghuysen (R-N.J.) also questioned ballooning costs to operate the MOX facility, which have risen according to NNSA's most recent estimate to \$498.7 million a year, up from \$184.4 million two years ago.

Reflecting questions surrounding the Administration's request for USEC funding, the subcommittee also included language in the bill requiring the Department of Energy to submit a report on the Department's tritium and enriched uranium management plan by June 30, 2013. The Administration has partly justified its support of USEC because it says the company is the only source of domestic uranium enrichment that can be used to produce tritium for the weapons program. The report will require DOE to provide an assessment of the national security demand for tritium and low and highly enriched uranium through 2060, a description of the Department's tritium management plan, an analysis of "planned an alternative" tritium production technologies (including weapons dismantlement), and an analysis of "planned and alternative" uranium production technologies (including downblending) that can meet national security supply needs through 2060.

Senate Approps Has More Money to Work With

Senate appropriators could have more room to add funds to the NNSA's weapons program or nonproliferation account. The Senate Appropriations Committee approved a budget resolution this week that follows last August's

budget deal, with \$1.047 trillion to be divided up between the 12 appropriations panels. That's \$19 billion more than the House-passed budget resolution provided House appropriators. Under the Senate budget deal, the Senate Energy and Water Appropriations Subcommittee will have \$33.36 billion to divide among the programs funded by the bill, including \$17.55 billion for security programs, which includes NNSA and most funding in the Department of Energy's Office of Environmental Management.

The White House this week threatened to block any spending bill that did not comply with funding levels set last summer. In a letter sent to House Appropriations Chairman Hal Rogers (R-Ky.), acting Office of Management and Budget Director Jeffrey Zients criticized House Republicans for using spending caps that are billions of dollars below the limits established by the 2011 Budget Control Act, saying that as a result either all appropriations bills will provide "inadequate funding" or that some bills will provide adequate funding while others will include "deeper, more problematic" cuts. "Until the House of Representatives indicates that it will abide by last summer's agreement, the President will not be able to sign any appropriations bills," Zients wrote.

—Todd Jacobson

NNSA WILL NEED MORE MONEY IN FY2013 FOR W76 REFURBISHMENT PROGRAM

The National Nuclear Security Administration needs more money in Fiscal Year 2013 for work on the W76 life extension program, NNSA Administrator Tom D'Agostino told the House Armed Services Strategic Forces Subcommittee this week. D'Agostino did not reveal the exact amount of extra funding that will be needed for the program during a tense exchange with subcommittee Chairman Michael Turner (R-Ohio), but said the increased funding was needed because the budget request "reflects an earlier assessment on production rate which we don't have anymore." In order to accelerate work on the B61 life extension program, the Administration requested \$174.9 million for the W76, a decrease of \$81.3 million from FY2012, but the agency is believed to need approximately \$60 to \$70 million more for the program in FY2013 to meet Navy production requirements.

The funding revelation is the latest bit of controversy for the W76 program, which has drawn concern from Navy officials due to the NNSA's decision to slow production on the refurbished warheads and stretch the program an additional three years to 2021. D'Agostino said the funding change would not have affected the schedule of the life extension program, and he called the funding

shortfall "manageable" in comments to *NW&M Monitor* after the hearing. He said the shortfall could be made up by shifting funds within the agency's Directed Stockpile Work account. "The money is there. This is more of a matter of making sure we get the exact number that the Navy needs per year," D'Agostino told *NW&M Monitor*. "We thought we had that number down before. We put that number in the budget and upon further analysis after the budget went out it's a different number so we're going to adjust it."

Turner, D'Agostino Spar Over 'Error'

Turner brought up the funding shortfall during the April 17 subcommittee hearing, leading to one of several tense exchanges between D'Agostino and the lawmaker. D'Agostino emphasized that the agency had enough money to "fix the problem," but stopped short of saying the number was wrong when pressed on the issue. "Within the Directed Stockpile Work account we have the resources to make sure we have the right number in the W76 life extension production rate and we'll work with the committee on that," he said. Turner twice asked if the current funding level was an error before answering the question for D'Agostino. "But you're fixing a number that's an error," Turner said. "If you don't want to say yes, I'll say yes for you. If you're going to have to be fixing it I would assume it's an error." Later in the week, House appropriators said that they were boosting funding for the W76 life extension program in their version of the FY2013 Energy and Water Appropriations Act, but provided no details as to the rationale or the specific funding level.

Navy Concerned With FY2013?

While Navy officials had publicly raised concerns about the future of the W76 life extension program and the new, extended schedule for the warhead refurbishment, neither Chief of Naval Operations Adm. Jonathan Greenert nor Rear Adm. Terry Benedict, the Director of the Navy's Strategic Systems Programs, had alluded to any problems in FY2013. Greenert told the House Armed Services Committee in February that FY2013 funding was OK, but it was future years and plans that were a concern. "We have to keep our strategic nuclear systems, including the warheads, modernized. That affects the targeting. It affects the numbers and our delivery," he said. "So looking at the '13 submission, we're okay with that. When we look at '14 and up, we are concerned."

Benedict noted during a Senate Armed Services Strategic Forces Subcommittee hearing earlier this month that the current W76 refurbishment plan will provide the Navy with enough W76 warheads to meet its operational needs through 2018—and will stretch out the completion of

hedge W76 warheads until 2021, erasing any margin for error in the program—but he made no mention of concerns in FY2013. “I think the concern is the fact that we’re not on the original baseline schedule, which is a true statement,” Benedict told *NW&M Monitor* after the hearing. “As you heard in there, there are challenges that we face every single day and will we stay on the adjusted schedule?”

—Todd Jacobson

NNSA TO DOWNBLEND ADDITIONAL HEU TO PROVIDE A BACKUP FOR MOX

Seeking to expand the backup supply of low-enriched uranium set aside for potential buyers of mixed-oxide fuel, the National Nuclear Security Administration is looking to have a team of WesDyne International and B&W Nuclear Fuel Services downblend another five metric tons of highly enriched uranium. In 2009, WesDyne/B&W NFS was awarded a \$209 million contract to downblend 12.1 metric tons of HEU, and NNSA released a notice of intent last week stating it planned to modify the team’s contract to include additional work. “The current project, which includes 12.1 metric tons of HEU, is designed to meet NNSA’s nonproliferation commitment to dispose of surplus HEU while also providing a back-up inventory of low enriched uranium (LEU) for potential customers of MOX fuel. The 5 MT could enhance the back-up supply of LEU in support of the plutonium disposition effort and support critical downblending infrastructure in the U.S.,” an NNSA official said in a written response.

Construction continues on the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site, which is the main part of NNSA’s plans to dispose of 34 metric tons of surplus plutonium. However, so far no utility has entered into a contract to buy the fuel the plant is designed to produce. The Tennessee Valley Authority is currently considering using the fuel in its reactors, and plans to make a decision on the matter in 2013 pending the results of a Supplemental Environmental impact statement on use of the fuel. Providing a backup source of LEU has been considered an important incentive for potential customers, allowing for a fuel supply in the event that the MOX facility does not adhere to the current schedule, which currently has operations beginning of operations in 2016. TVA did not respond to requests for comment on the status of discussions with NNSA and the addition to the LEU supply.

H-Canyon Not Under Consideration

Duke Energy had signed on to purchase some of the fuel, but pulled out of its deal with MOX contractor Shaw AREVA MOX Services in 2009, partially over concerns about the lack of a backup fuel supply. NNSA subsequently entered into an agreement with WesDyne/B&W to produce approximately 220 tons of LEU from HEU, with the contractor retaining a portion of the material as compensation for the work. The notice sent out this week seeks to build on that agreement. “DOE is evaluating its inventory of excess HEU, and decisions relating to the timely and availability of HEU have not been made to release a sufficient amount of HEU to warrant a new acquisition at this time, and further delay would likely result in disruption or shutdown of the only remaining U.S. HEU down-blending process,” the notice states.

While NNSA’s released the notice on a sole source basis to WesDyne/B&W, the Department of Energy’s own H-Canyon chemical separations facility at the Savannah River Site also has the ability. In 2003, the facility began downblending HEU to LEU for use by TVA, and so far has converted approximately 22.7 metric tons of HEU. DOE Savannah River Operations Office Manager Dave Moody said the facility has the capability to do the same work for NNSA. “Could we downblend HEU to LEU for MOX in H Canyon? The answer is yes, we could, just like we can purify plutonium. There are different reasons for exercising different capabilities around the country, and B&W has done that action before,” Moody told *NW&M Monitor* on the sidelines of a Congressional Nuclear Cleanup Caucus Briefing this week. DOE is examining a host of potential new missions for H-Canyon, but Moody said this week he was not aware of any discussion to downblend HEU for a backup supply for MOX. “That doesn’t mean that we couldn’t enter into that discussion tomorrow,” he said.

—Kenneth Fletcher

NNSA RELEASES DRAFT RFP FOR COMBINED PRO FORCES CONTRACT

The National Nuclear Security Administration released a draft Request for Proposals for its combined protective force management contract at the Pantex Plant, Y-12 National Security Complex and Oak Ridge Reservation yesterday, but in contrast to the agency’s combined Y-12/Pantex management and operating contract, the draft security contract does not significantly link award fee to potential cost savings. According to the draft document, on which industry can comment through May 23, cost management will represent 10 percent of award fee evalua-

tions, with duties and training (70 percent) and program management (20 percent) making up the bulk of the evaluation criteria in the contract to merge management of protective force work at Y-12, Pantex, Oak Ridge National Laboratory, the East Tennessee Technology Park and federal office buildings in Oak Ridge. The proposed contract could run up to 10 years, with a five-year base period and options that would make up the second half of the potential 10-year term. Cost management includes the evaluation of “existing processes” and the development of “innovative and creative proposals which lead to efficiencies, cost savings, improved performance, and more effective communication to ensure high quality work performance that supports the cost and quality goals of the contract in a budget constrained environment.”

Focus on Cost Savings Enough?

In the Y-12/Pantex M&O contract, half of the available award fee for the bulk of the contract can be earned through cost savings generated by the consolidated contract, and Doug Fremont, the NNSA’s Chief of Defense Nuclear Security, previously told *NW&M Monitor* that generating cost savings would be a priority in the combined contract. “We want to encourage cost savings, and we want to encourage efficiencies across the entire area,” he said in December. “We want to not only encourage but reward them for doing that.” Fremont said the agency expects the consolidation to save money, but the NNSA hasn’t specified how much it could potentially save.

But the solicitation does appear to make an effort to push bidders to come up with cost savings and efficiencies, despite the disparate nature of the sites covered under the contract. The solicitation includes 18 Contract Line Item Numbers (CLINs) covering work at five sites in four different labor areas (labor, labor-related costs, other direct costs, and award fee), but Contracting Officer Catherine Waters said in an April 18 letter to prospective bidders that “while cost proposals are being requested on a site basis, we expect the bidders to clearly articulate how cost savings are being realized through the consolidated approach.” An industry official said even though cost savings are not mentioned prominently in the solicitation, it’s clear that the agency wants proposals that cut spending and increase efficiencies. “The message that’s been sent is there is an expectation that whatever proposals come in will include significant cost savings,” the official said. “The expectation is there. Even though the draft RFP may not say that, certainly the message that’s been sent is pretty clear to everyone that if you’re expecting to win this, you have to not just have the best performance, but the best value, too.”

But cost savings won’t be treated as significantly as within the Y-12/Pantex M&O contract. “Cost/Price” is one of seven evaluation factors for proposals, according to the draft RFP. But the six other factors—technical approach and staffing plan, key personnel, corporate experience, transition approach, past performance, and small business participation plan—are “significantly more important than cost or price,” the agency said in the document. “The Government is more concerned with obtaining a superior Technical Proposal (first six criteria) than making an award based on the lowest total probable cost; however, the Government will not make an award at a cost premium it considers disproportionate to the benefits associated with the evaluated superiority of one Offeror’s Technical Proposal over another,” the agency said. “Thus, to the extent that two or more Offerors’ Technical Proposals are evaluated as close or similar in merit, the total probable cost is more likely to be a determining factor.”

Near-Term Schedule Detailed

Up until late last year, the NNSA had been planning to incorporate protective force work into the combined Y-12/Pantex M&O contract, which would have represented a significant change, at least at Y-12. While Pantex’s security has been handled within B&W Pantex’s M&O contract, protective force work at Y-12 has been purchased through a separate prime contract held by WSI. WSI, which also handles security at the Savannah River Site, Nevada National Security Site and the California campus of Sandia National Laboratories, opposed the move as did Oak Ridge’s guards union. The agency had hoped that the M&O contract could serve as a vehicle to enhance career longevity issues facing guards, but critics of the decision suggested that the move could have cost the government more than \$50 million a year in increased costs for protective force work while limiting options for non-Y-12 Oak Ridge guards.

After initially assuming that including the protective force work in the Y-12/Pantex M&O contract would be “cost neutral,” Fremont said the NNSA came to the realization that a smaller company could manage the protective force more effectively than a large M&O contractor, with areas such as administration and human resources providing potential for savings via the consolidation. Though the NNSA has not released a timeline for the protective force contract, agency officials have previously said they’d like to have a contractor in place around the same time as the M&O contractor is in place to minimize disruptions at the sites. The agency did outline a near-term schedule for the procurement as part of the draft RFP release. A pre-solicitation conference and site visit will take place from 8

a.m. to 5 p.m. May 15 at the Pantex Plant, while one-on-one meetings will be held at the Y-12 National Security Complex and DOE Oak Ridge Office all day May 17.

—*Todd Jacobson*

B&W NAMES NEW CHIEF BUSINESS DEVELOPMENT OFFICER

Ali Azad has been named Babcock & Wilcox's new Senior Vice President and Chief Business Development Officer, filling a vacancy that has existed since George Dudich was named last year as president of B&W Technical Services Group to replace Bob Cochran, who left the company. Azad previously served in B&W's small modular reactor organization as President and Chief Executive Officer of Generation mPower, LLC. In his new role, he will "oversee all business development and strategic planning activities across the Company, working collaboratively with B&W's operations. He will also be responsible for B&W's Government Relations and Marketing & Employee Communications functions," according to a company release issued this week.

Prior to joining B&W, Azad served as Senior Vice President, International and Chief Business Development Officer at the Aquilex Corporation; and as Senior Vice President and President of Welding Services, Inc. (WSI) Nuclear Services. He also held business development and marketing positions of increasing responsibility with Washington Group International's Power Business Unit, First Solar Corporation and American Electric Power, among other positions, according to B&W. "Ali brings depth of experience in business development and marketing, both domestically and internationally," B&W President and CEO Brandon Bethards said in the release. "His international experience and vision will serve the Company well as we expand our business and look for new opportunities for growth."

—*Mike Nartker*

OAK RIDGE ACTIVIST GROUP RAMPING UP OPPOSITION TO UPF

While the Republican debate revs up on whether the Obama Administration is living up to its commitments on modernization of the nuclear weapons complex, a counter campaign is being waged against the Uranium Processing Facility, the big project that has the Administration's support. The Oak Ridge Environmental Peace Alliance is ramping up its long-standing work against the Uranium Processing Facility, citing increased safety concerns and

runaway costs for the project that the activist group insists is unneeded. In recent days, the alliance released a seven-page letter to Sen. Lamar Alexander (R-Tenn.) urging him to help slow the fast-track construction of UPF and reduce the Administration's request for \$340 million in Fiscal Year 2013 to jump-start the construction project that's been billed at the biggest in Tennessee history and perhaps the biggest in Department of Energy history. "There is a rush to build a supersized, superpriced UPF, and everything else is being shoved under the bus—fiscal responsibility, safety, jobs, you name it," OREPA Coordinator Ralph Hutchison said in a statement released with the Alexander letter.

Hutchinson suggested that there was no "urgent" need for immediate construction. "Existing facilities at Y-12 can and will continue to meet stockpile surveillance, maintenance and life extension requirements for the foreseeable future," the letter states. "The UPF will provide no additional services beyond those currently available at Building 9212 and ongoing modernization of Building 9212—more than \$100 million spent in the last five years to meet current seismic, environmental, health and safety standards—will provide increasing levels of assurance that mission requirements will continue to be met at Y12."

Peace Group: 9212 Still Capable of Meeting Mission

The peace group said claims made during the early stages of the project that the facility was "essential to meet national security requirements" and "needed to maintain basic nuclear weapons capabilities" have been superseded. "In 2010, the need for the UPF was downgraded from 'needed to maintain basic nuclear weapons capabilities' to needed to 'avoid intermittent shutdowns associated with current facilities,'" Hutchison wrote. "When it was first proposed in 2005, the occupancy date was 2016—the construction schedule reflected the concern that Building 9212 was deteriorating. Since then, more than half a billion dollars has been spent on design plans for the UPF, and design completion has only reached 70%. The occupancy date for UPF has been pushed out to 2024 and is likely to slide further into the future. Yet there is no panic. Why? Because the upgraded Building 9212 is capable of doing the small amount of work required to maintain the U.S. stockpile in a safe, secure and reliable status."

Asked for comment on the letter, Alexander's office in Washington said the senator had not yet received OREPA's message but looked forward to reviewing its recommendations. "I am committed to seeing the UPF facility completed safely, cost-effectively, and as soon as possible so that hundreds of workers who are doing critical

national-security work can be moved out of a very unsafe building,” Alexander said. “As the design is completed

over the next several months, I expect any safety issues to be addressed and incorporated into the final design.”

—From staff reports

At the Weapons Labs/DOE Sites

AT OAK RIDGE Y-12 MOVING TO DISPOSABLE RESPIRATORS

The Y-12 National Security Complex has decided to use disposable respirators to resolve ongoing concerns about recycled respirators that don't meet radiation standards. The issue with hot respirators surfaced in February when a rad technician discovered that pieces of respiratory equipment that had been returned from a cleanup facility in Barnwell, S.C., were still contaminated with radioactivity beyond accepted levels. After surveying thousands of pieces of recycled respirators, B&W Y-12 concluded that about 10 percent of the equipment returned to Y-12 by contractor UniTech did not meet cleanup standards set forth in the contract. According to Bill Reis, B&W's vice president for environment, safety and health, 503 respirator masks and 101 breathing tubes were returned to Y-12 with unacceptable levels of radioactive uranium.

Investigators also determined that the problem with dirty respirators had existed for at least three years, dating back to a shipment returned to Y-12 from UniTech in February 2009, and possibly even longer. Ellen Boatner, a spokeswoman for contractor B&W Y-12, confirmed the contractor's decision to “move forward” with plans to use disposable equipment instead of cleaning up old respirators worn by some of the plant's nuclear workers. She also said it wouldn't be necessary to cancel the cleaning contract with Global Solutions/UniTech because that work was only done on an “as-needed” basis and the contract was due to expire later this year. “We don't need any more cleaning,” Boatner said, noting that Y-12 had a significant inventory of respirator equipment that was either new or certified as being clean.

B&W Not Worried About Health Impacts

Later, however, Boatner said her comments on the contract situation were “premature” and that the contract close-out was still subject to negotiation. Officials with Global Solutions and UniTech did not respond to requests for comment. B&W has stated that no negative health impacts were likely from the dirty respirators. The radiation dose from wearing the most contaminated respirator would have been about 100 millirems—the equivalent of about 10 chest X-rays, the contractor said. It's possible that some workers used dirty respirators on more than one occasion. However, Y-12 officials said if workers had ingested or inhaled significant quantities of uranium particles the

problem would have shown up in tests of workers' urine and fecal samples.

Other Oak Ridge contractors said they did not have problems. URS-CH2M Oak Ridge (UCOR), DOE's environmental cleanup contractor, said it also used UniTech to refurbish respirators used by workers at the K-25 demolition project and other cleanup sites. “UCOR completed surveys of respirators received from the vendor and we did not find any contaminated respirators,” contractor spokesman Dennis Hill said. Oak Ridge National Laboratory uses a different company, BES Tech, to launder its respirators, and lab management said 100 percent of the equipment is surveyed upon return to the lab to make sure it meets specifications. “ORNL has never found detectable contamination on any laundered respiratory protection equipment from our off-site vendor,” the lab said in a message to employees.

Respirator Problems Have Hit Other Sites

While no other cases have been reported since the Y-12 discovery, the Department of Energy confirmed at least two previous situations involving contaminated respirators—in 2011 at the Separations Process Research Unit (SPRU) cleanup project near Schenectady, N.Y., and in 2008 at the Savannah River Site in South Carolina. In both cases, the respirator-cleaning contractor was UniTech, according to occurrence reports filed with DOE. David Hall, the environment, safety, health and quality manager at SPRU, said “several” contaminated respirators were found at the project last year. He said he did not recall the exact number. Hall said UniTech was responsive and fixed the problem, which was related to the “monitoring technique” used to determine whether respirators met cleanup standards.

UniTech later transferred the work on SPRU's respirators from its Barnwell, S.C., recycling operation to another UniTech facility in Springfield, Mass., Hall said. According to a follow-up report submitted to the Department of Energy, 13 of 78 respirators surveyed exceeded the standards. Meanwhile, at Y-12, shipments of respirators to UniTech are still on hold, and the Oak Ridge plant has segregated all of its used equipment until a decision is made on what to do with it. Lindsey Geisler, a spokes-

woman at DOE headquarters in Washington, D.C., said field offices have been made aware of the Y-12 issues, and recommendations are being prepared by the Office of Health, Safety and Security. "The Department takes the health and safety of its workers, contractors and the public

very seriously," Geisler said by email. "That is why the Department works to identify any instances of radiological contamination and ensure steps are taken to control the contamination and protect employees."

AT OAK RIDGE URANIUM ARCHIVE ESTABLISHED AT Y-12

Y-12 is home to the newly created National Uranium Materials Archives, which the National Nuclear Security Administration established as a way to backtrack the origins of nuclear terrorism. The collection of samples of enriched uranium, still in its early stages, would be used for nuclear forensics in case of a nuclear bomb detonation, dirty bomb or other situations, such as interdiction of smuggling of special nuclear materials. A similar archives for plutonium and other nuclear materials is being established at Los Alamos.

months after questions were submitted to NNSA, there has been no response.

According to Schaaff, the uranium archive is still in its infancy, with about 15 to 20 samples designated for forensics use so far. One of those samples is reportedly the most highly enriched uranium ever produced. The 100 milligrams of uranium oxide is 99.999 percent U-235. For comparison, naturally occurring uranium has less than 1 percent U-235; uranium fuel for commercial nuclear reactors has about 4 percent U-235; anything over 20 percent enrichment has weapons potential; and bomb-grade uranium is categorized at about 90 percent.

Enriched uranium has unique signatures associated with its processing that allow specialists to track its history. Identifying information could be based on the material's impurities, age and/or other properties. To do uranium forensics effectively, specialists need uranium samples from different sources to study and establish a baseline of information. That presumably means gathering source materials from other countries with nuclear capabilities, such as Russia and France, Pakistan and North Korea.

The vial of super-enriched uranium surfaced last year at Argonne National Laboratory, reportedly while employees there were cleaning up an old lab and getting rid of surplus materials. However, the nearly pure U-235 was produced at Oak Ridge in the early 1960s, officials said. The initial enrichment took place at the K-25 gaseous diffusion plant, and the final—and apparently unprecedented—enrichment level was achieved by processing the material at the 9212 complex at Y-12. Schaaff and Kyle declined to be specific about how it was done. "We were doing recovery operations. As part of the recovery operation, we have the ability to up the enrichment of the material," he said. "We used unique operating processes developed over a long period of time." Schaaff said the archives of uranium samples, along with data in the U.S. Department of Energy's Nuclear Materials Information Program, would be available to forensics experts with law-enforcement agencies in case of a nuclear incident. ■

15 to 20 Samples Collected Thus Far

Oak Ridge officials were mum about the targeted materials or how they planned to acquire them. "We're just going to analyze samples supplied to us by the NNSA," said Dr. Greg Schaaff, a physical chemist who heads the uranium archives program. Schaaff and Steve Kyle, Y-12's classification chief who participated in an interview earlier this year, referred questions about the gathering of uranium samples to NNSA headquarters in Washington, D.C. Two

Wrap Up

IN CONGRESS

Kathleen Hicks, the Obama Administration's nominee to take over as the Principal Deputy Under Secretary of Defense for Policy, will appear before the Senate Armed Services Committee at 9:30 a.m. April 26 for her confirmation hearing. Hicks, who would replace acting Under Secretary of Defense for Policy Jim Miller, has spent much of the last two decades working in the Pentagon bracketed around a three-year stint at the Center for Strategic and International Studies, where she was a

senior fellow from 2006 to 2009. From 1993 to 2006, she held several different civilian posts in the Office of the Under Secretary of Defense, including Director for Policy Planning and Director for Homeland Defense Strategic Planning and Program Integration. The hearing will take place in Room G50 of the Dirksen Senate Office Building.

National Nuclear Security Administration nonproliferation chief Anne Harrington will appear before the Senate Armed Services Emerging Threats and Capabilities Subcommittee next week along with several

Pentagon officials. Harrington will testify on the NNSA's Fiscal Year 2013 nonproliferation budget request and the agency's efforts to secure vulnerable nuclear material around the world along with Madelyn Creedon, the Assistant Secretary of Defense for Global Strategic Affairs, and Defense Threat Reduction Agency Director Kenneth Myers. The hearing will take place at 2:30 p.m. April 24 in Room 222 of the Russell Senate Office Building.

IN THE INDUSTRY

Bill Brumley, the former manager of the National Nuclear Security Administration's Y-12 Site Office, is among six new members elected to the board of director at Oak Ridge Associated Universities, which manages the Department of Energy's Oak Ridge Institute for Science and Education. Brumley retired from federal

service earlier this year and now works in the Global Security Directorate at Oak Ridge National Laboratory. Other new board members at ORAU include: Dale Klein, University of Texas at Austin; John Mason, Auburn University; Berndt Mueller, Duke University; Paul Sokol, Indiana University; and Diane Schmidt, Procter & Gamble.

URS executive Frances Alston is taking over as Lawrence Livermore National Laboratory's Environmental Safety and Health Director, replacing Bechtel executive Steve Wuthrich, who left the job recently. Alston comes to the lab after a stint at the East Tennessee Technology Park, but she also has longtime experience at the Department of Energy's Savannah River Site. Alston will begin work at the lab May 14. Reggie Gaylord had served as the acting Environmental Safety and Health Director since Wuthrich left. ■

Calendar

April

- 24 **Speech: "WMD Proliferation Challenges,"** Gary Samore, White House Coordinator for Arms Control and Weapons of Mass Destruction and Terrorism, Breakfast Series at the Capitol Hill Club, Washington, D.C., 8 a.m. RSVP online at <http://2012ndseminars.eventbrite.com/>
- 24 **Markup: Senate Energy and Water Appropriations Subcommittee, FY2013 Energy and Water Appropriations Act, Room SD-192 of the Dirksen Senate Office Building, Washington, D.C., 10:30 a.m.**
- 24 **Hearing: "Proliferation Prevention Programs at the Energy Department and Defense Department,"** Senate Armed Services Emerging Threats and Capabilities Subcommittee, NNSA nonproliferation chief Anne Harrington, Assistant Secretary of Defense for Global Strategic Affairs Madelyn Creedon, Defense Threat Reduction Agency Director Kenneth Myers, Room 222 Russell Senate Office Building, Washington, D.C., 2:30 p.m.
- 26 **Markup: House Armed Services Subcommittee on Strategic Forces, its portion of the FY2013 Defense Authorization Act, Room 2212 Rayburn House Office Building, Washington, D.C., 1:30 p.m.**
- 26 **Hearing: Senate Armed Services Committee, nominations of Kathleen Hicks to be Principal Deputy Undersecretary of Defense for Policy and Derek Chollet to be Assistant Secretary of Defense for International Security Affairs, Room G50 of the Dirksen Senate Office Building, 9:30 a.m.**

April 30 - May 3

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May

- 16 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.
- 28 EM PUBLS CLOSED FOR MEMORIAL DAY

July

- 4 EM PUBLS CLOSED FOR INDEPENDENCE DAY
- 22-26 **Meeting: Health Physics Society Annual Meeting; Hyatt Regency Sacramento; Sacramento, Calif.; Info: <http://hps.org>.**

September

- 3 EM PUBLS CLOSED FOR LABOR DAY

THE SIXTH ANNUAL RADWASTE SUMMIT

JW Marriott Las Vegas (Summerlin)
Las Vegas, Nevada

Keynote Speakers:

- William Ostendorff, Commissioner, U.S. Nuclear Regulatory Commission
Amanda Smith, Executive Director, Utah Department of Environmental Quality

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Larry Camper, Director, Division of Waste Management and Environmental Protection, U.S. NRC
Christine Gelles, Associate Deputy Assistant Secretary for Waste Management, U.S. DOE-EM
Alan Parker, President, Government Group, EnergySolutions
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19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.

October

15-18

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November

22-23 EM PUBS CLOSED FOR THANKSGIVING

December

24-Jan. 1 EM PUBS CLOSED FOR HOLIDAYS

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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NUCLEAR WEAPONS & MATERIALS

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...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

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Double Edition

April 27, 2012

— INSIDE HIGHLIGHTS —

A House subcommittee is proposing the most sweeping changes to the management of the nation’s weapons complex in more than a decade, putting forth legislation this week that aims to create more separation between the semi-autonomous NNSA and DOE. 2

House and Senate appropriators this week cleared bills that matched the Obama Administration’s \$7.58 billion funding request for the NNSA’s weapons program, butting up against a plan by the House Armed Services Strategic Forces Subcommittee to increase funding for the agency. 4

Appropriators in both the House and Senate this week raised concerns regarding possible significant cost increases and project management issues for the Mixed Oxide Fuel Fabrication Facility, though only House lawmakers proposed funding the project below the Administration’s budget request. 7

Government efforts to sustain USEC moved forward this week, as appropriators in both chambers of Congress showed support for funding the American Centrifuge Project. . . . 8

House lawmakers are proposing a number of significant changes to the workings of the Defense Nuclear Facilities Safety Board in the FY 2013 Defense Authorization Act that would result in the Board having to be more mindful of the potential cost impacts of its safety recommendations. . . . 9

Senate appropriators took aim at NNSA project management this week, including language in their version of the FY 2013 Energy and Water Appropriations Act that would require the agency to provide twice yearly updates to Congress on its most expensive endeavors and take further action to strengthen its management of high-profile projects. 11

A dozen of the Senate’s newest members have picked up on a familiar GOP refrain, raising concerns that the Obama Administration is backing away from its promises to modernize the nation’s weapons complex and nuclear arsenal and threatening to withhold support for the New START Treaty or other arms control agreements. 12

Los Alamos National Laboratory late last week delivered to the NNSA the so-called “60-day” study of alternatives to the Chemistry and Metallurgy Research Replacement-Nuclear Facility, and there don’t appear to be any showstoppers, according to an official with knowledge of the report. . . 13

Over the next five years, the NNSA is expected to compete management and operating contracts for Sandia National Laboratories, the Kansas City Plant and the Nevada National Security Site, and House lawmakers want NNSA to make sure the competitions are worthwhile. 14

Kathleen Hicks, the Obama Administration’s nominee to be the Principal Deputy Under Secretary of Defense for Policy, faced tough questioning from Senate Republicans on plans to modernize the nation’s weapons complex and nuclear arsenal, but she largely refrained from addressing the topic at her confirmation hearing before the Senate Armed Services Committee this week. 14

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HOUSE AUTHORIZING PANEL LOOKS TO INCREASE AUTONOMY OF NNSA

A House subcommittee is proposing the most sweeping changes to the management of the nation's weapons complex in more than a decade, putting forth legislation this week that aims to create more separation between the semi-autonomous National Nuclear Security Administration and the Department of Energy. Suggesting that burdensome oversight from DOE has adversely impacted the NNSA's ability to meet its mission requirements and driven up costs, the House Armed Services Strategic Forces Subcommittee this week included language in its portion of the Fiscal Year 2013 Defense Authorization Act that would scale back the Secretary of Energy's influence over the agency, redefine how the agency performs oversight and cut the size of the agency's headquarters staff nearly in half. "As the National Academies, Strategic Posture Commission and others have found, NNSA is quite simply broken and we cannot afford to leave it unfixed," subcommittee chairman Rep. Michael Turner (R-Ohio) said in a statement. The NNSA declined to comment on the subcommittee's proposals.

The subcommittee's proposals amount to the most ambitious effort to reform the nation's weapons complex since the NNSA was created as a semi-autonomous agency within the Department of Energy in 2000. Lawmakers, former Administration officials and numerous studies have complained that the agency has never received enough independence from the Department of Energy, with some suggesting that the NNSA be recast as an independent agency or moved to the Department of Defense. The subcommittee doesn't go that far, but language in the bill would give NNSA's Administrator full responsibility for all NNSA programs, policies, rules and regulations and "complete authority to establish and conduct oversight of policies, activities and procedures of the NNSA without direction or oversight by the Secretary [of Energy]." The

bill would leave the Secretary of Energy only with disapproval authority of the agency's decisions.

Move to OSHA Standards Proposed

Just as notably, the bill would also shift health, safety and security oversight from DOE to NNSA while requiring the agency to adopt Occupational Safety and Health Administration standards for non-nuclear operations and establish its own policies to ensure the protection of special nuclear material, sensitive assets and classified information. It would also establish a new system of governance, management and oversight of NNSA M&O contracts that uses national and international standards and best practices where applicable and is based on performance-based oversight rather than transaction-based oversight. It would also require the NNSA to revise its regulations, rules, directives, orders, and policies in order to streamline the agency's operations. "I think it's a start," Turner told *NW&M Monitor* on the sidelines of an April 26 markup of the subcommittee's portion of the bill. "I think that all of NNSA's customers, the past leadership of NNSA, the past leadership of the labs, are all unanimously now calling for reform of NNSA. That gives us an opportunity to begin the conversation with this language that may result in even greater freedom or greater autonomy."

To help drive the transition from transaction-based to performance-based oversight, the bill would force the NNSA to gradually decrease the number of employees in the Office of the Administrator to 800 by Oct. 1, 2014 (and 1,300 180 days after the enactment of the bill, and 1,000 starting Oct. 1, 2013). It would also create a National Nuclear Security Administration Council that would include the heads of the agency's nuclear weapons laboratories and production facilities in order to establish a communication pipeline for mission and operational concerns as well as an Interagency Council on the Strategic Capability of the National Laboratories that would include

ExchangeMonitor Publications' Nuclear Team (*WC Monitor*, *NW&M Monitor*, *RW Monitor*)

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the Secretaries of Defense, Energy and Homeland Security as well as the Director of National Intelligence and the NNSA Administrator. The NNSA Council would be responsible for “a variety of matters related to identifying, assessing, and ensuring adequate support for strategic capabilities at the national laboratories” needed for national security missions.

‘Something Has Gone Horribly Awry’

Turner said the changes were needed to fix an agency that he blasted as recently as last week for cost overruns and delays in its projects, and for scaling back plans to modernize the nation’s weapons complex. “When the agency responsible for ensuring the safety, security, reliability and credibility of our deterrent isn’t able to accurately tell us what it will cost to do that, such as the W76 budget request this year, something has gone horribly awry,” Turner said. The Administration slowed work on the W76 life extension program, pushing back the completion of the refurbishment by three years until 2021, but has also said that it will need more money than it requested in FY 2013 for the program.

The legislation is sure to stir up some controversy, and Rep. Loretta Sanchez (D-Calif.), the ranking member of the subcommittee, voiced concerns in a statement about “governance and management reforms that will undermine independent oversight related to safety, including nuclear safety, for the nuclear weapons complex and may lead to weaker or inconsistent standards for protecting workers and the public” as well as provisions that increase funding for nuclear weapons “while slashing over half of the number of National Nuclear Security Administration employees who plan and oversee work done at the nuclear weapons complex, even as the mark transfers to NNSA many responsibilities until now under the purview of the Department of Energy.”

In bill documents released this week, the subcommittee, however, suggested that the “autonomy intended by the National Nuclear Security Administration Act has not been achieved” and that the legislation would “strengthen the autonomy of the NNSA and reinforce the intent of the legislation.” Several notable studies in recent years have also raised concerns about “burdensome” oversight of the agency’s contractors, including the Congressionally mandated Strategic Posture Commission and a recent National Academy of Sciences study. The National Laboratory Directors Council last year also suggested that DOE oversight of the agency was “burdensome” and recommended a move to use OSHA standards for non-nuclear work. “The committee believes that the lines of authority, responsibility, and oversight for health, safety and security within the nuclear security enterprise are

unclear, duplicative, and inefficient,” the subcommittee said in language describing portions of the bill. “The committee believes that safety and security must remain a paramount concern for the NNSA, but notes that, as in military operations, duplicative and confused lines of authority and responsibility often lead to less effective outcomes.”

Lab Directors Pushed For Change

Efforts to transition to performance based oversight are sure to be welcomed by the directors of the agency’s three nuclear weapons laboratories. In testimony before the Senate Armed Services Strategic Forces Subcommittee, each of the current lab directors suggested that the labs would benefit from less transactional oversight and a shift toward more of a partnership with the agency. “This is a very pragmatic issue for us,” Sandia National Laboratories Director Paul Hommert said. “As we approach modernization, it’s very important that we can look to best leverage the funds. If we’re tasked at a very fine level, we lose some of the ability to leverage and achieve overall cost effectiveness and productivity as we try to accomplish modernization.”

Bill Details Other Provisions

In addition to a host of provisions aimed at NNSA reform, language that would impact the NNSA’s weapons program also is featured in the bill, including provisions that would:

- Require the directors of the NNSA nuclear weapons laboratories to report to Congress why refurbishment, reuse or replacement was used in the nuclear physics packages of a specific lifetime extension program before moving to development engineering on the project;
- Require the Department of Defense’s Cost Assessment and Program Evaluation Office to assess the cost of options and alternatives for new life extension programs and new nuclear facilities that are expected to cost more than \$500 million “to increase accountability and inform diligent planning to avoid budget overruns and schedule delays”;
- Require the NNSA to submit a report to Congress on the viability of plutonium pit reuse options, and mandate a National Academy of Sciences study of peer review and design competition related to nuclear weapons;
- Require the Administration to annually assess how its budget request “maintains the core nuclear weapons skills, including nuclear weapons design, engineering, production, testing, and prediction of stockpile aging”;
- Allow the NNSA to authorize weapons complex officials to design and build prototypes of nuclear

weapons “to further intelligence assessments of foreign nuclear weapons activities” while helping to maintain the proficiency of current weapons designers; and

- Limit funding for fusion ignition research and experiments to not more than 50 percent until fusion ignition is achieved at Lawrence Livermore National Laboratory’s National Ignition Facility or the NNSA reports to Congress on the path forward for the ignition campaign.

—*Todd Jacobson*

HOUSE AND SENATE APPROPRIATORS MATCH WEAPONS REQUEST

House Authorizing Panel Looks to Increase Funding

House and Senate appropriators this week moved to clear bills that matched the Obama Administration’s \$7.58 billion funding request for the National Nuclear Security Administration’s weapons program, butting up against a plan by the House Armed Services Strategic Forces Subcommittee to increase funding for the agency. In contrast to appropriators, the House authorizers cleared their portion of the Fiscal Year 2013 Defense Authorization Act, and though funding details were not included in documents released by the committee, *NW&M Monitor* has learned that the panel authorized \$7.9 billion in funding for the agency. That figure matches the amount the NNSA had anticipated needing in FY 2013 before it scaled back its request in the face of budget belt tightening across the federal government. “We are supporting the President’s original proposal and commitment that he made to this country and the Senate when the New START Treaty was adopted,” Turner said. “The fact that he is retreating from that was not persuasive for us to abandon it also.” The bill’s details will be unveiled when the House Armed Services Committee marks up the bill May 9.

Appropriators, however, faced tough budget constraints in preparing their bills, and senior lawmakers on both sides of the chamber suggested that the NNSA had enough funding to meet its mission in FY2013. “I think we’ve done pretty well given the allocation we have here,” Rep. Rodney Frelinghuysen (R-N.J.) previously told *NW&M Monitor*. “It’s obviously a top priority of the committee, it always has been. Support has been bipartisan. We’ve given them what they basically need.” Sen. Dianne Feinstein (D-Calif.) said the bill cleared by the Senate Appropriations Committee this week supports the “highest priorities for nuclear weapons modernization,” providing funding to support work on three life extension programs, the W76, W78/88 and B61 weapons systems, as well as funding to support the acceleration of construction on the Uranium Processing Facility and money to maintain the agency’s

science, engineering and technology base. She noted that funding nuclear nonproliferation efforts was among the committee’s top priorities, and the panel fully funded the NNSA’s \$2.46 billion request. In contrast, the House Appropriations Committee cut \$175.6 million from the agency’s account, providing \$2.28 billion.

Appropriators Differ on Priorities Within Bills

While the appropriations committees took a similar tack in funding the agency’s weapons program, each panel offered different approaches. Though House appropriators said they were “deeply concerned” with the NNSA’s ability to meet its production requirements, they fully funded the Administration’s \$369 million request for work on the B61 life extension program, but the Senate recommended a cut of \$30 million due and directed that no funding be used until a validated cost, schedule and scope baseline is submitted to Congress. A validated baseline for what is expected to be a \$5.2 billion life extension effort is not expected until later this summer. “The Committee is concerned about significant delays in completing Phase 6.2A activities and establishing a validated and precise cost, schedule, and scope baseline,” Senate appropriators wrote in the report accompanying the bill. “Without a validated cost, schedule and scope baseline, the Committee cannot evaluate the entire life-cycle costs of the program, assess the impact on other weapons activities and proposed offsets to pay for increasing costs for the program, determine whether the proposed schedule meets military requirements, or ensure that any modifications to the weapon do not impact its safety, security and reliability.”

Both committees boosted funding for the W76 life extension program. The NNSA said it planned to slow production of the refurbished warheads to help accelerate work on the B61, but House appropriators added \$45.1 million to the Administration’s \$174.9 million request and directed the NNSA to “modify its planning to sustain this level of output through completion” of the refurbishment. Senate appropriators added \$30 million, noting that it was “concerned about a significant funding decrease for a program that is refurbishing a weapon that makes up the largest share of our nuclear deterrent on the most survivable leg of the Triad.”

CMRR-NF Concerns Raised

Both committees also raised concerns about the Administration’s decision to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility, but offered different approaches for funding the agency’s plutonium sustainment strategy, which will rely on several different facilities throughout the weapons complex. House appropriators rescinded \$65 million in prior-year balances

FISCAL YEAR 2013 NATIONAL NUCLEAR SECURITY ADMINISTRATION BUDGET TRACKER
(Dollars in Millions)

| | FY2012 FINAL APPROPS <small>(Filed 12-15-11)</small> | FY 2013 BUDGET REQUEST <small>(Submitted 2-13-12)</small> | FY 2013 HOUSE APPROPS <small>(Approved by House Appropriations Committee 4-25-12)</small> | FY 2013 SENATE APPROPS <small>(Approved by Senate Appropriations Committee 4-26-12)</small> |
|--|--|---|---|---|
| WEAPONS ACTIVITIES | | | | |
| Directed Stockpile Work | 1,879.53 | 2,088.74 | 2,069.15 | 2,078.27 |
| Campaigns | 1,701.98 | 1,690.77 | 1,735.67 | 1,710.77 |
| Readiness in Technical Base and Facilities | 2,009.15 | 2,239.83 | 2,239.83 | 2,239.83 |
| Facilities and Infrastructure Recapitalization | 96.38 | — | — | — |
| Secure Transportation Asset | 243.28 | 219.36 | 219.36 | 219.36 |
| Safeguards and Security | 824.62 | — | — | — |
| Nuclear Counterterrorism Incident Response | 222.15 | 247.55 | 225.45 | 247.55 |
| Site Stewardship | 78.68 | 90.00 | 79.58 | 88.25 |
| National Security Applications | 10.00 | 18.25 | — | 10.00 |
| Legacy Contractor Pensions | 168.23 | 185.00 | 185.00 | 185.00 |
| Science, Technology, and Engineering Capability | — | — | — | — |
| Defense Nuclear Security | — | 643.29 | 663.28 | 643.28 |
| NNSA CIO Activities | — | 155.02 | 160.02 | 155.02 |
| Rescission | — | — | (65.00) | — |
| TOTAL WEAPONS ACTIVITIES | 7,233.99 | 7,577.34 | 7,512.34 | 7,577.34 |
| DEFENSE NONPROLIFERATION | | | | |
| Nonproliferation & Verification R&D | 356.15 | 548.19 | 528.19 | 418.19 |
| Nonproliferation & International Security | 155.30 | 150.12 | 134.46 | 150.12 |
| International Materials Protection & Cooperation | 571.64 | 311.00 | 311.00 | 368.00 |
| Global Threat Reduction Initiative | 500.00 | 466.02 | 482.68 | 539.02 |
| Legacy Contractor Pensions | 55.82 | 62.00 | 62.00 | 62.00 |
| Rescission | (21.00) | — | (7.00) | — |
| Fissile Materials Disposition | | | | |
| U.S. Surplus Materials (Operation & Maintenance) | 231.63 | 528.72 | 375.90 | 528.72 |
| Russian Surplus Materials | 1.00 | 3.79 | — | 3.79 |
| MOX Fuel Fabrication Facility Construction | 435.17 | 388.80 | 388.80 | 388.80 |
| Pit Disassembly and Conversion | 0.00 | — | — | — |
| Waste Solidification Building Construction | 17.58 | — | — | — |
| Total Fissile Materials | 684.37 | 921.31 | 764.70 | 921.31 |
| TOTAL DEFENSE NONPROLIFERATION | 2,303.30 | 2,458.63 | 2,283.02 | 2,458.63 |
| NAVAL REACTORS | | | | |
| Operations & Maintenance | 1,000.10 | 995.83 | 995.83 | 995.83 |
| Program Direction | 40.00 | 43.21 | 43.21 | 43.21 |
| Construction | 39.90 | 49.59 | 47.59 | 49.59 |
| Rescission | — | — | — | — |
| TOTAL NAVAL REACTORS | 1,080.00 | 1,088.64 | 1,086.64 | 1,086.64 |
| OFFICE OF THE ADMINISTRATOR | | | | |
| Rescission | — | — | — | — |
| TOTAL NNSA | 11,000.00 | 11,535.89 | 11,275.00 | 11,510.89 |

***Pension funding requested in several different programs.**

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for CMRR-NF, distributing it to accelerate work on safety improvements to Los Alamos' Plutonium Facility (\$30 million) and begin cleaning out the Plutonium Facility's (PF-4) vault (\$35 million). It said it determined that the decision to defer CMRR-NF "will not adversely impact sustainment of the stockpile in the near term since alternatives are available, they have confused and muddled the path forward and ultimately reveal the lack of alternatives previously considered." Senate appropriators directed the NNS to submit a comprehensive plutonium strategy by Oct. 15, and offered support for efforts to sustain Los Alamos' pit production activities, recommending \$35 million to clean out the PF-4 vault, \$141.7 million for plutonium sustainment activities, \$8.9 million to continue upgrades at PF-4, and \$9 million for a study on pit reuse.

NIF Funding Boosted

The National Ignition Facility at Lawrence Livermore National Laboratory also drew the attention of both committees, which each noting concern that the facility would not achieve its main objective, fusion ignition, by the end of the FY2012. "While achieving ignition was never scientifically assured, the considerable costs will not have been warranted if the only role the National Ignition Facility serves is that of an expensive platform for routine high energy density physics experiments," House appropriators wrote. If ignition is not achieved, Senate appropriators directed the NNSA to report to Congress by Nov. 30 explaining the scientific and technical barriers to ignition, a revised schedule and path forward for the project, and the impact on the Stockpile Stewardship Program. Both committees also offered a potential solution to the funding woes facing the project as a result of a change in the overhead rate charged to the facility. House appropriators provided \$480 million for the NNSA's Inertial Confinement Fusion and High Yield Campaign, boosting funding for NIF by \$20 million. Senate appropriators authorized the NNSA to use up to \$140 million of the lab's additional purchasing power generated by the change in overhead rate to help fund the project.

The committees also matched the Administration's \$340 million funding request to accelerate construction on the Uranium Processing Facility at Y-12, but Senate appropriators fenced off \$180 million until project officials reach the 90 percent design threshold and develop a cost, schedule and scope baseline for the project. That is expected to occur later this year.

Committees Increase Funds for Core Nonprolif. Work

Feinstein singled out nuclear nonproliferation as one of the "highest priorities" of Senate appropriators, and the committee made good on boosting funding in several key

accounts. Using nonproliferation funds that had been earmarked for USEC (*see related story*), the committee provided \$368 million for the agency's International Nuclear Materials Protection and Cooperation Account, an increase of \$57 million. The bulk of the increase was directed at the agency's Second Line of Defense work, which installs radiation detection equipment at border crossings, airports and ports around the world. The NNSA had proposed cutting \$171 million from the program in FY2013 while it reassesses the program. "The Committee supports NNSA's decision to review the effectiveness of the program and recommend new strategies to better detect nuclear smuggling," the committee wrote in its report. "However, a cut of this magnitude would not be sufficient to sustain already deployed systems, retain expert personnel, and meet international obligations to deploy additional radiation detection systems." House appropriators did not increase funding for the program, but recommended merging the core Second Line of Defense work with the Megaports subprogram into a "comprehensive, aligned" strategy.

House and Senate appropriators both increased funding for the NNSA's Global Threat Reduction Initiative, the program that is chiefly in charge of the President's goal to secure vulnerable material around the world by 2013. Senate appropriators provided \$539 million for the program, a \$73 million increase for the effort, while House appropriators boosted funding for the program by \$16.7 million. Senate appropriators said the additional funding would allow the agency to meet its original goal of converting or shutting down 200 research reactors that utilize highly enriched uranium by 2022. It said the funding shortfall in FY2013 would have meant that three fewer reactors would be converted in FY 2014.

While House appropriators boosted funding for the overall GTRI program, they cut \$15 million from the agency's Domestic Radiological Material Protection Account, providing just \$40 million. According to figures in the report accompanying the House version of the FY2013 Energy and Water Appropriations Act, the NNSA said it has spent \$96 million strengthening security at 302 domestic facilities through December 2011, but it noted that a recent GAO report revealed "inconsistent regulation and severe gaps in the security of domestic radiological materials" and reported that security upgrades envisioned by the NNSA would not be completed until 2025 and would cost \$600 million. "With long timelines, unclear costs, and unsecured materials, the NNSA needs to improve its strategy for securing domestic radiological materials, including the possibility of reconsidering the services it provides to industry," House appropriators wrote.

—Todd Jacobson

HOUSE APPROPRIATORS CONCERNED ABOUT MOX PROGRAM, CUT FUNDING

Appropriators in both the House and Senate this week raised concerns regarding possible significant cost increases and project management issues for the Mixed Oxide Fuel Fabrication Facility, though only House lawmakers proposed funding the project below the Administration's budget request. The Fiscal Year 2013 Energy and Water spending bill that cleared the House Appropriations Committee this week cut \$152.8 million from the National Nuclear Security Administration's plutonium disposition account, the bulk of which would come out of MOX project costs and efforts to provide feedstock for the facility. The funding cut is intended to send a message that management improvements are needed, House Energy and Water Appropriations Chairman Rodney Frelinghuysen told *NW&M Monitor* following the House Appropriations Committee markup of the bill. "A lot of this is managing these projects and working within the budget and understanding where we are going. A lot of the costs have escalated. While we are talking about something relatively complicated, it's an essential part of our overall nuclear mission. They need to have better management controls," he said.

NNSA asked for \$499 million in its FY'13 budget request for plutonium disposition programs, which is largely taken up by the MOX Facility currently under construction at the Savannah River Site. The plant is scheduled to begin operations in 2016 to convert 34 metric tons of surplus weapons plutonium into commercial nuclear fuel. While the latest official estimate places the total cost of the facility at \$4.86 billion, the Department of Energy is undertaking a review of the project that is expected to result in significant increases project costs. House appropriators say that initial projections show significant increases, stating in the report accompanying the bill that "the Department is now reporting internally that the total project costs could be understated by as much as \$600 million to \$900 million and that the project will overrun its projected completion date by months if not years."

NNSA Considers Updating Baseline

The Administration predicted in its FY 2013 budget request that there could be changes to the project's baseline due to the problems that contractor Shaw AREVA MOX Services has faced since construction on the facility began in 2007. While NNSA officials said they are reexamining the project, so far there has been no word from the Department on when the review is expected to be complete or specific numbers regarding cost increases. "The Department plans to formally evaluate the possible impacts that

cost challenges have on the schedule for construction and operations of the MOX facility and will consider changing the performance baseline if necessary," spokeswoman Courtney Greenwald said this week in a written response. "NNSA is working with MOX Services, which is responsible for delivering the project, to develop a number of cost-saving and cost-avoidance initiatives, with the goal of mitigating cost increases."

A number of factors have increased costs for construction of the plant since the first budget baseline was formulated in 2005. That includes hiring and retention issues, a large jump in the cost of diesel fuel, a lack of qualified vendors and subcontractors and problems with obtaining specialty components from the long-dormant nuclear industry. MOX Services President and COO Kelly Trice said this week that the contractor is seeking ways to cut costs. "As MOX Services continues constructing the MOX facility with an unsurpassed safety and quality record, we are working hard to continue finding cost savings and cost avoidances to relieve rising prices of goods and services," Trice said in a statement. "Despite these costs being driven up by the 'nuclear renaissance,' we are about 60 percent complete with the project and are currently on track to finish in approximately 4 years."

However, House lawmakers had tough words for the project's management this week. "There is still no fidelity on the total project costs and timeline to get the MOX facility up and running, and few details have been provided on the long term investments that will be needed to support full operating feedstock requirements," the House report states. "Construction continues to slip behind schedule due to unanticipated complexity of the work, poor contractor performance, delays in procurements, and the inclusion of additional work scope."

Jump in Operating Costs a Concern

Lawmakers also criticized the fact that projected operating costs for the plant have more than doubled in recent years as additional expenses such security and Nuclear Regulatory Commission fees were added to the estimate. The NNSA's latest budget request found it will cost an average of \$498.7 million a year to operate the facility—and \$7.1 billion over the life of the plant—up from an estimate of \$184.4 million a year two years ago. A year ago, the costs were expected to be \$356.1 million a year. "The source of this cost growth is still not entirely clear, but according to information provided to the Committee by the NNSA, part of the growth is due to cost estimating errors such as not accounting for normal escalation factors," according to the House report. The House bill came in \$47 million below the budget request for MOX startup costs, stating it was "premature" to consider ramping up startup "before there

is a clear timeline for completing construction.” It also cut \$28 million from the request for operating expenses, stating that it would not fund operating expenses until they are more clearly defined.

Lawmakers: New PDC Approach Came Late

NNSA’s decision early this year to evaluate a new approach to providing feedstock for the facility by using a combination of existing facilities at Los Alamos National Laboratory and the Savannah River Site instead of building a standalone facility also came under scrutiny. NNSA has touted the move as a measure that could eventually save billions of dollars, and in preparation for the new approach requested a significant increase for FY13 for its Office of Fissile Materials Disposition. While the Senate matched the NNSA’s budget request for the programs, Senate appropriators also suggested that the move came a bit late. “The Committee supports NNSA’s decision to terminate the Pit Disassembly and Conversion Facility because of significant cost overruns. However, the Committee is concerned by NNSA’s failure to identify alternatives earlier, before spending \$700,000,000 over 13 years and determining that existing facilities could be used to meet mission needs,” the Senate Energy and Water Appropriations Bill report states.

In addition, as the Nuclear Regulatory Commission begins efforts to examine whether the fuel can be licensed for use in commercial reactors, questions also remain on whether additional testing of the fuel may be needed. Test assemblies were irradiated in Duke Energy’s Catawba Reactor starting in 2005, but were removed before testing was completed. While MOX Services and NNSA believe the fuel can be licensed without additional testing, it remains up to the NRC to make a decision on the issue. “Testing may significantly increase costs and it is not clear whether the Nuclear Regulatory Commission has sufficient resources to evaluate the testing data to make a determination about the safe use of this fuel,” the Senate report states. “The Committee directs NNSA to work with the NRC to identify the resources needed to evaluate these tests and determine the impact resource shortfalls may have on program execution.”

The project did have at least one strong ally in Congress in Sen. Lindsey Graham (R-S.C.), who spoke out in support of fully funding MOX. “It’s just about ready to go into operation,” he said at the House Energy and Water Appropriations subcommittee markup of the spending bill this week. “We’re going to save billions of dollars by taking the Pit Disassembly and Conversion Facility, the actual nuclear weapon component, and changing the way we disassemble it, save a bunch of money. I think the world will be better off if we take this excess plutonium off the

market and turn it into a product you can actually use in a commercial reactor.”

—*Kenneth Fletcher*

GOVERNMENT EFFORTS TO KEEP USEC PROGRAMS AFLOAT MAKE PROGRESS

Appropriators Back ACP Funding

Government efforts to sustain USEC moved forward this week, as appropriators in both chambers of Congress showed support for funding the American Centrifuge Project. The House Fiscal Year 2013 Energy and Water Appropriations bill, reported out of the Appropriations Committee this week, would provide \$100 million for a Department of Energy research, development and deployment program for the American Centrifuge Project, down \$50 million from DOE’s request. The Senate version of the bill, also reported out of committee, does not provide any of the requested funding for the R&D program, but would give the National Nuclear Security Administration the authority to transfer up to \$150 million next year from its funds.

USEC Warns Project Demobilization Still Looming

USEC officials were pleased with the support shown by Congressional appropriators for the American Centrifuge Project in their FY 2013 spending bills, but warned that a demobilization of the project could still occur. USEC has long said the new uranium enrichment plant is key to the company’s future plans. “The House and Senate are considering appropriations bills that include funding for the program but the legislative process is will continue to take time for the 2013 funding,” USEC CEO John Welch said at an annual shareholder’s meeting this week. “We believe the American Centrifuge is our path for a competitive source of uranium enrichment, but we are not ignoring the continued uncertainty regarding funding for the RD&D program proposed by DOE. Therefore, we are in parallel preparing for a demobilization of the project if needed.”

In its FY 2013 budget request, the Obama Administration asked for \$150 million for the program in the NNSA’s nonproliferation account, citing the need for a domestic enrichment capacity to provide uranium that can be used to produce tritium for national security purposes. DOE first proposed the two-year enrichment RD&D program last fall, after prospects for a \$2 billion Department loan guarantee for the Ohio plant faded and USEC’s centrifuge program faced financial issues that threatened the survival of the project. The federal program would involve development and deployment of a full train of 720 centrifuge machines to demonstrate the technology on a commercial scale.

House Criticizes Lack of Tritium Supply Planning

The House spending bill's inclusion of \$100 million for the program was linked to worries about a future supply of tritium, and the committee report accompanying the legislation chastised the Department for "a lack of planning for maintaining adequate supplies of unencumbered enriched uranium for tritium production." The report states that "options for tritium production could be limited as early as 2015. These circumstances were not reported in the ten-year plans for stockpile management. Due to this failure to plan adequately for pressing stockpile needs, the bill contains statutory language on planning for tritium production and management of the Department's supply of enriched uranium." On the USEC program, the report states that the funding provided for the USEC program "is a strong indication of the Committee's support for a domestic uranium enrichment capability to meet this nation's defense needs." When asked following the full House Appropriations Committee markup of the bill why \$100 million was provided instead of the full request, House Energy and Water Appropriations Chairman Rodney Frelinguysen told *NW&M Monitor*: "we thought that was enough."

Senate Transfer Authority A Hedge In Case ACP Fails

Senate appropriators voted to give NNSA transfer authority for the project instead of full funding, meaning that DOE would not be required to reprogram funds provided by Congress in the case that USEC's centrifuge project fails before a spending bill is passed. The report accompanying the bill said that the transfer authority would come from across NNSA instead of just the nonproliferation account "because the primary justification for investing in indigenous uranium enrichment technology is to provide a secure fuel supply of low enriched uranium for tritium production—a program funded under nuclear weapons activities—and to meet future needs of highly enriched uranium for nuclear-powered aircraft carriers and submarines—a program funded under naval reactors." It adds, "the transfer authority shall be contingent on the Secretary of Energy securing \$150 million in fiscal year 2012 to support the first phase of the research, development and demonstration project as well as securing a new management structure and obtaining intellectual property and other rights to protect taxpayers against possible technical failure." Those provisions are linked to concerns first raised early this year by Senate Energy and Water Appropriations Chair Dianne Feinstein (D-Calif.), who has expressed scepticism about the future viability of the plant.

USEC Stresses Near-Term Need for Funds

DOE has requested from Congress authority to transfer \$150 million of existing funds to USEC this fiscal year. However, Congress has yet to grant that authority, and USEC is currently funding its own work on the project using a credit facility that expires at the end of May. Welch said at this week's shareholders' meeting, "The current political environment in Washington has significantly slowed the legislative process and obtaining legislation for funding prior to May 31 is a challenge. Beginning in June, our credit facility significantly restricts our spending on ACP without federal RD&D funding. We are also pursuing a non-legislative path for 2012 funding with DOE."

Such a non-legislative path could take a similar form to a deal with DOE that funded the project from January through March, in which DOE took on \$44 million in liability for the company for its stock of depleted uranium tails, freeing up money to spend on the project. In turn, USEC agreed to enrich a corresponding amount of uranium for use in tritium production. The company has an additional \$82 million in liability that could be transferred to the Department in a similar agreement. However, instead of enriching uranium in return, discussions on this option have focused on a USEC transfer of intellectual property rights linked to the technology to the government, thus meeting a key concern of appropriators.

—Kenneth Fletcher

HOUSE LAWMAKERS WANT DNFSB TO BE MORE MINDFUL OF POTENTIAL IMPACTS

House lawmakers are proposing a number of significant changes to the workings of the Defense Nuclear Facilities Safety Board in the Fiscal Year 2013 Defense Authorization Act that would result, in part, in the Board having to be more mindful of the potential cost impacts of its safety recommendations. The proposed changes, outlined in documents released this week by the House Armed Services Strategic Forces Subcommittee, would also require the Board to increase its coordination with the Department of Energy in the development of its safety recommendations and would seek to rein in the level of authority held by the Board Chairman. The subcommittee approved its portion of the FY 2013 Defense Authorization bill this week, and the full House Armed Services Committee is scheduled to consider the bill May 9.

The DNFSB, which was established by Congress in the late 1980s, is intended to provide safety oversight at DOE and National Nuclear Security Administration defense nuclear facilities. While the Board does not have regula-

tory authority over DOE, its recommendations and oversight have led to a number of changes to major projects, such as the Hanford Waste Treatment Plant and the Savannah River Site's Salt Waste Processing Facility, that were intended to improve safety but also resulted in significant cost-and-schedule increases. Among the provisions in the House FY 2013 Defense Authorization bill is language that would change the Board's mission to provide independent analysis, advice and recommendations to ensure that risks to public health and safety at defense nuclear facilities are "as low as reasonably practical and that public health and safety are adequately protected." Currently, the Board's mission is defined by statute as only to "ensure adequate protection of public health and safety."

The Board would also be required under the bill to "specifically assess" the technical and economic feasibility, the costs and benefits and the "practicability" of implementing its recommended measures. In addition, the House bill would direct the Board to first provide a draft copy of any formal recommendation to DOE, which would then have 45 days to provide comment before a final version could be issued. After the final version is issued, the Secretary of Energy would then have at least 60 days to accept or reject the recommendation and to publish a statement in the *Federal Register* explaining the decision.

All Board Members to Have 'Equal' Responsibilities

The House defense policy bill also appears intended to reduce the level of authority held by the DNFSB Chairman in the operation of the board. According to subcommittee documents, the bill would "clarify that each member of the DNFSB has equal responsibility and authority for establishing decisions and determining certain actions." All Board members would also have "full and simultaneous access" to all information and have the ability to propose individuals for senior staff positions for which a determination would have to be made. The House bill would also require that "a quorum of members" would be needed for some Board activities and that each Board member would be given funds to employ at least one technical advisor that would not be subject to "the appointment, direction or supervision of the DNFSB chairman," according to subcommittee documents.

Provisions Echo Concerns of Former Board Member

The DNFSB-related provisions in the House bill echo concerns raised by former Board member Larry Brown, who resigned from the DNFSB last year because of the tensions caused, in large part, by the Board's investigation into the safety culture at the Hanford Waste Treatment Plant. In a letter sent to DOE and the DNFSB last spring,

Brown urged greater collaboration and transparency between the two agencies in the development of Board recommendations. "The pseudo-secrecy with which internal Board staff correspondence is sheltered is counterproductive and corrosive to the function of ensuring 'adequate public health and safety,'" Brown wrote. "DOE should never be surprised; DOE should not first learn of a Board concern in written correspondence. Draft correspondence should be provided to the targeted federal government office not only for a 'factual accuracy check' (in parallel with the security review), but also to ensure that the DOE Program's concerns ... are understood and considered prior to correspondence becoming final."

In a separate letter sent late last year to members of Congress, Brown also strongly questioned the level of authority held by the DNFSB Chairman compared with the rest of the Board members. "A dominant trait of the Board is that personality is policy, and it is unbalanced," Brown wrote. "On the Chairman's side of the ledger, the influence is overwhelming," he wrote, adding, "The Chairman controls the Board's budget; Board members must even get their official travel approved by the Chairman. The Board's administrative, legal and technical staff report to the Chairman; the Chairman approves the hiring and dismissal of staff, staff evaluations, promotions, awards and bonuses. The technical staff reports to the Chairman, and he prioritizes their technical work."

Senate Appropriators Propose Less Funding for Board

Meanwhile, Senate appropriators are looking to spend slightly less on the DNFSB in Fiscal Year 2013 than the Board had sought in its budget request. Under the Senate version of the FY 2013 Energy and Water Appropriations bill, reported out of committee this week, the DNFSB would be funded at approximately \$27.4 million, a cut of \$2 million from the Board's request. While the Board has said its requested funding level was necessary for a slightly increased staffing level of 120 full-time equivalents, Senate appropriators justified the reduced level of funding by noting the reduced workload of the Board now that the NNSA has decided to cancel or suspend two major construction projects—the Savannah River Site's Pit Disassembly and Conversion Facility and Los Alamos National Laboratory's Chemistry and Metallurgy Research Replacement-Nuclear Facility. "The Committee supports the Board's efforts to independently review the design and construction of new defense nuclear facilities to ensure that eventual operation of these facilities will be safe for workers and the public. However, the budget request did not take into account a decreasing workload for the Board," lawmakers wrote in the report accompanying the Senate spending bill.

In contrast, House appropriators fully matched the Board's request of \$29.4 million in their version of the FY 2013 energy spending bill. "The Committee expects the DNFSB to continue to play a significant role in scrutinizing the Department's safety and security activities, including the reform initiatives underway in the Department that may impact projects under its jurisdiction," House appropriators wrote in their report accompanying the bill.

—Mike Nartker

SENATE APPROPS. COMMITTEE MOVES TO IMPROVE NNSA PROJECT MGMT.

Senate appropriators took aim at the National Nuclear Security Administration's project management this week, including language in their version of the Fiscal Year 2013 Energy and Water Appropriations Act that would require the agency to provide twice yearly updates to Congress on its most expensive endeavors and take further action to strengthen its management of high-profile projects. The Senate Appropriations Committee was largely supportive of the Obama Administration's budget requests for the NNSA's weapons and nonproliferation programs, but Senate Energy and Water Appropriations Subcommittee Chairwoman Dianne Feinstein (D-Calif.) called NNSA's management of major projects a "serious concern."

A provision in the bill would require the NNSA to report or brief appropriators on projects worth in excess of \$750 million, explaining any cost increases, schedule delays or scope changes. "While the bill supports modernizing the stockpile, significant cost increases have raised concerns about waste, duplication and mismanagement at NNSA," Feinstein said. "All major projects are substantially over budget and behind schedule. The bill would begin to address NNSA's management weaknesses and improve congressional oversight."

NNSA Already Working on Improvements

For the last two decades, the NNSA has been on the Government Accountability Office's High-Risk List for project management, and over the last few years, the agency has taken several steps to strengthen its oversight of major projects. It created a new Office of Acquisition and Project Management headed up by Bob Raines, awarded an Enterprise Construction Management Support contract to Parsons Infrastructure and Technology to help beef up its front-end project planning, and revised cost estimating guidelines to include frequent independent cost estimates for big projects. It also said it would wait until projects hit the 90 percent design threshold before committing to a cost and schedule baseline.

However, in a report accompanying the FY2013 Energy and Water Appropriations Act, the Appropriations Committee said it remained "concerned about NNSA's record of inadequate project management and oversight," noting that the estimated cost for the UPF planned for the Y-12 National Security Complex had grown from \$600 million to \$6 billion, work to build a Mixed Oxide Fuel Fabrication Facility is 14 years behind schedule, and \$700 million was wasted designing a Pit Disassembly and Conversion Facility at the Savannah River Site before the project was recently terminated in favor of using a mix of existing facilities to perform the same mission much cheaper. "We're going to redouble our efforts on trying to do our job and making sure that spending in NNSA and other parts of the DOE is efficiently done," Sen. Lamar Alexander (R-Tenn.), the ranking member on the Energy and Water Appropriations Subcommittee, said at the panel's markup earlier this week.

'We Don't Have a Penny to Waste'

Alexander had previously suggested frequent meetings with the NNSA to improve Congressional oversight of UPF, a project in his home state of Tennessee. Appropriators expanded the idea to include other major projects, which would currently include UPF and the MOX facility as well as life extension work on the W76 warhead and B61 bomb. "I share the chairman's concern about the large cost of these big facilities," Alexander said. "They go up at an extraordinary rate each time we ask about them and we intend to do a more thorough job of oversight." He said the focus would be on finding ways to keep costs down. "If we can find ways to reduce that number we will do it," Alexander said. "We want it to be safe, we want it to be effective, but we have many priorities within our committee and we have a debt that's out of control in the federal government and we don't have a penny to waste."

NNSA Ordered to Implement GAO Recommendations

The committee also directed NNSA to implement several recent recommendations from the Government Accountability Office. The GAO recommendations tasked NNSA to analyze "risks, costs and schedule" needs for all military requirements when it develops a baseline cost estimate and schedule for new life extension programs, conduct independent cost estimates for all major projects and take into account differences between various cost estimates when creating a baseline for a project, and rigorously analyze alternatives before settling on a specific path forward for a project. The committee also directed GAO to conduct a root cause analysis of NNSA's project management. "Prior reports from the GAO on individual programs and projects have provided evidence of schedule slips, significant cost growth, reduced scope, and failure to adequately assess

alternatives,” the committee wrote. “Many of the risks that contributed to these outcomes could have been or were in fact anticipated early in project design. As GAO has noted in numerous reports, adequate front-end planning and the development of high-quality cost and schedule estimates may help avoid the pitfalls that NNSA’s projects have frequently experienced.”

—*Todd Jacobson*

GOP FRESHMEN VOICE CONCERN OVER OBAMA MODERNIZATION COMMITMENT

A dozen of the Senate’s newest members have picked up on a familiar GOP refrain, raising concerns that the Obama Administration is backing away from its promises to modernize the nation’s weapons complex and nuclear arsenal and threatening to withhold support for the New START Treaty or other arms control agreements. Led by Sen. Kelly Ayotte (R-N.H.), who was highly critical of the Administration’s support of modernization at a Senate Armed Services Committee hearing earlier this month, 12 freshman Republicans sounded off in an April 25 letter to President Obama. “For those who voted in favor of New START, the commitment to nuclear modernization was deemed essential. Those of us who came to the Senate after the New START Treaty was ratified, and who were already skeptical of the treaty’s merits, will watch closely to see how these commitments are carried out,” the Senators wrote. “A failure to honor past nuclear modernization commitments will impact our willingness to support New START implementation and any future treaties related to our nuclear weapons complex.”

The Administration’s support of its own nuclear modernization plan has been a subject of intense debate within the executive branch and on Capitol Hill, especially among Republicans, who have argued that the Administration has reneged on the modernization pledge it made during debate on the New START Treaty. Facing tight federal budgets and uneven Congressional support, the Administration requested \$7.58 billion for the National Nuclear Security Administration’s weapons program in Fiscal Year 2013, well short of the \$7.9 billion it said it anticipated spending a year ago. As part of the budget request, the Administration would slow down work on its three primary life extension programs—the W76, W78/88 and B61 weapons systems—and defer work for at least five years on one of the NNSA’s major construction projects, the Chemistry and Metallurgy Research Replacement-Nuclear Facility.

Decision Creates ‘Needless National Security Crisis’

Those decisions have not gone over well with Republicans, who have questioned whether it’s prudent to move forward with reducing the nation’s strategic deployed nuclear stockpile as envisioned under the New START Treaty without the modernization plan. “While our nation’s fiscal crisis demands that we make difficult budget decisions, failing to address our nation’s nuclear modernization requirements will add a needless national security crisis to our nation’s fiscal crisis,” the Senators wrote. “Reductions to nuclear force levels mandated by New START cannot be made without unacceptable risk unless the arsenal and the weapons complex are modernized.” The Senators also suggested that the backtracking on modernization could adversely impact the nation’s nuclear deterrent and could potentially contribute to nuclear proliferation around the world. “A reliable and modern nuclear deterrent is central to American national security,” they wrote. “A credible nuclear arsenal deters potential enemies from launching a nuclear attack against our country or our allies. A strong and dependable U.S. nuclear deterrent also helps prevent nuclear proliferation by assuring friendly nations that a nuclear program is unnecessary. When the U.S. fails to maintain a reliable and modern nuclear deterrent we undermine these objectives which are central to the security of our country.”

The Senators specifically criticized the decision to defer work on CMRR-NF. The NNSA has said it will meet the nation’s plutonium needs by using several other facilities, like the new Radiological Laboratory/Utility/Office Building at Los Alamos, Lawrence Livermore National Laboratory’s Superblock Facility, and the Nevada National Security Site’s Device Assembly Facility. As a result, the NNSA will not be able to ramp up pit production at Los Alamos to 50 to 80 pits a year as required by the Department of Defense and will rely on reused pits to help meet the goal. “This facility, which supports our nuclear stockpile and warhead life extensions, is critical to the credibility of our nation’s nuclear stockpile which has deterred our enemies and kept the peace for decades,” they wrote.

In addition to Ayotte, the letter was signed by Sens. John Hoeven (R-N.D.), Ron Johnson (R-Wisc.), John Boozman (R-Ark.), Roy Blunt (R-Mo.), Rob Portman (R-Ohio), Marco Rubio (R-Fla.), Patrick Toomey (R-Pa.), Rand Paul (R-Ky.), Daniel Coats (R-Ind.), Jerry Moran (R-Kan.), and Mike Lee (R-Utah).

—*Todd Jacobson*

LANL DELIVERS '60-DAY' CMRR-NF ALTERNATIVES STUDY TO NNSA

Los Alamos National Laboratory late last week delivered to the National Nuclear Security Administration the so-called "60-day" study of alternatives to the Chemistry and Metallurgy Research Replacement-Nuclear Facility, and there don't appear to be any showstoppers, according to an official with knowledge of the report. NNSA spokesman Josh McConaha declined to comment on the document, which was requested when the agency decided to defer construction of the CMRR-NF in early February, but the options considered are believed to cost close to previous cost estimates of \$100 million a year at Los Alamos. The lab briefed officials from NNSA headquarters last week on the report, which is considered Unclassified Controlled Nuclear Information and is not publicly releasable. The lab is believed to be working on an unclassified version that can be released.

To mitigate the deferral of CMRR-NF, the NNSA plans to use an existing facility at Los Alamos, the Radiological Laboratory/Utility/Office Building, as well as Lawrence Livermore's Superblock Facility and the Device Assembly Facility at the Nevada National Security Site, and Los Alamos was expected to analyze several key components of the project in the 60-day study. That includes closing out design of the CMRR-NF, phasing out usage of the current Chemistry and Metallurgy Research building by 2019, increasing the use of the RLUOB, moving material between the RLUOB and the lab's existing Plutonium Facility, exploring options with other sites, and decreasing the amount of nuclear material in the Plutonium Facility through the use of the DAF.

Design Closeout Won't Produce Cost Estimate

Though work is continuing to wrap up design of the CMRR-NF through the end of FY2012, the actual price tag for the deferred project will remain elusive, NNSA officials said in a public meeting in Los Alamos this week. "We expect that most of the design deliverables will be completed at the end of this fiscal year," Steve Fong, the NNSA project manager for LANL's Chemistry and Metallurgy Research Replacement facility, said April 25 at a public meeting in Los Alamos. "With that, the nuclear facility design is basically in close-out mode." LANL and NNSA officials met with the public and members of several non-profit organizations under terms of a settlement agreement dating back to 2005, involving several interested parties, including DOE, University of California, New Mexico Environment Department and a network of Northern New Mexico community groups. This was the 13th semiannual forum in which the stakeholders have

participated in a dialogue, but it's unclear if the meetings will continue now that the CMRR-NF project has been deferred.

Fong said that the plan was to take the design to the most logical stopping point, so it could be picked up and used by project teams in the future. But the current closeout work would not include input from the actual vendors, because they would not be under contract until the project starts up again, which limits the ability to zero in on a current cost estimate for the facility. "As part of the instruction that we've received in the President's budget request, they've asked us not to go forward with vendor design," Fong said. "So we're not going to achieve 90 percent design. Will we baseline this facility? No we will not—that's what the next teams will do." The cost of the facility was part of what caused officials to defer the project. Provisional cost estimates for the project grew over the last decade, from \$567 million in 2005 to nearly \$6 billion at the high end of a range in 2010.

Key Project Decisions Remain Unclear

No decision has been reached so far on a key construction issue, whether the nuclear facility's foundation would utilize a deep or a shallow excavation option for the seismically-challenged location. The deep option, as described in the most recent environmental impact supplement, called for digging 75 to 130 feet below ground level in order to avoid a poorly welded layer of old volcanic dust. The shallow option, promising somewhat reduced construction costs, would have placed the building's foundation above the weak layer, as NNSA documents described it, "to allow the building to 'float' over the poorly welded tuff layer." Fong said a choice could still be made before the end of this fiscal year.

RLUOB Expected to be Outfitted Soon

Work is also continuing to outfit the RLUOB, the first building in the CMRR project. That work is expected to be finished in the next few weeks, "a year ahead of plan," said Rick Holmes, the lab's division leader for CMRR. Questions were raised about the NNSA's seemingly abrupt change of course regarding the suitability for the radiological lab, based on a reinterpretation of a safety code that will allow four times as much plutonium to be handled in the smaller laboratory. Although the amount is fairly small—from 4 to 6 grams up to 34 to 39 grams—the prospect of increased plutonium prompted Joni Arends of Concerned Citizens for Nuclear Safety to ask about requirements under the National Environmental Policy Act. "Is there NEPA coverage for it?" she asked. "We don't believe there is." Fong said that is being analyzed. "Just about every decision that happens [in Los Alamos]

has to have some sort of NEPA, whether it's changing a light bulb or building a nuclear facility." Fong said. "So that's just like any other action. Our NEPA folks will have to work with everybody else to see if that is covered or not." But, he added it was no longer a matter for officials wrapping up the project to decide.

—*Todd Jacobson and staff reports*

HOUSE AUTHORIZERS ASK FOR ANALYSES BEFORE NNSA M&O COMPETITIONS

Over the next five years, the National Nuclear Security Administration is expected to compete management and operating contracts for Sandia National Laboratories, the Kansas City Plant and the Nevada National Security Site, and House lawmakers want NNSA to make sure the competitions are worthwhile. Language in the Fiscal Year 2013 Defense Authorization Act approved by the House Armed Services Strategic Forces Subcommittee this week would require the NNSA to prepare a cost-benefit analysis prior to any M&O competition during Fiscal Years 2012 to 2017, the time period during which current contracts at Sandia, Kansas City and Nevada expire. The Government Accountability Office would review the agency's report. "The report would be required to include a cost-benefit analysis of the competition that includes the expected costs and cost savings resulting from the competition; a description of any disruption or delay in mission activities or deliverables resulting from the competition; a description of any benefits of the proposed competition to mission performance or operations; and an assessment of how the competition complies with the Federal Acquisition Regulation regarding Federally Funded Research and Development Centers," the subcommittee said in bill documents released this week.

Congressional lawmakers have previously raised questions about the NNSA's contracting plans, most notably regarding its combined Y-12/Pantex management and operating contract procurement. The NNSA said it expected to save \$895 million through consolidating the contracts, later revising the estimate to \$1.15 billion. The GAO, however, said in a report released last year that the NNSA did not have enough data to determine whether its cost estimate was overly ambitious or too conservative. Tennessee lawmakers argued that the savings estimates were inflated and worried that the contract competition would have an adverse impact on the workforce at the plants, and could impact work on the Uranium Processing Facility planned for Y-12. The NNSA chose to move forward with the competition, and bids were submitted by three teams last month.

—*Todd Jacobson*

DOD POLICY NOMINEE FACES TOUGH QUESTIONS ON NUCLEAR MODERNIZATION

Kathleen Hicks, the Obama Administration's nominee to be the Principal Deputy Under Secretary of Defense for Policy, faced tough questioning from Senate Republicans on plans to modernize the nation's weapons complex and nuclear arsenal, but she largely refrained from addressing the topic at her confirmation hearing before the Senate Armed Services Committee this week. Hicks, who would oversee the development of nuclear weapons policy for the nation as the replacement for Jim Miller, has served for the last three years as the Deputy Under Secretary of Defense for Strategy, Plans and Forces, providing guidance on national security and defense strategy.

Ayotte 'Deeply Concerned' About Modernization

Sen. Kelly Ayotte (N.H.), who has emerged as an outspoken advocate of the nation's nuclear deterrent and recently penned a letter to President Obama expressing concerns about nuclear modernization funding (*see related story*), suggested to Hicks that a key portion of the modernization plan involved building the now-deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory. "Are you familiar with that, the plans for that facility at Los Alamos?" Ayotte said. Hicks said she was not, but promised to review Ayotte's letter to Obama and respond to the senator. "I think this is very, very important and I'm deeply concerned about where we are right now on this issue," Ayotte said. "And I'm also concerned that if we do not modernize ... it will be to the detriment of our nuclear deterrent and also, in my view, could encourage proliferation around the world, particularly when we look at some of the actors that we are trying to prevent from having nuclear weapons capability, including Iran."

Sen. Rob Portman (R-Ohio) also chimed in, suggesting that nuclear modernization is "probably some of the more significant [issues] that we've heard today because this will be at the end of the day critical to our ability to maintain the peace." He signed Ayotte's letter to Obama with 10 other GOP freshmen. "We are concerned about the Administration's commitment," Portman said. "So you'll both have an opportunity to have further input on that. And we do look forward to you not just reviewing that letter, Dr. Hicks, but getting back to us as to our concerns, and hopefully providing us some degree of confidence that the Administration is moving forward with their commitments."

Hicks: Waiting on NPR Implementation Study

In response to advance policy questions submitted to the committee, Hicks stopped short of advocating for future nuclear reductions beyond the levels set by the New START Treaty, which President Obama and Miller, her predecessor, have suggested are possible. Hicks said the ongoing Nuclear Posture Review implementation study, which is believed to have recently been submitted to Obama with several options for reductions, will inform future decisions. "Completion of this analysis is necessary to formulate any future arms control objectives involving our nuclear stockpile," Hicks said. "In general, I believe that future nuclear reductions should maintain strategic deterrence and stability with regard to Russia and China, strengthen deterrence of potential regional adversaries, and ensure the credibility of our security assurances to our allies and partners. We also must guarantee our operational flexibility and ability to hedge against geopolitical and technical uncertainty."

She suggested that future reductions should continue to be pursued together with Russia rather than on a unilateral basis in response to a question about future relations with Russia. "The Report of the Nuclear Posture Review noted that because of our improved relations, strict numerical parity between the United States and Russia is no longer as compelling as it was during the Cold War," she said. "However, it also indicated that large disparities in nuclear capabilities could raise concerns on both sides and among U.S. allies and partners, and may not be conducive to maintaining a stable, long-term strategic relationship, especially as nuclear forces are significantly reduced. By joining with the world's other principal nuclear power to move to lower levels of forces in concert, arms control thus provides a means for strengthening strategic stability in our relationship with Russia."

—Todd Jacobson

SANDIA PERFORMANCE EVALUATION REVIEW RELEASED BY NNSA

*Report Details Struggles With Detonation
Technology, B61 Life Extension Program*

When Sandia National Laboratories was touting its top technical accomplishments for Fiscal Year 2011, it referenced its work on "direct optical initiation" (DOI), a new detonation technology the lab had been pushing, as one of the year's key achievements. But when it came to actually putting implementing the technology in the B61 Life Extension Program (LEP), DOI came up short after spending a significant amount of money to mature the technology, according to the National Nuclear Security Administration's Fiscal Year 2011 Sandia Performance

Evaluation Report. DOI was anticipated to generate safety advantages over the traditional electronic method of initiating explosives, but the revelation of the DOI's shortcomings was one of the notable ways in which the PER shined light into the successes and failings of the nuclear weapons program. In response to the DOI program's struggles, the NNSA said the lab "should do better planning and utilization of resources for future technology maturation of other options that it advocates." The PER was released this week to *NW&M Monitor* under a Freedom of Information Act request.

Release of Sandia's ratings is the latest in a series of disclosures as the Department of Energy changes its policy regarding making contractor assessments public, after attempting for several years to keep them secret. Sandia's is being especially closely watched because of the upcoming competition for the lab's management contract. The version of the document included significant redactions, information removed for security reasons, according to an accompanying letter from NNSA. Context suggests that many of the redactions described areas where NNSA had noted problems in Sandia's performance.

Lab Earned 'Very Good' Rating in FY2011

Overall, Sandia received a "Very Good" ranking for 2011, with the NNSA highlighting Sandia's technical work on "a broad spectrum of 21st century global and national security challenges, including nuclear weapons, nonproliferation, defense systems assessments, homeland security and defense, energy and climate, and infrastructure security programs." Lockheed Martin-run Sandia earned "Excellent" ratings in five categories (non-nuclear weapons; science, technology and engineering; nuclear weapons "stretch goals"; operations; nuclear materials removal; and mission support efficiencies) while it earned "Very Good" ratings in two categories (nuclear weapons and multi-site work) and "Good" ratings in two categories (nuclear weapons quality assurance "stretch goals" and business management). Those ratings netted Lockheed Martin a \$27 million earned fee (at-risk) award of \$27 million, 94 percent of the possible amount, and an incentive fee of \$8.5 million, 85 percent of the fee it could have earned.

Sandia received high marks for its management of the lab's science, technology and engineering (ST&E) base, seen as critical to providing the rest of the services the lab provides. Key to that, according to the evaluation, was the use of Laboratory Directed Research and Development, in which a portion of the lab's budget is set aside for forward-looking research beyond ongoing mission requirements. Sandia has used that money to focus on the development of early career scientists, the evaluation noted. A number of technology outreach programs beyond the

Sandia fence line, including the lab's participation in the development of an outside science and technology park, along with university partnerships, also earned praise. Sandia also exceeded NNSA's target of \$15 million in savings through business process improvements, and effectively managed what the performance evaluation characterized as "record hiring" in support of changing mission requirements and a wave of retirements.

Sandia B61 Work Draws Criticism

On the negative side, Sandia's work on the B61 LEP earned significant criticism. Costs associated with the study "did not meet NNSA expectations," the performance evaluation concluded. "The life extension options developed significantly exceeded the President's budget and the initial Sandia estimates provided in FY2010 and FY2011." The resulting disconnect between developed cost options and available budget "places the B61 LEP at risk and may impact the overall commitment and the schedules to subsequent life extension programs," the performance evaluation concluded. The Nuclear Weapons Council ultimately authorized the NNSA to move forward on a scaled back B61 LEP.

—*From staff reports*

IN WAKE OF Y-12 PROBLEMS, DOE ISSUES ALERT ON CONTAMINATED RESPIRATORS

The Department of Energy's chief health, safety and security officer has issued an alert on contaminated respirators because of the problems encountered at the Y-12 National Security Complex and, before that, at two other DOE sites. The three-page document was sent to senior managers at field offices and DOE headquarters. The "Operating Experience Level 3" advisory gives background on the situation and recommends ways to avoid the problems at Y-12—where about 10 percent of the plant's laundered respirators had unacceptable levels of radioactivity. "DOE sites should ensure that respiratory protection equipment has been properly laundered/reconditioned to comply with contract specifications and protect worker health and safety," Glenn Podonsky, who heads the Office of Health, Safety and Security, said in the document.

The advisory provides a summary description of events at Y-12, beginning in February, as well as similar situations that took place earlier at the Separations Process Research Unit cleanup project in New York and the Savannah River

Site in South Carolina. The report notes that projects and sites that use respiratory protection equipment "of any type" must comply with a DOE order for quality assurance that "requires DOE, its contractors and subcontractors to purchase, accept and use only those items or services that conform to established government- or industry-accepted specifications; to procure services from approved suppliers; to perform inspection and acceptance testing; and to establish requirements for subcontractors, vendors, and suppliers, among other criteria."

HSS Issues Recommendations

Podonsky said the DOE contractors are responsible for making sure the respiratory equipment meets specifications. The report indicates that the three events at three different DOE sites all involved the same off-site vendor (UniTech). "Immediate follow-up to a discovery of radiological contamination is key to protecting worker health and safety and preventing recurrence," the report stated. After Y-12 identified the problem in February, B&W suspended use of recycled respirators, notified the Department of Energy and sent a team to evaluate the UniTech laundry facility in South Carolina. "As a result of Y-12's notification, the Office of Health, Safety and Security was able to quickly notify the DOE Complex of this issue through various DOE-wide Radiological Protection working group contacts," Podonsky said. The advisory lists a number of recommendations, suggesting that site managers:

- Procure items and services that meet established requirements and perform as specified;
- Verify that vendors have an implemented QA program that meets DOE requirements;
- Ensure that contracts with vendors require post-cleaning inspection and survey of respirators and verify this is being performed;
- Verify that vendors train their personnel;
- Perform quality audits of vendors to verify implementation of requirements;
- Document vendor inspections;
- Routinely perform inspections/radiological surveys on laundered or reconditioned respirators returned from the vendor;
- Notify other organizations and sites when noncompliances are found and perform extent-of-condition evaluations; and
- If necessary, terminate the vendor contract and remove the vendor from the Qualified Suppliers List.

—*From staff reports*

At the Weapons Labs/DOE Sites

AT NEVADA IG RAISES CONCERNS ABOUT JASPER TARGETS

Policies and procedures still are not in place to prevent deteriorated plutonium targets from being used at the Nevada National Security Site's Joint Actinide Shock Physics Experimental Research (JASPER) Facility, which raises the possibility of a contamination release at the facility, the Department of Energy Inspector General said in a report released this week. The IG said that the release of an "abnormal" amount of contamination during a 2009 experiment at the facility using deteriorated plutonium targets led to discontinued operations at the facility. The NNSA spent \$18.9 million to return the facility to operational status, and successfully executed a test involving special nuclear materials in September 2011. And while Lawrence Livermore National Laboratory officials that run the facility said that they plan to establish new controls for the targets once a shelf life/expiration date is established, they have not done so, the IG said. "Until Livermore establishes controls such as the shelf life/expiration date of

alpha phase plutonium targets, operational controls will be essential to preventing future contamination resulting from the use of deteriorated targets," the IG said. "Establishment of shelf life/expiration dates for alpha material targets are especially important since Livermore officials told us that they plan several more experiments using such targets at JASPER."

The IG also noted that facility officials were contemplating lowering the categorization of the facility from Hazard Category 3 nuclear facility to a radiological facility, which would allow the facility to cut costs by procuring commercial grade hardware and lessening operational requirements based on re-defined safety basis requirements. The savings would improve the facility's ability to perform more experiments, the IG said. NNSA guidance that would increase the amount of plutonium that can be stored at a radiological facility was issued in November.

AT LOS ALAMOS LAB TRIMS CONTRACT WORKFORCE BY 60 EMPLOYEES

On the heels of the departure of 557 full-time employees, Los Alamos National Laboratory is cutting 60 contract positions—and more cuts to the lab's contract workforce could be on the way. In a message to lab employees this week, laboratory Director Charlie McMillan said 60 positions that are connected to Master Task Order subcontracts and staff augmentation subcontracts would be eliminated within the lab's Operations Directorate, which he said would save the lab \$12 million a year. A laboratory committee will review the "process and impacts" of the reductions before lab officials determine the "appropriate process for determining flexible workforce reductions for the balance of the laboratory," McMillan said. "The targeted cost reductions will depend, in part, on our projected FY12 M&S [materials and services] spend." He said "term" positions are not impacted by the current round of cuts.

workforce reductions are expected to be completed by May 1, McMillan said. Earlier this month, 557 full-time employees left the lab as part of a massive voluntary separation program that lab officials said were driven by approximately \$300 million in cuts to the lab's budget in Fiscal Year 2012 and expected budget belt tightening in the future, which includes the deferment of lucrative work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility. When it announced the voluntary separation program, lab officials said they hoped that 400 to 800 employees would accept buyouts. McMillan said in March that there would be no additional layoffs to the lab's full-time workforce.

According to the latest budget figures from the lab and the Department of Energy's Office of the Chief Financial Officer, FY2012 reductions at the lab include an \$80 million drop in Directed Stockpile Work, a \$30 million drop in Advanced Simulation and Computing, and a \$25 million drop in Readiness in Technical Base and Facilities. "These steps not only impact the workers and their families, but also the community. I realize that we still have more questions than answers at this point, but I am erring on the side of early notification," McMillan said.

Eliminating 60 contract positions amounts to about 10 percent of the Operations Directorate's "non-Term flexible" workforce, McMillan said. McMillan said the changes were made to "align with our new budget realities. We are taking a measured and gradual approach to these reductions so as to minimize further workforce reductions." The

AT LOS ALAMOS IG RAISES QUESTIONS ABOUT LAB AUDIT STRATEGY

Approximately \$2 million worth of questioned costs at Los Alamos National Laboratory from Fiscal Years 2008 and 2009 remain unresolved, according to a Department of Energy Inspector General report released this week that raised concerns about the laboratory's audit functions.

According to the April 19 report, which was released this week, the \$2 million in costs that remain in question were initially flagged by Los Alamos' internal audit function;

labor charges totaling \$1.9 million were found to be unallowable and not a “benefit” to NNSA. Among the charges was 1,656 hours billed to the NNSA by two employees conducting job searches in 2007. Los Alamos senior management upheld the charges, but NNSA’s Office of Field Management raised objections and the Contracting Officer was working with the lab to resolve the questioned costs as of January, the IG said.

Improper audit reviews also led the IG to identify \$165.1 million in subcontract costs from FY2008 and 2008 and another \$272.0 million in FY2007 that it considered to be unresolved. The IG also questioned the lab’s subcontract audit strategy, noting that reviews of invoices by the lab’s Office of Acquisition Services Management was “not effective” in making sure that unallowable costs were not paid and that the strategy did not follow Defense Contract Audit Agency guidelines. The IG said that of the 975 cost-type subcontractors and 429 time and materials/labor hour subcontracts active during FY2010, only two required an audit. “Unlike DCAA Audit Manual requirements, Los Alamos’ strategy had no procedures for: (a) independently

determining or reviewing risk, leaving risk determination solely to ASM management’s judgment; (b) selecting or auditing a random sample of low-risk subcontracts; and, (c) triggering referral of contracts below \$15 million annual incurred costs for audit,” the IG said.

The IG acknowledged that the NNSA and the lab were putting corrective actions in place, and in a statement, Dean Childs, NNSA’s Director of Internal Control, said the agency “generally” agreed with the report. “It should be noted that NNSA has taken significant actions to enhance the LANL audit program, including documenting shortcomings in monthly performance system feedback and withholding substantial incentive fees when appropriate,” Childs wrote in a response to the IG report. “Since the audit, LANL has submitted a revised audit strategy proposal which . . . includes positive steps toward resolving the issues noted in the report. NNSA remains committed to ensuring our contractors execute effective internal and sub-contract audit processes to meet the objectives of the cooperative audit strategy, while appropriately balancing risk and resources.”

AT OAK RIDGE

The National Nuclear Security Administration’s Y-12 Site Office has completed a report that provides an alternative plan for carrying out work on the Uranium Processing Facility with greater-than-expecting funding, but the federal agency has not yet released the report. Federal project manager Harry Peters of the Y-12 Site Office won one of the quarterly awards from the NNSA’s Defense Programs for putting together the revised plan in a 30-day period earlier this year. Steven Wyatt, a spokesman in the Oak Ridge office, said NNSA defense programs chief Dr. Don Cook directed the 30-day study as a result of President Obama’s budget request for Fiscal Year 2013.

Y-12 SITE OFFICE COMPLETES UPF REPORT

Unlike some other programs in the nuclear weapons complex, the Administration’s request accelerated the spending plan for the UPF to \$340 million in FY 2013, and the study apparently was designed to figure out how to best use the additional money and adjust the schedule for early construction. “The 30-day study evaluated an approach of phasing the installation of enriched uranium processes into UPF with the focus on Building 9212 processes,” Wyatt said. “With the proposed increase in funding, the study also evaluated an approach to begin the transition of processes out of 9212 by 2019. The study provided an approach to accomplish these objectives.” The study was completed in March, but Wyatt declined to be more specific on the dates.

AT OAK RIDGE

Concerned about recent reports that brought negative attention to the Uranium Processing Facility, the president of Oak Ridge’s largest labor group has ramped up support for the project. In recent weeks, Steve Jones, the president of the Atomic Trades and Labor Council, initiated a more aggressive effort supporting the multi-billion-dollar project, sending letters to most members of the Tennessee congressional delegation in an effort to help change momentum for the project that’s expected to become the biggest construction project in the state’s history. Jones said he wanted to show union support for the UPF and emphasize the project’s importance to the missions at the

Y-12 UNION RAMPS UP SUPPORT FOR UPF

Oak Ridge warhead components manufacturing facility. “Members of the Atomic Trades and Labor Council have worked at the Y-12 site in Oak Ridge for over sixty years,” Jones said in an April 25 letter to Sen. Lamar Alexander, the Tennessee Republican who serves on the Senate Energy and Water Appropriations Subcommittee. “We are proud and dedicated to the mission we perform here,” Jones wrote. “As you well know, we are working in facilities that were built in the 1940s. Today these facilities have actually outlived their life span and we are concerned with their longevity to support the important mission they provide for our country. For this reason we support

construction of the Uranium Production Facility at the Y-12 site. Not only will this facility enable us to continue our mission but will also provide our workers with a safer environment. We believe that Y-12 is a safe place to work and when the UPF is completed, it will only be safer. Thanks for your continued support of the UPF project.”

Groups Raise Concerns

The Defense Nuclear Facilities Safety Board in recent months has raised multiple issues with safety planning in the UPF designs and expressed its concerns to National Nuclear Security Administration chief Tom D’Agostino. Also, the Oak Ridge Environmental Peace Alliance and other activist groups around the country upped the level of

effort in their movement against the new production center at the Oak Ridge. The groups have used the Defense Board’s safety concerns as additional fuel for their campaign and have argued that the country can’t afford the expensive project—expected to cost between \$4.2 and \$6.5 billion, according to the government’s cost range.

The peace alliance earlier sent a seven-page letter to Alexander outlining their concerns, but Tennessee’s senior senator has been consistently supportive of the Oak Ridge project. In a recent statement, Alexander said, “I am committed to seeing the UPF facility completed safely, cost-effectively, and as soon as possible so that hundreds of workers who are doing critical national-security work can be moved out of a very unsafe building.” ■

REPORT OF NOTE...

Modernizing the Nuclear Security Enterprise: Strategies and Challenges in Sustaining Critical Skills in Federal and Contractor Workforces, Government Accountability Office, Apr 26, 2012.

The report is available at <http://www.cfr.org/publication/9997/>.

The GAO analyzes one of the most important factors facing the nuclear weapons complex: maintaining a stable workforce. According to the GAO, recruiting, development and retention strategies have been put in place by the National Nuclear Security Administration and management and operating contractors across the weapons complex. The NNSA focuses on “attracting early career hires with competitive pay and development opportunities,” while strategies at the sites vary though each focuses on maintaining competitive compensation packages. “Their development efforts vary in approach and scope and face some challenges—particularly in preserving underground nuclear testing skills,” according to the GAO. NNSA monitors key human capital metrics to determine how effective its efforts are, and the GAO noted that the work environments and locations of the agency’s sites post recruiting challenges, leading to a shortage of qualified candidates. Among the other challenges are security requirements that limit the use of cell phones, email and social media, geographically isolated sites that limit job opportunities for spouses, a shortage of critical skills among U.S. citizens, and competition from the private sector. “NNSA and its M&O contractors are taking actions to address these challenges where possible, including streamlining hiring and security clearance processes and taking actions to proactively identify new scientists and engineers to build a pipeline of critically skilled candidates,” the GAO said.

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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Wrap Up

IN THE NNSA

The 400,000-square-foot Jack Case Center is the first building at the Y-12 National Security Complex to comply with the High Performance and Sustainable Building program, a national building standard for energy sustainability at federal operations. Jack Case is the largest office facility at Y-12 and houses about a third of the plant's staff. The initial report issued by the National Nuclear Security Administration said the building had achieved a 21.4 percent energy reduction in five months. That was incorrect, a spokesman said later, indicating that the total savings had occurred over several years, with a recent reduction bringing the building into compliance. Steven Wyatt said the certification was achieved over a five-month period, not the total energy reduction. "Work on reducing energy consumption [to comply with the federal mandate] began in October 2011 with the target of an additional 9 percent reduction completed in February," Wyatt said. "This was verified in late March after we received the meter data from the utility company."

IN THE DNFSB

Thomas Spatz has been assigned as the Defense Nuclear Facilities Safety Board's site representative to the Pantex Plant. Spatz, who has served on the Board's technical staff since October of 2007, will report to his new position in August. Spatz has served as the Board's Cognizant Engineer for Sandia National Laboratories and as the Cognizant Engineer for tritium facilities, and has led safety basis reviews for nuclear explosive operations at Pantex, tritium facilities at Savannah River, and the Annular Core Research Reactor at Sandia. Spatz spent more than six years at Westinghouse Savannah River

Company and nine years at Los Alamos National Laboratory before joining the Board.

IN THE INDUSTRY

B&W Pantex has been awarded the 2012 Frances Perkins Vanguard Award from the Small Business Administration for its work with woman-owned small businesses, receiving recognition from the SBA for the second year in a row. Last year, B&W Pantex won the Dwight D. Eisenhower Award for excellence in utilization of small businesses. B&W Pantex spent \$19.9 million with woman-owned small businesses in FY2011, which represented 17.8 percent of the site's \$112 million spent in subcontracting. The site nearly doubled its performance goal of 9 percent. "To be honored two years in a row by the SBA is a tremendous accomplishment," B&W Pantex General Manager John Woolery said in a statement. "These awards help to reinforce our conviction that we are acting in the best interests of the local and U.S. economy through our subcontracting efforts with small businesses."

Savannah River Site security protection officers from contractor Wackenhut won the five-man team competition as the top Department of Energy team of officers at the 2012 Carolina Challenge, held this week at SRS.

A team of officers from DOE headquarters won the three-man team competition. In total, security protection officers from 11 DOE sites took part in the event, which also included two teams from Canada and two SRS-area local law enforcement teams. "This is a tough competition that tests and sharpens the skills of security professionals throughout the Department of Energy. Congratulations to all the competitors and especially the winning performance of our SRS-WSI team for their hard-earned Secretary's Trophy," DOE Savannah River Operations Office Manager David Moody said in a statement. ■

Calendar

April

30 Discussion: "Nuclear Weapons Spending in the 2013 Budget," Christopher Preble, Cato Institute; Russell Rumbaugh, Stimson Center; and Laura Peterson, Taxpayers for Common Sense, sponsored by the Cato Institute, Room B-354 Rayburn House Office Building, Washington, D.C., noon.

30 Discussion: "The Nuclear Security Summit Process: Accomplishments and Lingering Challenges," Laura Holgate, National Security Council; Corey Hinderstein, Nuclear Threat Initiative; Han Choong-Hee, South Korean Ministry of Foreign Affairs and Trade; and Richard Weitz, Hudson Institute, at the Hudson Institute, 1015 15th St, NW, Sixth Floor, Washington, D.C., 2-4 p.m.

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NUCLEAR WEAPONS & MATERIALS

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...plus International Nonproliferation Initiatives (*State, DoD, G-8, IAEA*) ♦ Uranium Enrichment

Volume 16 No. 20

May 4, 2012

— *INSIDE HIGHLIGHTS* —

A House Armed Services Strategic Forces Subcommittee proposal to revamp how the National Nuclear Security Administration conducts safety and security oversight of its contractors is drawing criticism from many of the unions that provide workers for the agency’s sites. . . . 2

The NNSA took another step toward combining management of the Y-12 National Security Complex and the Pantex Plant as the three teams that submitted bids for the consolidated management and operating contract took part in oral presentations for the contract this week in Albuquerque. 4

The NNSA made only minor changes to its Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement in a Request for Quotations released this week, continuing to show a preference for small businesses in the solicitation. 4

Bids for the combined Y-12/Pantex management and operating contract were submitted seven weeks ago, but union representatives from the two plants this week called for changes in the contract competition and reiterated concerns about the impact the contract could have on the workforce at the sites. 5

***Procurement Tracker* 6**

While some nonproliferation experts called for more binding nuclear security standards following the Nuclear Security Summit held in late March, a White House official said this week that those critics missed the point of the summit process. 8

Future U.S. and Russian arms control negotiations on tactical nuclear weapons are likely to hit significant hurdles as the two parties hold onto the weapons as bargaining chips, according to a report released this week by the Federation of American Scientists. 9

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UNIONS GEAR UP FOR FIGHT OVER NNSA REFORM PROPOSED BY HOUSE PANEL

A House Armed Services Strategic Forces Subcommittee proposal to revamp how the National Nuclear Security Administration conducts safety and security oversight of its contractors is drawing criticism from many of the unions that provide workers for the agency's sites. In sweeping reform legislation that will be considered next week by the full House Armed Services Committee aimed at increasing the autonomy of the NNSA and improving its productivity, the panel proposed severing ties between the Department of Energy's Office of Health, Safety and Security and the agency, adopting Occupational Health and Safety Administration standards for non-nuclear work, and shifting to more performance-based oversight rather than transactional oversight. But at least three of the biggest unions that represent weapons complex workers are ramping up efforts in advance of next week's House Armed Services Committee markup of the Fiscal Year 2013 Defense Authorization Act in opposition of the language, including the United Steelworkers and the Building and Construction Trades and Metal Trades departments of the AFL-CIO.

In a May 3 letter sent to senior lawmakers on the House and Senate Armed Services committees, Metal Trades President Ron Ault said the union is "strongly opposed" to the changes. "It would endanger the lives of the many members we have working at these facilities," Ault said. "For years, the Metal Trades Department has made the safety and health of our nuclear workers a top priority. As you might imagine the work that our members perform at these facilities is, by its very nature, inherently dangerous and requires the highest possible level of care and protection and it has taken us years of work with past Administrations to develop the current safety and health program that this legislation would destroy."

Union Bemoans 'Terrible' and 'Unjustified' Changes

Ault noted that the bill limits the OSHA standards that would be applied to NNSA, and excludes standards on anti-retaliation as well as inspection and record-keeping regulations. He also suggested OSHA regulations sometimes are not as rigid as DOE standards, noting that DOE's beryllium worker exposure standard is 10 times as protective as OSHA's standard. "Transferring the current safety and health program to NNSA is a terrible decision and it's unjustified," Ault wrote in letters to Senate Armed Services Committee Chairman Carl Levin (D-Mich.), House Armed Services Committee Ranking Member Adam Smith (D-Wash.), and House Armed Services Strategic Forces Subcommittee Ranking Member Loretta Sanchez (D-Calif.). "The health, safety and lives of the men and women who do the dangerous work at these facilities depend on you to stop this proposal."

Ault noted that the unions were key in many cases to helping develop standards with DOE's Office of Health, Safety and Security, and an official advising the union on these issues suggested this week that health, safety and security would become less of a priority if the NNSA was in charge of its own oversight. "To say now we're going to throw you over to the tender mercies of this agency? We have a lot of history with worker safety and health and we know that is on everyone's lowest priority of everything," the official said. "Production comes first. Safety and health comes second, third, fourth and sometimes is not in the equation." The official said the unions do not have an issue with other parts of the subcommittee's NNSA reform legislation, including language that would increase the authority of the NNSA Administrator. "All we're saying is leave us alone," the official said. "Do whatever you want to do with jurisdiction over the weapons complex, but leave this program alone."

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POGO Joins Fight

The union's concerns were echoed by the Project on Government Oversight, which suggested last week that the panel's plan would "seriously undermine" the "health, safety, and financial accountability" of the weapons program. "The subcommittee cites the success of this model in the private sector, but avoids the facts that, unlike the private sector, nuclear weapons facilities are ultra-hazardous, have very large radioactive waste legacies, excess cancer and beryllium disease among its employees, a long history of safety problems, and contractor mismanagement enabled by self regulation," POGO said in a recent blog post.

The government watchdog group also raised concerns about other portions of the bill, including a provision that would force the Defense Nuclear Facilities Safety Board to consider cost as a part of its recommendations and share its recommendations with the Department of Energy and NNSA before they are released. Under the bill, the DNFSB, POGO said, would "effectively be required to negotiate its safety recommendations" which would "compromise the Board's independence and undermine safety." House leaders have said that the intent of the legislation is to make NNSA more efficient. "This isn't about less oversight. It's about doing the right kind of oversight," a Congressional aide told *NW&M Monitor*. "It can be more effective. NNSA can really focus on the real issues that it's facing instead of approving every piece of paper that moves."

Former NNSA Chief Applauds Approach

The subcommittee's efforts did garner some support from weapons complex observers. Former NNSA Administrator Linton Brooks told *NW&M Monitor* that he was in favor of the changes to move away from HSS, toward performance-based oversight and using OSHA standards. He said it is basically an endorsement of the Kansas City Plant governance pilot program that began under his watch, which he said led to increased savings without any problems with health, safety and security. "The evidence is very strong that the country would be just fine, we wouldn't be giving up anything to generalize that for non-nuclear safety and I'm hoping that even if their legislative provisions don't survive conference, and you never can tell, that this would be a spur to the Department, because the Department doesn't need legislative authority to do it."

He suggested that the union's concerns that safety would get short shrift under the NNSA were unfounded. "I just think it's a misunderstanding that the line doesn't care about safety because you can't do your mission if you have safety problems," Brooks said. "Look for example when

Pete Nanos shut down Los Alamos [National Laboratory because of safety and security issues]. When that happened, all of LANL didn't do its job for a long period of time. I think that the idea that if the NNSA organization doesn't have HSS looking over its shoulder it will not pay enough attention to safety is wrong." He added: "The status quo, the unions have learned to live with it and we have learned to live with it, but it's not the best we know how to do."

NAS Co-Chair: 'A Step In The Right Direction'

Charles Shank, the former Lawrence Berkeley National Laboratory director who co-chaired a recent National Academy of Sciences study that found the relationship between the NNSA and its laboratories was "broken" and "dysfunctional," called the NNSA reform efforts a "step in the right direction" in comments to *NW&M Monitor* this week. He specifically applauded the move toward performance-based oversight. "I think the labs have to step up and demonstrate they'll manage their labs," he said. "If they're able to do that the NNSA will require many fewer people to understand how to do oversight. It's very important, it needs to be done well, but it can't be a be all and end all."

While Shank said he favored another provision in the legislation, which would cut the size of the NNSA's headquarters staff to 800 employees by 2014, Brooks suggested that the headquarters cuts could backfire. "If you do these kinds of draconian cuts you could end up depending on DOE more," he said. "You enmesh yourself in the Department at the same time the other part of the House mark is trying to sever enmeshment in the Department. I think this is one of those cases where their motives are good and their goal is the right goal but this is too much like throwing people in the deep end to see if they'll learn to swim. The chances of it coming out poorly are pretty high." He said a more measured approach to reducing headquarters staff would be more appropriate after oversight changes are in place. He said those changes would almost certainly reduce the need for some employees. "I would think that the Administration ought to say we've implemented this, we've looked and here are the numbers of federal billets we no longer need because we're doing oversight in a new way." Shank, however, said that reducing the size of the NNSA's staff was essential to moving away from transactional oversight. "Too many people doing too little work—they find work," Shank said. "Fundamentally you have to reduce the entire size of the apparatus or it can't be effective."

—Todd Jacobson

Y-12/PANTEX BIDDERS MAKE THEIR PITCHES TO NNSA AS ORALS WRAP UP

The National Nuclear Security Administration took another step toward combining management of the Y-12 National Security Complex and the Pantex Plant as the three teams that submitted bids for the consolidated management and operating contract took part in oral presentations for the contract this week in Albuquerque. A team of Lockheed Martin, Bechtel and ATK was the first group to make its pitch to NNSA, appearing May 1, while a team of Fluor, Jacobs and Pro2Serve presented May 2 and a team led by Babcock & Wilcox and including URS, Northrop Grumman, Honeywell (and Shaw and Energy-Solutions as subcontractors) presented May 3. B&W Chief Operating Officer Mary Pat Salamone is heading up the B&W bid, but the lead personnel on the other two teams is not clear. In addition to combining management of Y-12 and Pantex, the contract also includes an option for adding in management of Savannah River tritium operations after one year.

The NNSA has not publicly announced a schedule for the completion of its analysis or a projected award date other than to suggest that it would like to begin transition at the beginning of 2013, and according to industry officials, the agency gave no signs at orals of its schedule or timeline. But conservative estimates based on previous procurements suggest that it is likely to take at least six months to finish the evaluation. That's about how long it took the agency to complete the evaluation of proposals for management of Los Alamos National Laboratory, and evaluating proposals for the combined management of Y-12/Pantex is considered a much more complex endeavor considering that much of the evaluation will center on cost savings proposed by the bidders. The agency received three bids for the contract by the March 13 deadline, but has declined to comment publicly.

Will There Be an Award Before the Election?

The NNSA has estimated that it could save \$895 million through the consolidated contract over 10 years (later revising that estimate to \$1.15 billion), and tied the cost savings to the amount of fee contractors could earn under the contract, making half the fee contingent on savings. Navigant Consulting, which helped the agency prepare its initial savings estimates, is vetting the cost savings proposals for the bids as part of the evaluation process.

Most industry officials expect that in addition to oral presentations, the agency is likely to have to have additional discussions with bidders before it reaches a conclusion. "They'd have to open it up for clarifications if any of

the proposals are close to each other in terms of the savings," one industry official previously told *NW&M Monitor*. The November presidential elections are also likely to play a large part in the procurement schedule; most observers don't think that an award will be made before the elections. "My gut is if they don't award by August it isn't going to happen. They'll be into the election and I don't see how they can," another industry official told *NW&M Monitor*.

—Todd Jacobson

NNSA KEEPS FOCUS ON SMALL BIZ IN TECHNICAL SERVICES BPA

The National Nuclear Security Administration made only minor changes to its Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement in a Request for Quotations released this week, continuing to show a preference for small businesses in the solicitation. The RFQ mirrors a draft solicitation released in February in many ways, maintaining provisions that would give small businesses an edge over large businesses in evaluation criteria. The RFQ is not set-aside for small businesses, but only small businesses are eligible to receive an "excellent" rating in the solicitation's top evaluation factor: small business status. The other evaluation criteria are oral presentations, past performance and resumes (key personnel). "It's pretty clear they want small businesses for this," one industry official said. "If you're not a small business, it's going to be pretty tough."

Questions on the RFQ are due by 1 p.m. Eastern Time May 18, and bids are due by 1 p.m. June 6. The procurement documents indicate that companies should use Aug. 1 as the anticipated start of work under the contract, but that could be subject to change and the agency said it reserves the right to stagger awards under the contract.

Small Businesses Get Boost

When the agency last competed the contract, it selected five teams and large businesses were allowed to, and did, prime the contract. But Northrop Grumman was the only company to do so and was not awarded any task orders. This time around, the agency has increased its focus on small businesses even more. Though small businesses are not required to be team leads, at least 50 percent of the work under the contract must be performed by small businesses. In a change from the previous contract, and in order to aid small businesses, all team members will be able to work with the government on the contract.

The agency also tweaked the contract's small business size standards under the General Services Administration's Environmental schedule that will be eligible for the contract, leaving Environmental Consulting Services at \$14 million but making Remediation Services available to small businesses with less than 500 employees. It maintained the standard for Military and Aerospace Equipment and Military Weapons under GSA's Professional Engineering Services schedule at \$35.5 million and kept the size standard for Administration Management and General Management Consulting Services under GSA's MOBIS schedule at \$14 million.

DOE-Wide Availability

In another change from the previous contract, the BPA will be available for use by all Department of Energy programs and not just the NNSA, and is expected to include tasks for nuclear engineering subject matter expertise and analytical support, training support, security management support, weapons data access system programmatic support, aviation operations support, and environmental management. The NNSA had previously envisioned program and project management support, management and program review support, and emergency operations support as part of the contract, but stripped that out of the final scope.

Five Team Leads were selected for the BPA four years ago, though the growth of some companies and disinterest from others is expected to cause some reshuffling among teams. The most successful Team Lead, MELE Associates, is believed to have outgrown the small business requirements of the contract, and at least one of MELE's team members, TechSource, is believed to be preparing to lead its own team this year. Team Leads Systematic Management Services and Navarro Research and Engineering also appear to be interested in bidding for the opportunity again, but Chenega Corporation, which bought Team Lead Time Solutions Corporation, said it would not bid for the new BPA. According to procurement documents, \$224.1 million in tasks had been doled out since the contract was awarded in 2007, including 20 task orders to MELE worth \$121.3 million. The team led by Time Solutions won seven task orders worth \$46.9 million, while SMS won five worth \$19.4 million and Navarro won five worth \$36.4 million.

—Todd Jacobson

AT 11TH HOUR, Y-12 AND PANTEX UNIONS SEEK CHANGES TO COMBO CONTRACT

Bids for the National Nuclear Security Administration's combined Y-12/Pantex management and operating contract

were submitted seven weeks ago and the three bidders for the contract are in the middle of oral presentations this week, but union representatives from the two plants this week called for changes in the contract competition and reiterated concerns about the impact the contract could have on the workforce at the sites. Ron Ault, the President of the Metal Trades Department of the AFL-CIO, sent a letter last week to Energy Secretary Steven Chu complaining that workers are not protected in the proposed contract. Specifically, the Metal Trades Council, which represents workers at both plants, said the final Request for Proposals does not contain provisions requiring contractors to hire the existing workforce, nor does it contain provisions protecting the wages and fringe benefits of workers. "The effects of the NNSA's actions will be felt far beyond Pantex and Y-12, because they threaten the community standards of the entire regions where these facilities are located," Ault wrote in the letter, which was signed by 11 other vice presidents that make up the Metal Trades Department's executive council.

When asked about the timing of the letter, Ault said that he was still hopeful that changes could be made to the contract, even though proposals have been submitted. He said workers at Y-12 and Pantex have collected hundreds of pages of petitions and have sent them to Congress. This week, three teams bidding for the contract participated in oral presentations as part of the procurement: a team led by Y-12 and Pantex incumbent Babcock & Wilcox and including URS, Northrop Grumman and Honeywell (with Shaw and EnergySolutions as subcontractors), a team of Lockheed Martin, Bechtel and ATK as well as a team made up of Fluor, Jacobs and Pro2Serve. "Hope springs eternal," he said. "It ain't over 'til the fat lady sings." He also suggested that the union workers could "vote with our shoes," but acknowledged that striking was not a very palatable option. "If they don't recognize the union at all, we could always strike them," he said. "But who wants to strike when the DOE could fix this with one little sentence inserted? And who wants to strike in the worst economic recession in history?"

Contract Language Not Enough

Opposition from the union is nothing new. Since the NNSA unveiled its plans for the contract more than two years ago, raising eyebrows by including language in procurement documents suggesting that incumbent jobs would not be protected under the contract, the union has pressured the agency to include better protections for existing workers. It raised multiple questions after the agency released a draft Request for Proposals for the contract last summer, suggesting that the NNSA's stance on hiring incumbent employees was "flawed," but the agency has not moved to make changes. "Our questions

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|---|---------------------------------|----------------|--|---|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Reopen | Contract with CH2M-WG Idaho to expire in 2012. | Sources sought notice issued June 24, 2010. | Undetermined/ Up to 10 years | Undetermined | Environmental Remediation, D&D, Waste Management | DOE still in negotiations with CWI on three-year extension. |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2012. | DOE has authorized a five-year extension for Battelle to stretch its contract through 2017. | Undetermined | Unrestricted | Laboratory Management | Negotiations between DOE and Battelle are ongoing. |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | One-year extension authorized Dec. 16 to allow time for contract competition to take place. | Undetermined | Unrestricted | Laboratory Management | |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2012. | Energy Secretary Steven Chu has authorized a five year extension. | Undetermined | Unrestricted | Laboratory Management | Negotiations on contract details ongoing. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Sept. 30, 2012, with two three-month options; SRS tritium currently part of Savannah River Nuclear Solutions contract. | Three teams submitted proposals by March 13; orals conducted May 1-3. | Undetermined | Full and Open | Management and Operation | |
| Enterprise Construction Management Services | N/A | Parsons notified of contract award Jan. 31. | Up to 5 years/ \$125 million | Full and Open | Construction Management Services | Protest by team led by Logistics Management Institute withdrawn March 26. Parsons still waiting for task orders. |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expires March 28, 2012. | Final Request for Quotes issued May 3. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER (Continued)

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|--|------------------------------------|--------------------------|--------------------------|--|
| NNSA (Continued) Y-12, Pantex and Oak Ridge Security | Y-12 and Oak Ridge contracts held by WSI extended through end of November 2012. Pantex security currently provided by B&W Pantex. | Draft RFP issued April 18. | More than \$1 billion a year | Undetermined | Security Services | Industry Day scheduled for May 15 in Amarillo, Texas, and May 17 in Oak Ridge, Tenn. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | DOE considering cancelling project. |
| MISC. SITES/PROJECTS Hanford Occupational Medical Services | Contract held by CSC Hanford Occupational Health Services set to expire in 2014. | Request for Proposals issued Nov. 14, 2011. Bids due by Feb. 15, 2012. | 6 years/ \$102 million | Small Business Set-Aside | Support Services | |
| Legacy Management Support Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | |
| WIPP Management and Operations | Contract held by Washington TRU Solutions set to expire Sept. 30, 2012. | New contract awarded to Nuclear Waste Partnership April 20, 2012. | 10 years/ \$1.3 billion | Full and Open | Facility Management | |
| WIPP Mobile Loading Unit Support Services | Contract held by S.M. Stoller set to expire by April 30, 2013. | Request for Proposals issued April 10, 2012. Bids due by May 17, 2012. | N/A | N/A | Support Services | |

don't get answers," Ault said. "It's like they go in a black hole." When it released the final RFP for the contract in December, the language hadn't been changed. "The Contractor shall use the Transition Term to make hiring decisions," the RFP reads. "The Contractor shall give a right of first refusal of employment for every position identified by the Contractor as necessary for completing the requirements of the contract." The winning contractor will have 135 days to implement its workforce plan and offer contracts to workers. Incumbent employees offered the same position will earn the same salary, and incumbent employees offered different jobs will earn a salary "commensurate" with the job, the RFP states.

Union leaders had suggested that the RFP include language mandating that all incumbent contractor employees would become employees of the new contractor on a specific date and that the agency "expects the Contractor to subsequently exercise appropriate managerial judgment regarding employee retention and job assignments," the union said. The language would "still provide the successor contractor with the flexibility to structure its workforce, without needlessly destabilizing the situation at either Y-12 or Pantex."

Ault said the current contract language does not offer strong enough protection for workers. "There are no guarantees they won't change the wages and fringe benefits and undermine the community standards in Oak Ridge, Tenn., and Amarillo, Texas," he said. "These are large employers. They go in and change the wages and fringes and it affects the entire community." He said the union's worries are rooted in the NNSA's push to drive savings through the combined contract. The agency has estimated it could save \$1.15 billion over 10 years. "If the point is to save money, the only way they are going to save money is do what we've been saying they're going to do: screw the employees," Ault said.

Union Warns of 'Dire Consequences'

Ault has previously met with NNSA Administrator Tom D'Agostino and Deputy Energy Secretary Dan Poneman, which he said has not seemed to help the union's cause. But in his letter, he appealed to Chu to take action. "The Metal Trades Department has tried to explain the situation and work with the NNSA to avoid such dire consequences; however, the NNSA is continuing with its final request for proposal," Ault said in his letter to Chu. "We ask for the Department of Energy's assistance in this matter, to ensure that the hardworking workforces at both Y-12 and Pantex will continue their employment, with their established wages and benefits."

—Todd Jacobson

WHITE HOUSE'S HOLGATE RESPONDS TO CRITICS OF SECURITY SUMMIT

Nonbinding Agreements from Summit Can Lead to International Standards, Holgate Says

While some nonproliferation experts called for more binding nuclear security standards following the Nuclear Security Summit held in late March in Seoul, South Korea, White House Senior Director for Weapons of Mass Destruction, Terrorism and Threat Reduction Laura Holgate said this week that those critics missed the point of the summit process. "They certainly never had a basis for that to be an expectation. It never was a goal of the summits to create that. There's no evidence in the 2010 document that that was where we were headed," Holgate said this week at a Hudson Institute event in Washington. "The notion of spending time now to actually negotiate new treaties when we can't even get universalization of existing treaties—I'd rather spend time with the doers than the ditherers. What the summit has done so far is empower the doers, and I think that is really where we need to keep our focus."

The Seoul Summit built on a number of efforts launched at the first Nuclear Security Summit, held in 2010 in Washington, which included the broad goal to secure all vulnerable nuclear materials around the world within four years. The main product of this year's meeting was a six-page communiqué adopted by all participants, including 53 heads of state, encouraging countries "in a position to do so" to announce by 2013 voluntary actions to minimize the use of highly enriched uranium. It also supports bringing the amended Convention on the Physical Protection of Nuclear Material into force by 2014, which, among other impacts, would impose legally binding requirements on the security of nuclear materials. Leaders plan to follow up on the commitments made at previous Summits at the next meeting in 2014 in the Netherlands. A number of countries also used the summit to announce the completion of efforts to secure or remove vulnerable nuclear materials (*NW&M Monitor*, Vol. 16 No. 14).

'Nothing That Requires Anybody to Do Anything'

But several critics said that the summit process lacked the binding, enforceable commitments they say are needed to create international standards to prevent nuclear terrorism. Among the most vocal was Ken Luongo, co-chair of the Fissile Materials Working Group and president of the Partnership for Global Security, who said last month that the summit's achievements were relatively modest. "There is nothing that requires anybody to do anything at the present time. It's completely driven by national regulations and by decisions that are made at the national level and there's no transparency," Luongo told *NW&M Monitor* in

early April. He added, “What was missing from this summit is a vision of where we want this nuclear security issue to end up. Instead of having presidents and national leaders talk to each other about what the bureaucracies are actually doing, I think it should be the other way around, with the leaders telling the bureaucracies what they want to achieve and then telling them to go execute it.” Luongo said he would like to see a set of countries from the Summit put together a road map that they can adhere to, instead of imposing broad criteria from above.

Summit Process Seen as Most Realistic Path

However, Holgate emphasized this week the difficulty of getting countries to agree on binding commitments. Instead, she said that incentives and nonbinding agreements establish norms, which over time become “soft law” and eventually become “hard law.” Holgate mentioned several ways norms are developed, including the addition of nuclear security guidelines to nuclear cooperation agreements with the United States or conducting international peer reviews of commercial nuclear projects. “It’s the incentivization process more than any imposition from a global regime as such that is going to get us where we need to be in the little bit,” she said, adding: “I think we are looking at the beginnings of a norm here. We are quite a ways away from law, but you don’t get to the law from nothing.”

Holgate’s counterpart in South Korea, Han Choong-Hee of the South Korean Ministry of Foreign Affairs and Trade, noted at the Hudson Institute event that nuclear security remains an emerging issue, and that the three summits are just the beginning of the process of establishing security standards. “I think these three rounds of summits are not sufficient to achieve what we expect in the future. So I think with this highly political commitment by the leaders, we have to utilize this good opportunity to materialize the structure and also standard of nuclear security in the framework of existing mechanisms,” he said, naming the International Atomic Energy Agency, the United Nations and The Global Initiative to Combat Nuclear Terrorism as organizations that could carry on the work established by the Nuclear Security Summits after that process ends. Common goals for such an effort would include establishing a peer review mechanism and setting some specific internationally standardized regulations regarding domestic loads and regulation for each nation. “So this should be our ultimate goal, to make a very strong and robust international nuclear security or global nuclear security governance so that this issue, nuclear security, should be a firmly established international norm like nuclear safety and nuclear safeguards. So I think we have a lot of work to do in the future,” he said.

—Kenneth Fletcher

REPORT CALLS FOR UNILATERAL CUTS TO TACTICAL NUCLEAR WEAPONS STOCKS

Report From Federation of American Scientists Estimates U.S., Russia Tactical Stockpiles at 2,800

Future U.S. and Russian arms control negotiations on tactical nuclear weapons are likely to hit significant hurdles as the two parties hold onto the weapons as bargaining chips, according to a report released this week by the Federation of American Scientists that suggests unilateral reductions are the best path to reducing the tactical nuclear stockpiles. The report by FAS nuclear expert Hans Kristensen comes on the eve of the NATO Summit in Chicago May 20-21 where allies will approve a Deterrence and Defense Posture Review that will govern NATO’s nuclear posture and impact the approximately 200 U.S. tactical nuclear weapons spread throughout Europe. That review is unlikely to produce significant change in NATO’s deterrence posture, and the recent FAS report suggests that “excessive and outdated secrecy” associated with the size, makeup, location and status of tactical nuclear stockpiles have created “unnecessary and counter-productive uncertainty, suspicion and worst-case assumptions that undermine relations between Russia and NATO.”

The report estimates that the U.S. and Russia combined have approximately 2,800 tactical nuclear weapons: 2,000 for Russia and 760 for the United States. Of the United States’ 760 nuclear weapons, 300 are B61 bombs that stored in the U.S. for possible deployment around the world, 260 are W80 warheads for the TLAM/N awaiting dismantlement, and 200 are deployed at six air bases in five European countries. Italy and Turkey have the most nuclear weapons, estimated at 60 to 70 weapons apiece, while 10 to 20 bombs are believed to be stored at Kleine Brogel Air Base in Belgium, Buchel Air base in Germany, and Volkel Air Base in The Netherlands. Russia’s inventory is spread out, but the report indicates that the inventory of tactical nuclear weapons has “declined significantly since the end of the Cold War and is likely to continue to decline in the next decade—with or without a new arms control agreement—due to age and limited funding.”

Different Positions ‘Obstruct’ Reductions

Tactical nuclear weapons have thus far never been a part of arms control negotiations between the countries, but the Obama Administration has said it wants the weapons to be part of the next round of arms control talks. However, the FAS report notes that Russia has long held a position that it will not negotiate on its tactical nuclear weapons as long as U.S. nuclear weapons are deployed in Europe and NATO has previously determined that any reductions to its nuclear deterrent be based on the entire Russian arsenal.

“Combined, these positions appear to obstruct reductions rather [than] facilitate reductions,” Kristensen said in a summary of the report. “Russian reductions should be a goal, not a precondition, for further NATO reductions.”

In the report, Kristensen said that historically unilateral reductions have produced the most significant results, and he suggested that should be the case again, though he said reductions conditioned on reducing the disparity between

Russian and U.S. tactical stockpiles threaten the whole process. “While it is necessary to seek reductions in Russian non-strategic nuclear weapons, reinstating disparity now as a condition for further reductions seems to turn back the clock to the 1980s,” the report said. “Disparity can become a roadblock to further progress, perpetuate the role of non-strategic nuclear weapons, and deepen the ‘us versus them’ mentality that is increasingly polluting Russian-NATO relations.”

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT SANDIA DEFENSE BOARD RAISES MORE SANDIA REACTOR QUESTIONS

Sandia National Laboratories will begin a new round of training for some of the workers involved with safety analysis at its Annular Core Research Reactor this month in response to questions raised in April by the Defense Nuclear Facilities Safety Board. The training is part of a plan developed by Sandia in response to questions raised by the Defense Board in an April 18 letter. The letter is the latest in a series of exchanges between Sandia and the DNFSB about the ACRR, one of the only significant nuclear facilities at Sandia, which works primarily on non-nuclear components of U.S. nuclear weapons and therefore ordinarily faces less nuclear quality assurance scrutiny than some other National Nuclear Security Administration facilities. A DNFSB staff report included in the April 18 letter concluded the issues identified by the Board “challenge the assurance that structures, systems, and components or processes at ACRR will perform their safety function.”

Built in the 1970s, the ACRR is located on a remote part of Sandia’s Kirtland Air Force Base campus, and is used to create pulses of radiation for a variety of applications, primarily experiments in which various materials are exposed to radiation for effects tests. The reactor is based

on a design concept developed in the 1950s at the urging of nuclear weapons pioneers Edward Teller and Freeman Dyson. Key to its design is reactor fuel type with a negative thermal coefficient, meaning that as temperatures rise the nuclear reactions decline—a safety feature that has made the basic reactor type popular for universities and other research applications.

A key focus of the DNFSB’s concern is the quality assurance associated with the software used in the reactor facility. The Safety Board also questioned whether Sandia’s auditors who are supposed to provide independent assessment of the safety quality assurance program at the ACRR were properly qualified. In response, Sandia’s implementation plan calls for additional training for the auditors in the area of NQA-1 (nuclear facility quality assurance), said Sandia spokesman Jim Danneskiold. “Sandia has operated the Annular Core Research Reactor in a safe and compliant manner for decades,” Danneskiold said in a statement, but added that Sandia continually seeks to improve operations and safety basis at the reactor. Danneskiold said Sandia appreciated the Safety Board’s comments and recommendations.

AT OAK RIDGE UPF ACCELERATION DETAILS TRICKLE OUT

The National Nuclear Security Administration has refused to release an alternative plan, reportedly put together in 30 days from February to March, for accelerating construction of the Uranium Processing Facility in order to help the agency get out of the Y-12 National Security Complex’s antiquated 9212 production complex more quickly. The plan was requested by NNSA Defense Programs chief Don Cook in order to take advantage of the higher-than-anticipated funding level for Fiscal Year 2013. The Administration requested \$340 million in FY 2013 for work on UPF, and House and Senate appropriators have supported the funding during recent markups. “It’s pre-decisional at this

point,” NNSA spokesman Steven Wyatt said of the document, “Acceleration of the UPF Project to Support Building 9212 Transition,” which was spearheaded by federal projects manager Harry Peters and the UPF team at B&W Y-12.

Some parts of the new plan, however, were included in a newly released March 23 weekly operations report by staff of the Defense Nuclear Facilities Safety Board assigned to Y-12. The safety board report confirmed that the plan is to begin shutting down operations in Building 9212 in FY 2019 and “achieve full operations” of the 9212 operations

inside UPF in FY 2023. The board staff also said that the plan calls for NNSA to defer the transition of Buildings 9215 and 9204-2E to UPF in order to put the emphasis on getting out of 9212 and transferring the capabilities there. Building 9215 is where Y-12 performs enriched uranium rolling, forming and machine. Building 9204-2E (also known as Beta-2E) is where dismantlement operations are conducted, as well as some sensor testing with actual weapons components and other activities. “Given this deferment, NNSA Headquarters has requested an evaluation of potential incremental investments that may be required for facility risk reduction in Buildings 9215 and 9204-2E,” the defense board memo said.

2007 Risk Study Reopened

The board memo said that the NNSA staff at Y-12, along with B&W, had launched a study to re-evaluate the conclusions and recommendations of a 2007 risk study of the two production facilities. “This re-evaluation is expected to result in new recommendations for safe, extended operation of these facilities,” the DNFSB memo said. The DNFSB staff also said the UPF alternative plan calls for both the NNSA and B&W to conduct operational readiness reviews to determine readiness for the “base facility and

supporting infrastructure systems.” In addition, the new UPF strategy would “revise current schedules for the preparation, review, and approval of safety basis documentation and related reviews to support acceleration.” The memo added, “Safety basis documentation will also need to be reworked to address any new hazards associated with the phased completion of the project.”

According to the defense board notes, the plan for accelerating UPF also identified a number of capabilities that need to be installed in existing facilities in order to facilitate the transition of Building 9212 operations and deferment of Building 9215 and 9204-2E capabilities. Those include:

- Chip cleaning and briquetting need to be installed in Building 9215 by FY 2018;
- Direct Electrolytic Reduction and Electro-refining need to be installed in Building 9215 by the end of FY 2016; and
- A calciner needs to be installed in Building 9212 by FY 2016.

The DNFSB said the NNSA had accepted the acceleration plan from B&W Y-12.

AT OAK RIDGE ORNL LAYS OFF 10 MORE EMPLOYEES

As part of continuing efforts to reduce costs and prepare for future budget uncertainties, Oak Ridge National Laboratory on May 2 issued 10 more layoff notices. Jeff Smith, ORNL’s deputy lab director for operations, said there were actually 11 notices issued, but one of those employees was able to land another job at the lab. Smith said the layoffs were split among those who perform support services charged to the overhead account and those who work in the science and technology programs. Lab spokesman David Keim said four of the layoff notices were in ORNL’s medical facility.

ORNL Director Thom Mason announced the Workforce Restructuring Program in September 2011, receiving authority from the Department of Energy to eliminate as

many as 350 jobs. One of the measures to cut costs was a voluntary departure program and about 220 people left the lab payroll, which was more than lab management had expected, Smith said. All told, the number of people who have left the lab involuntarily in FY 2012 has been about 20 or slightly more, the ORNL executive said. Even though 17 people in the Neutron Sciences Directorate received layoff notices earlier this year, some of them subsequently landed other jobs at the science lab. The lab has taken a number of steps to optimize operations and prepare for the future, but Smith said there are continuing budget uncertainties. He said he doesn’t expect many additional reductions this year. “We may have a few more [layoffs in 2012], but it’s just going to be a few more,” he said. ■

Wrap Up

IN THE WHITE HOUSE

The Obama Administration late last week nominated Captain Sean Sullivan to serve on the Defense Nuclear Facilities Safety Board. If confirmed by the Senate, Sullivan would fill the vacancy created when Larry Brown left the Board last year. Sullivan currently serves as a project manager and analyst for Sonalysts, which provides

analysis of submarine sonar systems and a wide variety of airborne, surface, subsurface and land-based Navy systems, according to the company’s website. From 2006 to 2011, Sullivan served as a general civil litigation attorney at Brown Jacobson, P.C. He retired from the Navy in 2006 after 26 years of service, which included serving as the Base Commanding Officer of the Naval Submarine Base

New London from 2004 to 2006, according to a White House release.

IN CONGRESS

The Senate Armed Services Committee will finish off Congress' rapid-fire round of budgeting later this month as it formally outlined its markup schedule for the Fiscal Year 2013 Defense Authorization Act this week. The panel's Strategic Forces Subcommittee will mark up its portion of the bill—which includes the budgets of the National Nuclear Security Administration and DOE's Office of Environmental Management—in closed session at 9:30 a.m. May 23, and the full committee will pick up the legislation later that day. Its markup of the bill could last through May 25, and will also be closed to the public. The committee will be the last to mark up bills with oversight of NNSA and EM; the House and Senate Appropriations committees have already cleared their versions of the FY2013 Energy and Water Appropriations Act, while the House Armed Services Committee is slated to mark up its version of the FY2013 Defense Authorization Act next week.

IN THE NNSA

Mark Whitney, who has served as the acting No. 2 nonproliferation official in the National Nuclear Security Administration for most of the past year, is leaving the agency for a senior post in the Department of Energy's Office of Environmental Management. Whitney will head up cleanup efforts in Oak Ridge, serving as the Assistant Manager for Environmental Management at the Oak Ridge Operations Office. He'll officially take over in August, and NNSA spokesman Josh McConaha said a replacement has not yet been named. Whitney previously headed up the NNSA's Office of Nonproliferation and International Security and became the acting Principal Assistant Deputy Administrator for Defense Nuclear Nonproliferation when Dave Huizenga took over as EM's cleanup chief in July. He also previously headed up DOE's Moscow Office.

The National Nuclear Security Administration is holding its fifth annual Laboratory Directed Research and Development Symposium June 12 at the American Association for the Advancement of Science in Washington, D.C. The summit will include information on LDRD technology advancements at Lawrence Livermore, Los Alamos and Sandia National Laboratories as well as information about similar programs at the Nevada National Security Site and at the NNSA's production plants. Among the expected speakers are: NNSA Principal Deputy Administrator Neile Miller, former Lockheed Martin Chairman and CEO Norm Augustine, White House Office of Science and Technology Policy Deputy Director for Policy Thomas Kalil, and Charles Shank, the co-chair of a National Academy of Sciences report on lab management.

IN DOE

The \$224 million Physical Sciences Facility Project at Pacific Northwest National Laboratory was awarded the DOE Secretary's Award of Excellence for coming in ahead of schedule and within budget. The 200,000-square-foot facility was partially funded by the National Nuclear Security Administration, and houses radiological, materials science and chemical research efforts, many of which are funded by the NNSA's Office of Defense Nuclear Nonproliferation. The project was completed last year.

IN THE INDUSTRY

CH2M Hill last week parted ways with Dave Oren, senior vice president for business development in the company's nuclear group, effective immediately, *NW&M Monitor* has learned. The exact circumstances of Oren's departure remain unclear, and CH2M Hill spokesman John Corsi largely declined to comment yesterday. "Dave is no longer with the firm and as a matter of policy we do not discuss personnel matters," Corsi said. Karen Wiemelt will fill Oren's vacancy in an acting capacity, with the company planning to name a permanent replacement this summer. ■

Calendar

May

28 EM PUBS CLOSED FOR MEMORIAL DAY

July

4 EM PUBS CLOSED FOR INDEPENDENCE DAY

September

3 EM PUBS CLOSED FOR LABOR DAY

4-7

THE SIXTH ANNUAL RADWASTE SUMMIT

JW Marriott Las Vegas (Summerlin)
Las Vegas, Nevada

Keynote Speakers...

William Ostendorff, *Commissioner, U.S. NRC*
François-Michel Gonnot, *Chairman, ANDRA (France)*
Phillip Niedzielski-Eichner, *Chairman, DOE Working Group on Strategies for Used Fuel and High-level Defense Nuclear Materials Management and Disposition*
Amanda Smith, *Exec. Dir., Utah Dept. of Environmental Quality*

Also Featuring...

Frank Marcinowski, *DAS, Waste Mgmt, U.S. DOE-EM*
Larry Camper, *Dir., Waste Management & Environmental Protection, U.S. NRC*
Christine Gelles, *Assoc. DAS, Waste Mgmt, U.S. DOE-EM*
Alan Parker, *President, Govt Group, EnergySolutions*
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November

22-23 EM PUBS CLOSED FOR THANKSGIVING

December

24-Jan. 1 EM PUBS CLOSED FOR HOLIDAYS

May

2013

13-16

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(Changes from previous Calendar in Bold)

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NUCLEAR WEAPONS & MATERIALS

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 ...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 21

May 11, 2012

— INSIDE HIGHLIGHTS —

The House Armed Services Committee approved legislation this week that would shift construction responsibility of the Chemistry and Metallurgy Research Replacement-Nuclear Facility and the Uranium Processing Facility to the Department of Defense. 2

Republicans on the House Armed Services Committee fended off several attempts by Democrats to water down the panel’s dramatic NNSA reform efforts at a markup of the FY 2013 Defense Authorization Act this week, making only small concessions on provisions designed to increase the agency’s productivity and efficiency. 4

More details are emerging about the composition of one of the teams bidding for the NNSA’s combined Y-12/Pantex management and operating contract. 6

An effort to remove language from the House FY 2013 Defense Authorization bill that would lead to significant changes in the operation of the Defense Nuclear Facilities Safety Board was unsuccessful this week. 7

A former Obama Administration official said late last week that support among Democrats for nuclear modernization could slip away if Republicans continue to block further stockpile reductions. 8

The NNSA has outlined an ambitious procurement schedule for its combined Oak Ridge/Pantex protective forces management contract, saying in documents released this week that it plans to award the contract by September of this year. . . 9

The House version of FY 2013 Defense Authorization bill reported out of committee this week supports the Administration’s \$150 million request for a uranium enrichment research and development program, but also would require DOE to justify its selection of the recipient and gives the Department a significant amount of control over the company. 9

MELE Associates is protesting a task order awarded under the National Nuclear Security Administration’s technical services blanket purchase agreement. 11

Language was added to the House FY 2013 Defense Authorization bill this week that would extend some key deadlines for production at the Savannah River Site’s Mixed Oxide Fuel Fabrication Facility. 12

A new report out from the Project on Government Oversight and Taxpayers for Common Sense suggests massive cuts to plans to modernize the nation’s nuclear weapons complex as part of a plan that could reduce the nation’s deficit by \$688 billion over the next 10 years. 12

An Atlanta-based firm that was excluded from a competition for project management and project control by Nevada National Security Site contractor National Security Technologies has dropped a protest of the subcontract less than a week after it was filed. 13

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CMRR-NF, UPF TO PENTAGON UNDER HOUSE ARMED SERVICES PLAN

House Authorizers Tout Military Construction Process As Way to Improve Projects

In an effort to jumpstart work on the deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility planned for Los Alamos National Laboratory, the House Armed Services Committee approved legislation this week that would shift construction responsibility of the facility, as well as other major National Nuclear Security Administration projects like the planned Uranium Processing Facility, to the Department of Defense. The drastic move, which is likely to run up against opposition in the Senate, is designed to speed up work on the projects by offering more stability and predictability while offering a stern rebuke of the NNSA's management of the projects. "In this debate the one thing that we know, the one thing that absolutely the Administration agrees, DOE agrees, NNSA agrees, and everyone on this committee agrees, is that NNSA cannot do this or it would be being done," said Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee.

It was Turner who authored the two amendments to the Fiscal Year 2013 Defense Authorization Act about CMRR-NF and major NNSA projects, which reflect his frustration with the Administration's decision to scale back its modernization plans. Nowhere was Turner's frustration more evident than with the Administration's decision this February to defer work on the CMRR-NF project, and in response to what Turner has called an inadequate \$7.58 billion request for the NNSA's weapons program, the committee authorized \$7.9 billion for the program. The additional funds would go toward work on the W76, B61 and W78 refurbishment efforts and includes \$100 million for the CMRR-NF project, which coupled with \$160 million in unspent money on the project comes close to previous budget projections of \$300 million for the project in FY2013.

Forward Funding for Projects Proposed

Other language adopted by the committee was designed to bolster CMRR-NF and UPF for the next decade. The legislation outlines a new advance-funding approach for the projects that would utilize upfront funding much like many military construction projects use, and it authorizes \$3.5 billion for CMRR-NF and \$4.2 billion for UPF. As military construction projects, the facilities would also no longer fall under the jurisdiction of the Energy and Water Appropriations subcommittees or the Defense Nuclear Facilities Safety Board during construction, though the DNFSB would regain oversight of the facilities once they're up and running and turned over to the NNSA. Though the projects would be under the purview of the Pentagon, the NNSA and DOE would still be involved in refining the facilities' requirements and to provide expertise, according to the amendment. The bill says that CMRR-NF should be operational by 2024. "The NNSA had difficulty and struggled with their ability to deliver this facility and ... we're certain by coordinating this work with the Department of Defense we'll be able to accomplish the construction of this facility, the delivery of it, and having it placed it on line," Turner said.

The bill also includes language preventing the NNSA from pursuing a plutonium strategy that does not include CMRR-NF. When the agency deferred construction on the project for at least five years, it said it would use several other facilities to meet the nation's plutonium requirements, including a recently completed companion building to the CMRR-NF at Los Alamos, Lawrence Livermore National Laboratory's Superblock facility, and the Nevada National Security Site's Device Assembly Facility. "They keep saying that there are alternatives. They have not identified any alternatives that would lessen the President's statements that this facility is absolutely required and necessary and needs to be brought on line as soon as possible for the protection of our nuclear weapons and our nuclear deterrent," Turner said.

ExchangeMonitor Publications' Nuclear Team (WC Monitor, NW&M Monitor, RW Monitor)

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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Weapons Complex Monitor ■ Nuclear Weapons & Materials Monitor ■ RadWaste Monitor ■ Weapons Complex Morning Briefing ■ GHG Reduction Technologies Monitor

FISCAL YEAR 2013 NATIONAL NUCLEAR SECURITY ADMINISTRATION BUDGET TRACKER
(Dollars in Millions)

| | FY2012 FINAL APPROPS <small>(Filed 12-15-11)</small> | FY 2013 BUDGET REQUEST <small>(Submitted 2-13-12)</small> | FY 2013 HOUSE APPROPS <small>(Approved by House Appropriations Committee 4-25-12)</small> | FY 2013 SENATE APPROPS <small>(Approved by Senate Appropriations Committee 4-26-12)</small> | FY 2013 HOUSE AUTH. <small>(Approved by House Armed Services Committee 5-10-12)</small> | FY 2013 SENATE AUTH. |
|--|--|---|---|---|---|-------------------------------------|
| WEAPONS ACTIVITIES | | | | | | |
| Directed Stockpile Work | 1,879.53 | 2,088.74 | 2,069.15 | 2,078.27 | 2,307.27 | — |
| Campaigns | 1,701.98 | 1,690.77 | 1,735.67 | 1,710.77 | 1,712.77 | — |
| Readiness in Technical Base and Facilities | 2,009.15 | 2,239.83 | 2,239.83 | 2,239.83 | 2,339.83 | — |
| Facilities and Infrastructure Recapitalization | 96.38 | — | — | — | — | — |
| Secure Transportation Asset | 243.28 | 219.36 | 219.36 | 219.36 | 219.36 | — |
| Safeguards and Security | 824.62 | — | — | — | — | — |
| Nuclear Counterterrorism Incident Response | 222.15 | 247.55 | 225.45 | 247.55 | 247.55 | — |
| Site Stewardship | 78.68 | 90.00 | 79.58 | 88.25 | 72.64 | — |
| National Security Applications | 10.00 | 18.25 | — | 10.00 | 18.25 | — |
| Legacy Contractor Pensions | 168.23 | 185.00 | 185.00 | 185.00 | 185.00 | — |
| Science, Technology, and Engineering Capability | — | — | — | — | — | — |
| Defense Nuclear Security | — | 643.29 | 663.28 | 643.28 | 643.28 | — |
| NNSA CIO Activities | — | 155.02 | 160.02 | 155.02 | 155.02 | — |
| Rescission | — | — | (65.00) | — | — | — |
| TOTAL WEAPONS ACTIVITIES | 7,233.99 | 7,577.34 | 7,512.34 | 7,577.34 | 7,900.98 | — |
| DEFENSE NONPROLIFERATION | | | | | | |
| Nonproliferation & Verification R&D | 356.15 | 548.19 | 528.19 | 418.19 | 548.19 | — |
| Nonproliferation & International Security | 155.30 | 150.12 | 134.46 | 150.12 | 150.12 | — |
| International Materials Protection & Cooperation | 571.64 | 311.00 | 311.00 | 368.00 | 311.00 | — |
| Global Threat Reduction Initiative | 500.00 | 466.02 | 482.68 | 539.02 | 493.02 | — |
| Legacy Contractor Pensions | 55.82 | 62.00 | 62.00 | 62.00 | 62.00 | — |
| Rescission | (21.00) | — | (7.00) | — | — | — |
| Fissile Materials Disposition | | | | | | |
| U.S. Surplus Materials (Operation & Maintenance) | 231.63 | 528.72 | 375.90 | 528.72 | 528.72 | — |
| Russian Surplus Materials | 1.00 | 3.79 | — | 3.79 | 3.79 | — |
| MOX Fuel Fabrication Facility Construction | 435.17 | 388.80 | 388.80 | 388.80 | 388.80 | — |
| Pit Disassembly and Conversion | 0.00 | — | — | — | — | — |
| Waste Solidification Building Construction | 17.58 | — | — | — | — | — |
| Total Fissile Materials | 684.37 | 921.31 | 764.70 | 921.31 | 921.31 | — |
| TOTAL DEFENSE NONPROLIFERATION | 2,303.30 | 2,458.63 | 2,283.02 | 2,458.63 | 2,485.63 | — |
| NAVAL REACTORS | | | | | | |
| Operations & Maintenance | 1,000.10 | 995.83 | 995.83 | 995.83 | 1,094.83 | — |
| Program Direction | 40.00 | 43.21 | 43.21 | 43.21 | 45.21 | — |
| Construction | 39.90 | 49.59 | 47.59 | 49.59 | 49.59 | — |
| Rescission | — | — | — | — | — | — |
| TOTAL NAVAL REACTORS | 1,080.00 | 1,088.64 | 1,086.64 | 1,086.64 | 1,187.64 | — |
| OFFICE OF THE ADMINISTRATOR | | | | | | |
| Rescission | — | — | — | — | — | — |
| TOTAL NNSA | 11,000.00 | 11,535.89 | 11,275.00 | 11,510.89 | 11,937.52 | — |

**Pension funding requested in several different programs.*

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Dems Worry About ‘Leap Into the Unknown’

The move was opposed by most Democrats on the panel, with committee Ranking Member Rep. Adam Smith (D-Wash.) suggesting that the change could “create more problems than we solve.” He said he favored putting

pressure on DOE and NNSA to improve its management of the projects, but he said he was unsure DoD would prove better at managing the one-of-a-kind nuclear projects. “Certainly with the type of military construction projects that DoD regularly does they have a decent record,” he said. “They don’t have a record on this. We’re

taking a big leap into the unknown and creating perhaps more problems than we're going to solve."

Rep. Loretta Sanchez (D-Calif), the ranking member on the Strategic Forces Subcommittee, suggested that the management shift would further delay the projects. "I think that we should be improving the NNSA, not taking time and money to move the responsibility from one organization to another organization who may not be better equipped, and certainly doesn't have the expertise, to do this nature of facility," Sanchez said. She also questioned whether it was appropriate to give control of the projects to the Department of Defense. "We should have concerns that the DoD has even more of a hand on our nuclear facilities," Sanchez said. "I think that it's incredibly important that we not do this amendment."

In defense of the legislation, Rep. Mac Thornberry (R-Texas) noted that the Pentagon has previously overseen the construction of nuclear weapons storage facilities around the country. "So it's not like they don't know how to do this or they don't have any experience doing this," Thornberry said. "They have constructed facilities in some places with greater danger than these have for some time. The Army Corps of Engineers constructs stuff all the time. NNSA does not construct stuff all the time. I have some challenges with the past record of the Corps of Engineers as well, but I think surely they can do a better job than NNSA and I think that's the bottom line of what this amendment means."

Sanchez Effort to Eliminate NNSA Boost Fails

Sanchez also tried to strip away funding for the NNSA's weapons program, and she offered an amendment that would've erased all funding for the program beyond the President's request. That included an extra \$66 million for the B61 refurbishment, \$81 million for the W76 refurbishment, \$12 million for work on the W78, \$5 million for work on the W88, \$6 million for production support, and \$100 million for CMRR-NF. She noted that Administration officials had testified this year that the \$7.58 billion budget request was adequate to support the nation's nuclear deterrent. "The U.S. can still meet the highest priority goals for the Nuclear Posture Review with less than the 1251 plan funding levels for NNSA weapons activities," she said. "The FY 2012 appropriations and the FY '13 budget request provides more than enough to maintain a safe secure and effective nuclear stockpile." Because House and Senate Appropriators matched the Administration's funding request, she called the increases "hollow budget authority."

Rep. John Garamendi (D-Calif.), whose district includes Lawrence Livermore National Laboratory, noted that fiscal

problems had emerged in the time between when the Administration laid out its modernization plans and when it prepared its FY2013 budget request, but Turner said the modernization plan was an essential piece of the New START Treaty bargain. "This is the number he utilized," Turner said, referring to funding projections outlined in the Administration's 1251 modernization plan. "It's the number they put forward for their activities to justify the New START Treaty. If we go to lower numbers under New START we will have to invest in our nuclear weapons infrastructure. This is the investment that is needed."

—Todd Jacobson

HOUSE ARMED SERVICES MAKES MINOR CHANGES TO NNSA REFORM PLANS

Attempt By Democrats to Roll Back Elimination of HSS Oversight, Transaction-Based Oversight Unsuccessful

Republicans on the House Armed Services Committee fended off several attempts by Democrats to water down the panel's dramatic National Nuclear Security Administration reform efforts at a markup of the Fiscal Year 2013 Defense Authorization Act this week, making only small concessions on provisions designed to increase the agency's productivity and efficiency. Reps. Loretta Sanchez (D-Calif.) and Rob Andrews (D-N.J.) offered several measures to roll back the reform provisions. Andrews offered an amendment that would've removed provisions in the bill that cut the Department of Energy's Office of Health, Safety and Security from its oversight role of the agency and strengthened the authority of the NNSA. For her part, Sanchez offered several amendments, including one that would have removed limitations on the Defense Nuclear Facilities Safety Board that Sanchez said would "detract from nuclear safety oversight under the guise of improving the DNFSB and NNSA relationship" and make the Board "ineffective."

Sanchez also unsuccessfully offered an amendment to prevent a shift to performance-based oversight for health, safety and security at the NNSA. "Performance-based oversight is good for acquisitions, budgeting, and personnel programs, but health and safety, and the oversight of all of these, particularly nuclear and high hazard operations, I believe requires transaction based oversight to reliably reduce the risks of accidents," Sanchez said, adding: "Performance based oversight allows a shift to more self regulation by contractors and I believe is recklessly inappropriate for an industry using ultra hazardous materials and technologies."

Andrews criticized the decision to do away with HSS oversight and said that when dealing with nuclear facilities, it was right to "always err on the side of being extra

careful.” He said his concerns were less about a lack of faith in the NNSA and more about a concern that independent oversight is necessary. “I have great faith in the NNSA,” he said. “I don’t for a minute believe its leadership would be negligent about the worker safety of its workers, however, I think that self-evaluation is never as rigid as independent evaluation. If we’re going to leave it to self-evaluations of the leaders of the NNSA to determine how good a job they’re doing protecting the health and safety of the workers, I think we lose something,” Andrews said.

Some Concessions Made to ‘Refine’ Reform Provisions

In response to the concerns, Rep. Mike Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, made some minor changes to “refine” the NNSA reform language in the bill, increasing the NNSA’s flexibility to increase oversight in certain areas, like those involving beryllium, where Department of Energy standards far exceed those used by OSHA. Turner’s amendment also significantly softens the subcommittee’s move to cut the size of NNSA headquarters staff. Previously, the bill would have cut the total number of employees at NNSA’s headquarters to 800 by 2014 in an effort to push the agency toward performance-based oversight, but the bill now would limit the agency to 1,630 employees by Oct. 1 2014. It would be required to reduce its full-time equivalent workforce to 1,730 180 days after the bill is enacted.

The agency would also be required to report to Congress on the workforce reductions—and the possibility of more—and the Government Accountability Office would be required to assess the agency’s report. “NNSA reform is a priority of our subcommittee,” Turner said. “The DoD, NNSA, all of those who have reviewed the matter, have indicated NNSA must be reformed so that it can both operate effectively and responsibly and also support opportunities for cost savings. In putting forth our suggested NNSA reforms we’re hoping for a valuable exchange both with the minority and the Administration on ways in which the reforms that we proposed could be improved.”

Unions Join Forces to Oppose Safety, Health Changes

The reform effort has been vehemently opposed by unions that represent workers across the weapons complex. At least four unions have urged House and Senate authorizers to remove portions of the NNSA reform provisions that would strip the Department of Energy’s Office of Health, Safety and Security of oversight responsibility of the nuclear weapons complex and move NNSA toward performance-based oversight, including the Metal Trades

Division and Building and Construction Trades Division of the AFL-CIO as well as its parent organization, the United Steelworkers and the Laborers International Union of North America.

In a letter to the senior members of the House and Senate Armed Services committees, the Building and Construction Trades Department summed up the unions’ concerns, suggesting that the provisions would “seriously weaken worker safety and health protections” across the nuclear weapons complex. “To now seek to disrupt the HSS safety & health program by transferring it to NNSA and weakening the current standards of protection makes no sense,” Building and Construction Trades Department President Sean McGarvey said in the letter. “Other than to satisfy the demands of the National Laboratories and contractors, there is little or no justification for this proposal and we appeal to you to stop it. The health, safety and lives of the men and women who do the dangerous work at these facilities demand no less.” He also called the changes “a terrible mistake” and that the union is “strongly opposed to any such tinkering with the lives of our many members working at these facilities.”

NNSA Not Ready for Performance-Based Oversight?

The provisions have also drawn the concern of Democrats on the House Committee on Education and the Workforce. In a May 8 letter, Ranking Member Rep. George Miller (D-Calif.) and Lynn Woolsey (D-Calif.), the ranking member of the panel’s Workforce Protections Subcommittee, urged leaders on the House Armed Services Committee to repeal the provisions. Miller and Woolsey recited a list of incidents around the weapons complex that they said were evidence that health, safety and security provisions should not be loosened. The incidents included a 2008 injury at Sandia National Laboratories’ sled track, beryllium exposure at Lawrence Livermore National Laboratory that was revealed in 2010, a 2009 radiation exposure at Los Alamos National Laboratory, a near-fatal electrocution event at Los Alamos in 2009, construction defects at the Nevada National Security Site’s Device Assembly Facility, as well as a pattern of security violations at Sandia National Laboratories.

The incidents, the lawmakers wrote, “make it plain that the National Labs and their contractors have not yet reached a point where they can manage their own safety and security without federal oversight and enforcement. While performance based oversight might be appropriate for improving efficiency in day-to-day management, it is entirely inappropriate for the oversight of safety facilities handling ultra-hazardous substances. Transactional oversight, which involves the evaluation of contractor activities at the work,

task, or facility level by federal officials, is a necessary and sound basis for the protection of workers and the public.”

Turner Defends Reform Plans

Turner, however, defended the reforms in a May 6 op-ed in the *Albuquerque Journal*, suggesting that management problems at the NNSA, and the agency’s inability to reform itself, demanded that Congress intervene, and he said the legislation would strengthen the authority of the agency while consolidating oversight and streamlining its directives and orders system. “In a time of fiscal crisis, we must strive even harder to eliminate inefficiency and bureaucracy and focus resources on accomplishing critical national security work,” Turner wrote.

In the op-ed, Turner blamed the Obama Administration for not trying to reform the agency sooner, suggesting that if it had, it would not have had to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility for at least five years. “These reforms should have been pursued by the president before he abandoned his promised commitment to modernize the U.S. nuclear deterrent,” Turner wrote, adding: “We can return the focus of the nuclear security enterprise to where it should be: executing the mission of ensuring the safety, security, reliability and credibility of the Nation’s deterrent in a safe and secure manner.”

New START Implementation Provisions Adopted

Turner also successfully pushed an amendment that would link reductions under the New START Treaty to progress on modernization—mirroring provisions that were adopted in last year’s Defense Authorization Act but watered down in negotiations with the Senate. Turner called the 48-page amendment a “to-do list” for the Administration on modernization, and it passed by a vote of 34-28 despite significant opposition from Democrats. “Basically what this amendment would do is to infringe on the President’s flexibility to implement the New START Treaty in the most cost effective manner,” Sanchez said. “The implementation of the New START Treaty and future reductions should not be held hostage to predetermined levels of funding that could be overtaken by unforeseen or economic developments.”

Language on Contract Competitions Added

Sanchez was successful in having an amendment on management and operating contract competitions within the weapons complex added to the bill. The “sense of Congress” amendment, which is not binding, indicates that the NNSA should conduct competitions for M&O contracts to “help realize cost savings, seek efficiencies,

improve performance, and hold contractors accountable.” However, in what is a reflection of the increased fees paid to contractors running Los Alamos and Lawrence Livermore National Laboratories and is likely a signal to the NNSA as it moves to compete the Sandia National Laboratories contract, the bill says that the NNSA should “ensure that fixed fees and performance-based fees contained in management and operating contracts are as low as possible to maintain a focus on national service while attracting high-quality contractors and achieving goals of the competition.”

—Todd Jacobson

FORMATION OF BECHTEL-LED Y-12/PANTEX COMBO BID BECOMES MORE CLEAR

More details are emerging about the composition of one of the teams bidding for the National Nuclear Security Administration’s combined Y-12/Pantex management and operating contract. *NW&M Monitor* has learned that in addition to Lockheed Martin and ATK, a Bechtel-led bid includes Booz Allen Hamilton and General Atomics as subcontractors. The NNSA is currently evaluating proposals and the performance of three bidders during oral presentations last week. *NW&M Monitor* has learned that Booz Allen Hamilton was added to the Bechtel-led team for its expertise in mergers and acquisitions, which will be important in combining management of Y-12/Pantex, while General Atomics was added due to its expertise in working with tritium as well as its commercial nuclear experience.

The Bechtel-led team was among three teams that submitted bids for the contract in March and took part in oral presentations for the contract earlier this month. A team led by Y-12 and Pantex incumbent Babcock & Wilcox and including URS, Northrop Grumman, Honeywell (and Shaw and EnergySolutions as subcontractors) also submitted a bid, as did a team led by Fluor and including Jacobs and Pro2Serve. B&W Chief Operating Officer Mary Pat Salamone is heading up the B&W bid, but the lead personnel on the other two teams is not clear. In addition to combining management of Y-12 and Pantex, the contract also includes an option for adding in management of Savannah River tritium operations after one year.

The NNSA has not publicly announced a schedule for the completion of its analysis or a projected award date other than to suggest that it would like to begin transition at the beginning of 2013, and according to industry officials, the agency gave no signs at orals of its schedule or timeline. But conservative estimates based on previous procurements suggest that it is likely to take at least six months to

finish the evaluation. That's about how long it took the agency to complete the evaluation of proposals for management of Los Alamos National Laboratory, and evaluating proposals for the combined management of Y-12/Pantex is considered a much more complex endeavor considering that much of the evaluation will center on cost savings proposed by the bidders. The agency has declined to comment publicly about a timeline for the procurement.

Will There Be an Award Before the Election?

The NNSA has estimated that it could save \$895 million through the consolidated contract over 10 years (later revising that estimate to \$1.15 billion), and tied the cost savings to the amount of fee contractors could earn under the contract, making half the fee contingent on savings. Navigant Consulting, which helped the agency prepare its initial savings estimates, is vetting the cost savings proposals for the bids as part of the evaluation process.

Most industry officials expect that in addition to oral presentations, the agency is likely to have to have additional discussions with bidders before it reaches a conclusion. "They'd have to open it up for clarifications if any of the proposals are close to each other in terms of the savings," one industry official previously told *NW&M Monitor*. The November presidential elections are also likely to play a large part in the procurement schedule; most observers don't think that an award will be made before the elections. "My gut is if they don't award by August it isn't going to happen. They'll be into the election and I don't see how they can," another industry official told *NW&M Monitor*.

—Todd Jacobson

HOUSE PANEL REJECTS EFFORT TO STRIP DNFSB LANGUAGE FROM DEFENSE BILL

Measure Would Require DNFSB to Increase Consideration of Cost Impacts of Recommendations

An effort to remove language from the House Fiscal Year 2013 Defense Authorization bill that would lead to significant changes in the operation of the Defense Nuclear Facilities Safety Board was unsuccessful this week. During a lengthy markup on the bill in the full House Armed Services Committee, Rep. Loretta Sanchez (D-Calif.) proposed an amendment that would have removed provisions directing the DNFSB to be more mindful of the potential cost impacts of its safety recommendations and reduced the authority of the Board chairman, among other changes. Sanchez's amendment was rejected, though, by a vote of 33-26 largely along party lines. The overall bill was reported out of the Armed Services Committee by a voice vote.

Bill Would Direct DNFSB to Specifically Assess Costs

While the DNFSB does not have regulatory authority over the Department of Energy and the National Nuclear Security Administration, its recommendations and oversight have led to a number of changes to major projects, such as the Hanford Waste Treatment Plant, the Uranium Processing Facility planned for the Y-12 National Security Complex, the Chemistry and Metallurgy Research Replacement-Nuclear Facility planned for Los Alamos National Laboratory, and the Savannah River Site's Salt Waste Processing Facility, that were intended to improve safety but also resulted in significant cost-and-schedule increases. Among the provisions in the House bill dubbed "improvements" to the Board is language that would require the DNFSB to "specifically assess" the technical and economic feasibility, the costs and benefits and the "practicability" of implementing its recommended measures. The Board would also be directed to first provide a draft copy of any formal recommendation to the Secretary of Energy, which would then have 45 days to provide comment before a final version could be issued.

In addition, the House bill appears to seek to reduce the level of authority the DNFSB Chairman has in the operation of Board, such as by requiring all Board members to have "full and simultaneous access" to all information and to have the ability to propose individuals for senior staff positions for which a determination would have to be made. A quorum of Board members would also be needed for some Board activities and each Board member would be given funds to employ at least one technical advisor that would not be subject to the direction or supervision of the DNFSB Chairman. Many of the changes proposed in the House bill echo concerns raised by former Board member Larry Brown, who resigned from the DNFSB last year because of the tensions caused, in large part, by the Board's investigation into the safety culture at the Hanford Waste Treatment Plant.

Bill Would 'Complicate' DNFSB-DOE Relations

During this week's markup hearing, Sanchez said the DNFSB-related provisions would render the Board "ineffective" and detract from safety oversight under the guise of seeking to improve the relationship between the DNFSB and DOE and NNSA. "The Defense Board plays an important role in providing independent recommendations related to nuclear safety. This sometimes leads to natural tensions between the DNFSB and NNSA. The sections in the [bill] add layers of bureaucracy and complicates the relationship and would make it more adversarial," she said. Rep. Betty Sutton (D-Ohio) also raised concerns that the House bill would weaken the independence of the Board in its oversight role. "A nuclear incident represents a threat

to public and worker safety, and jeopardizes the availability of defense nuclear facilities to meet national security needs. The Board that we're talking about provides the only independent safety oversight of DOE's defense nuclear facilities and the Board has unique responsibilities under its statute to address severe or imminent threats to the public," she said. "The changes that are proposed if enacted would amount to Congress concluding that NNSA does not need independent safety oversight and that is something with which I disagree. It would all but erase the board's independence and authority with respect to safety oversight of NNSA facilities and activities."

DNFSB Members Oppose Provisions

Earlier this week, all four current DNFSB members sent letters to Sanchez, the ranking member on the House Armed Services Strategic Forces Subcommittee, opposing the Board-related language in the defense authorization bill. "I believe these provisions in the bill arise from a total misunderstanding of the operation of the Board. I feel strongly that these 'improvements' to the Board's Enabling Statue will degrade nuclear safety at DOE's defense nuclear facilities," wrote DNFSB Chairman Peter Winokur. He and other members questioned the proposed language that would require the DNFSB to consider the potential cost impacts of any recommendation. "Issues of cost and benefit have historically been the purview of the Secretary of Energy and should remain so," Winokur wrote. "It is important to note that the Board nominally identifies the problem, but leaves the selection of the solution to the Secretary. In order to provide a cost-benefit analysis, the Board would need to define a solution, which is inappropriate and would hamper the Secretary's flexibilities to respond to a Board recommendation." DNFSB member John Mansfield wrote, "The Board can certainly analyze the benefits and practicality of potential implementation plans by the Secretary, but it would be unheard of, in my opinion, for one executive agency to do a cost analysis for another. It would be more proper to authorize the Board to require DOE to do such an analysis."

The Board members also said the language that would require draft versions of recommendations to first go to DOE for comment before they were finalized is unnecessary, noting that DNFSB staff is in continual contact with relevant Department staff. "I cannot see the purpose of this: does the Committee wish the Secretary and the Board to have a private argument so that he can attempt to convince the Board not to send the recommendation? I believe any such misunderstanding should be explained by public documents, as has always been the Board's practice," Mansfield wrote. Winokur wrote, "This provision to require comments from the Secretary will delay needed

safety improvements to ensure adequate protection of the public at DOE's defense nuclear facilities and erode public confidence that the Board is faithfully executing its mission to provide truly independent oversight."

DNFSB member Jesse Roberson warned that the bill's provisions could "disrupt the collegiality and cost effectiveness" of Board operations. "By statute, each Board member must be a recognized nuclear safety expert to be considered for appointment. A nuclear safety expert does not require an interpreter to advise them on the safety implications of the nuclear work they must understand to even be considered for membership on the Board," she wrote. Roberson went on to write, "I have never been hindered in my ability to shape Board business or recommendations. The mandated operational changes in the subject bill would only serve to establish an adversarial working environment and increased resource requirements."

—Mike Nartker and Todd Jacobson

FORMER WH STAFFER: DEM SUPPORT FOR COMPLEX COULD DRY UP WITHOUT CUTS

The conventional wisdom among Republicans advocating modernizing the nation's nuclear weapons complex is that investments in the weapons complex are necessary to allow the nation to reduce its nuclear weapons arsenal. But a former Obama Administration official said late last week that the reverse is also true, and he suggested that existing support among Democrats for modernization could slip away if Republicans continue to block further stockpile reductions. "The Administration made clear that we view investments in the complex as a way to get to lower numbers of nuclear weapons we need to shift away from existing nuclear weapons that we don't need to a responsive infrastructure," said Jon Wolfsthal, the Deputy Director at the Center for Nonproliferation Studies and a former director on the National Security Council for nonproliferation. "But it's increasingly clear that politically unless you have reductions of some kind you're not going to be able to sustain support in the Congress from progressive sides to fund the complex which we know we desperately need."

Speaking on the sidelines of an event at the Woodrow Wilson Center in Washington, D.C., last week, Wolfsthal characterized the types of reductions being considered as "very reasonable." President Obama is expected to soon decide on nuclear force structure options that come about as a result of the Nuclear Posture Review Implementation Study. Published reports have indicated that the Administration is considering reductions as low as 300 strategic deployed weapons, but most experts believe any reductions

would not go below 1,000. “There is nothing risky about them,” Wolfsthal said of the reductions. “But not funding the complex is riskier than any level of cuts that we’re considering.”

Wolfsthal: Admin. Should Not Apologize for Request

Wolfsthal defended the Administration’s \$7.58 billion request for the NNSA’s weapons program in Fiscal Year 2013, which has been criticized by Republicans for falling short of the President’s modernization pledge. On the most notable decision, to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory, for up to five years, he said the directors of the nation’s three nuclear weapons laboratories came to the Administration and suggested the delay. “What they [Republicans] doubt is the commitment of the Administration to fund the complex and I think that the Administration needs to do a better job of showing people that they’ve put their money where their mouth is,” he said. “That they’re the ones that have showed real commitment to the issue, and the real problem is not with them, but it’s with the Republican leadership in the house that is not prepared to put money into these areas.”

He said the Administration should not apologize for not asking for money that it didn’t need. “We said given what we got last year what can we impact,” he said. “It does nobody any good to ask for money that doesn’t get spent or create white elephants. We are trying to respond to the financial realities the Congress has imposed on the Administration and the Administration is actually doing a reasonable job of it but nobody said it’s going to be easy.”

—Todd Jacobson

NNSA SETS SCHEDULE FOR OAK RIDGE/ PANTEX PRO FORCE PROCUREMENT

The National Nuclear Security Administration has outlined an ambitious procurement schedule for its combined Oak Ridge/Pantex protective forces management contract, saying in documents released this week that it plans to award the contract by September of this year. The agency released a draft Request for Proposals for the contract last month and questions on the draft are due May 23. It said that it expects to release a final RFP in June, accept bids and hold oral presentations in July, and award the contract in September. Transition is expected to take 60 days. The agency is running the procurement in parallel with a competition for the combined M&O contract at Pantex and Y-12, which it said it hopes to award by the end of the year.

Up until late last year, the NNSA had been planning to incorporate protective force work into the combined Y-12/Pantex M&O contract, which would have represented a significant change, at least at Y-12. While Pantex’s security has been handled within B&W Pantex’s M&O contract, protective force work at Y-12 has been purchased through a separate prime contract held by WSI. WSI, which also handles security at the Savannah River Site, Nevada National Security Site and the California campus of Sandia National Laboratories, opposed the move, as did Oak Ridge’s guards union. The agency had hoped that the M&O contract could serve as a vehicle to enhance career longevity issues facing guards, but critics of the decision suggested that the move could have cost the government more than \$50 million a year in increased costs for protective force work while limiting options for non-Y-12 Oak Ridge guards.

After initially assuming that including the protective force work in the Y-12/Pantex M&O contract would be “cost neutral,” the NNSA came to the realization that a smaller company could manage the protective force more effectively than a large M&O contractor, with areas such as administration and human resources providing potential for savings via the consolidation. A presolicitation conference and site visit will take place from 8 a.m. to 5 p.m. May 15 at the Pantex Plant, while one-on-one meetings will be held at the Y-12 National Security Complex and DOE Oak Ridge Office all day May 17.

—Todd Jacobson

HOUSE DEFENSE AUTH. ACT TO SUPPORT ENRICHMENT PROGRAM FUNDING

Reps. Pearce, Markey Ramp Up Opposition to Funding

The House version of Fiscal Year 2013 Defense Authorization bill reported out of committee this week supports the Administration’s \$150 million request for a uranium enrichment research and development program, but also would require the Department of Energy to justify its selection of the recipient and gives the Department a significant amount of control over the company. USEC’s American Centrifuge Project has been DOE’s target for the R&D program, but the full committee version of the legislation includes provisions that would ensure USEC is not singled out. Before funding the program, DOE would be required to “utilize merit selection procedures” and enter into an agreement with the company to “achieve specific technical criteria” by June 2014. The Department would also need to explain the national security arguments for supporting a domestic enrichment capacity. And as an additional taxpayer protection, if the specified criteria is not met by the agreed upon dates, the company would give property and equipment related to the technology to DOE.

Additionally, the Department would be granted “a royalty-free, nonexclusive license in all enrichment-related intellectual property,” which would allow third parties to use the data and intellectual property for national defense purposes. Such criteria would resolve a major concern raised by congressional appropriators, chief among them Senate Energy and Water Appropriations Chair Dianne Feinstein (D-Calif.), who in January said she would not support federal funding for a USEC ACP program without clarification of intellectual property rights issues and a reformed management structure for the project. DOE Secretary Steven Chu earlier this year also promised lawmakers that he would not continue to support the project until those issues are resolved. Meanwhile, Congressional appropriators have backed funding in FY 2013 for the program in legislation reported out of both the respective House and Senate committees last month. The most recent version of the House Energy and Water Appropriations bill provides \$100 million for uranium enrichment, while the Senate version gives the National Nuclear Security Administration \$150 million in transfer authority for that purpose.

DOE officials and USEC have argued that a domestic source of enriched uranium is critical to national security, citing a need for the material to produce tritium for the nation’s nuclear weapons program. International agreements restrict the use of foreign technology to produce tritium, according to the Administration, but that position has been disputed by USEC’s chief enrichment competitor, URENCO USA. While the Defense Authorization language supporting an enrichment R&D program would require a merit-based selection process for the recipient, USEC is largely seen as the only company in the country that would meet the requirements. A Committee memo on the enrichment program backs the Administration’s position on the matter, noting that because URENCO is foreign owned and uses foreign-owned technology, it can not be used for U.S. military or defense purposes.

Transportation Conference Comm. Starts Discussions

Meanwhile, USEC’s centrifuge project remains in an uncertain position, with a credit facility currently funding the project set to expire at the end of this month. Last fall the Department requested \$150 million in transfer authority from Congress for the FY 2012 portion of the two-year research and development program, but that has yet to be granted. However, the Senate version of a transportation funding bill did give DOE transfer authority, and this week the conference committee on the bill held its first meeting. But with the likelihood of the bill’s passage this month

slim, USEC is pinning its hopes on a non-legislative solution from DOE. Earlier this year, the Department took on \$44 million in USEC liability for depleted uranium tails in exchange for enrichment services, freeing up money for the company to spend on the project. The company has \$82 million in tails liability that it hopes will be transferred in a similar arrangement before the end of the month, with intellectual property rights being provided in exchange instead of uranium.

Markey, Pearce Ramp Up Opposition

Also this week, an unlikely pair of lawmakers reached out to House members of the conference committee urging them not to support the enrichment plant funding. Rep. Steve Pearce (R-N.M.), whose district includes the URENCO plant near Eunice, N.M., and avid nuclear critic Rep. Ed Markey (D-Mass.), sent a letter to conferees harshly critical of USEC. “USEC was privatized to get the United States government out of the uranium enrichment business; and while the government no longer enriches uranium, taxpayers have been on the hook for USEC’s financial and technological failures from day one,” the May 7 letter states. “After more than a decade of bailouts, it’s time to protect the taxpayers from further loss. USEC has shown a consistent inability to meet the financial and technological challenges it faces. The pattern of failure and continued taxpayer funding defies logic, and adoption by conferees to the Highway Bill would be fiscally irresponsible.”

Additionally, Pearce’s office circulated a handout on the House floor this week stating that the Senate version of the bill “includes a \$150 million earmark for USEC.” USEC supporters say the program would not be considered an earmark because the funding is included in the president’s budget request, and point to the merit-based selection provisions in Defense Authorization. But Pearce’s chief of staff, Todd Willens, said that the lawmaker plans to keep pushing the issue in Congress. “We hope that by shedding more light on it, it educates members on what’s really going on here. On that respect we’ll continue to explore every opportunity we can so that it doesn’t go forward. But in this case, communicating with and educating members who are on the conference is what we need to do,” Willens told *NW&M Monitor*. “We are watching it closely as it progresses. We are sharing information, and the congressman continues to talk to members on the floor about it.” Pearce’s office also plans to offer an amendment to strike the enrichment R&D funding provision in the Defense Authorization bill when the legislation comes to the House floor.

—Kenneth Fletcher

MELE FILES PROTEST FOR TASK ORDER UNDER TECHNICAL SERVICES BPA

MELE Associates is protesting a task order awarded under the National Nuclear Security Administration's technical services blanket purchase agreement. The agency recently awarded Navarro Research and Engineering a contract to provide technical and expert support services to the NNSA's Office of Fissile Materials Disposition, drawing the protest from MELE Associates to the Government Accountability Office on May 9, though the nature of the protest remains unclear. Calls to MELE and lawyers for the company were not returned.

The task order in question includes the analysis of project schedules, cost profiles, performance data, technical evaluation, site facilities assessment, working with Russian officials on technical work, as well as assisting with independent reviews of national lab management and operating contracts and planning and logistical support for meetings in the U.S. and abroad. The exact value of the contract is unclear. MELE previously won the only other task order for the Office of Fissile Materials Disposition under the contract, a \$25.9 million task order to provide strategic plan support to the office. The previous BPA expired in April, but the NNSA issued the Request for Proposals for the contract in question Feb. 28.

The NNSA is currently competing a follow-on to the technical services BPA, which expired last month. Previously, the agency selected five Team Leads for the contract, and MELE Associates has by far been the most successful in winning task orders. According to procurement documents, \$224.1 million in tasks had been doled out since the contract was awarded in 2007, including 20 task orders to MELE worth \$121.3 million. The team led by Time Solutions won seven task orders worth \$46.9 million, while SMS won five worth \$19.4 million and Navarro won five worth \$36.4 million. A team led by Northrop Grumman did not win any task orders. The totals do not include the task order that is being protested by MELE.

—Todd Jacobson

SEN. LUGAR, ARMS CONTROL ADVOCATE, DEFEATED IN INDIANA SENATE PRIMARY

Richard Lugar, the six-term Republican senator from Indiana and one of the GOP's most ardent arms control advocates, was defeated in Indiana's Republican primary this week by State Treasurer Richard Mourdock. Lugar joined the Senate in 1976 and one of his signature achievements came with the creation of the Nunn-Lugar Coopera-

tive Threat Reduction program, which helped secure and dismantle nuclear weapons in Russia and other former Soviet Union states in the wake of the Cold War. As the ranking member on the Senate Foreign Relations Committee, Lugar also served as an ally of the Obama Administration and a supporter of the New START Treaty with Russia in 2010. Lugar conceded victory to Mourdock the night of May 8, and unlike other incumbents that have been defeated in primaries in recent years, Indiana law would prevent Lugar from running as an independent. "Serving the people of Indiana in the United States Senate has been the greatest honor of my public life," Lugar said in a concession speech. "We are experiencing deep political divisions in our society right now. These divisions have stalemated progress in critical areas, but these divisions are not insurmountable."

Lugar helped develop the landmark threat reduction program that bears his name at a time when the Cold War was just ending and there were significant concerns about the security of former Soviet nuclear weapons. With the program's help, Ukraine, Kazakhstan and Belarus gave up their nuclear weapons. According to statistics provided by Lugar's office, since 1991, the Nunn-Lugar CTR program helped deactivate 7,619 strategic nuclear warheads, destroyed 902 intercontinental ballistic missiles, eliminated 498 ICBM silos, destroyed 191 ICBM mobile launchers, eliminated 155 bombers, destroyed 906 air-to-surface missiles, and eliminated 492 SLBM launchers and 680 SLBM missiles. It also helped destroy 33 nuclear submarines, eliminated 194 nuclear test tunnels, helped secure 565 nuclear weapons transport train shipments, helped upgrade security at 24 nuclear weapons storage sites, and helped build and equip 38 biological threat monitoring stations.

Obama Offers Praise

More than a decade ago, Lugar also developed a friendship with then-Sen. Barack Obama and gave the President a view of security threats overseas during a trip to visit Russia and former Soviet states. When Obama took office, Lugar helped generate support for the New START Treaty. "As a friend and former colleague, I want to express my deep appreciation for Dick Lugar's distinguished service in the United States Senate," Obama said in a statement, adding: "My administration's efforts to secure the world's most dangerous weapons has been based on the work that Senator Lugar began, as well as the bipartisan cooperation we forged during my first overseas trip as Senator to Russia, Ukraine and Azerbaijan."

In a statement, Sen. John Kerry (D-Mass.), the chairman of the Senate Foreign Relations Committee, also lauded Lugar's work in the Senate. "It will soon almost sound

clicked to say that America is safer today because of Dick Lugar's 36 years of service in the Senate, but it really does bear repeating," Kerry said. "His record on our committee will long be remembered in the same context as another chairman, William Fulbright of Arkansas, whose Senate service also ended in a difficult primary defeat, but who is remembered today not for one loss, but for a legacy of following the facts and speaking the truth despite the political risks." Lugar also garnered praise from activist groups around the world. "He transcended partisan politics and time and again demonstrated what it means to be a public servant of the highest caliber," said William Potter, the director of the Monterey Institute's Center for Nonproliferation Studies. "America will sorely miss his leadership in the Senate, but we count on his readiness to continue to share his wisdom and passion for making the United States—and the world—more secure for many years to come."

—Todd Jacobson

HOUSE DEFENSE AUTH. BILL WOULD EXTEND MOX PRODUCTION DEADLINES

Language was added to the House Fiscal Year 2013 Defense Authorization bill this week that would extend some key deadlines for production at the Savannah River Site's Mixed Oxide Fuel Fabrication Facility. The House Armed Services Committee included language to extend MOX-related milestones by two years in its version of the bill, reported out of committee this week, which would give the National Nuclear Security Administration until 2014 to begin producing MOX fuel at the facility. The plant is currently under construction at the Savannah River Site and is scheduled to begin operations in 2016. Current law requires the facility to meet production requirements it has no chance of meeting: one metric ton of MOX fuel must be produced by the end of 2012. Failing that, one metric ton of plutonium must be removed from South Carolina. Fines of \$1 million per day, and up to \$100 million a year, kick in if the production objective is not met by the start of 2014.

The committee's support for a deadline extension comes after Sen. Lindsey Graham (R-S.C.) unsuccessfully moved to amend the Fiscal Year 2012 Defense Authorization bill late last year with a similar provision (*NW&M Monitor*, Vol. 15 No. 46). The legislation was ultimately not taken up by the Senate. A number of uncertainties remain for the MOX project, a key part of the NNSA's plans to dispose of 34 metric tons of plutonium. The project is expected to be rebaselined this summer, which is expected to result in cost increases and could also result in pushing back the scheduled start of operations. So far no utility has commit-

ted to buy the fuel for use in its reactors, though the Tennessee Valley Authority is currently evaluating whether or not to use MOX and plans to make a decision by next year.

Fines To Ensure Plutonium Will Leave State

The provisions requiring DOE penalty payments to the state stem from the early 2000s, when there was intense opposition within South Carolina to accepting plutonium from across the DOE weapons complex. The governor at the time, Jim Hodges, attempted to block incoming shipments to the state until ordered by federal judges to accept the plutonium. To ensure that the plutonium would leave the state within a reasonable time frame, South Carolina's Congressional delegation pushed for provisions to the Atomic Energy Defense Act levying hefty fines on DOE if the plutonium was not processed into MOX or shipped out of the state by certain key dates. Penalties payments for "economic and impact assistance" to the state kick in if a MOX production objective is not achieved by the start of 2014, although the \$1 million per day fee is "subject to the availability of appropriations." The fee is also levied if by the start of 2020 the MOX facility has not processed either three metric tons total or one metric ton of plutonium for two consecutive years. The law requires DOE to suspend shipments of plutonium to South Carolina if the MOX production objection cannot be met by 2012.

—Kenneth Fletcher

WATCHDOG GROUPS TARGET NUCLEAR PROJECTS AMONG CUTS TO SPENDING

A new report out from the Project on Government Oversight and Taxpayers for Common Sense suggests massive cuts to plans to modernize the nation's nuclear weapons complex as part of a plan that could reduce the nation's deficit by \$688 billion over the next 10 years. The report takes aim at a host of familiar nuclear-related targets, suggesting that \$6.5 billion could be saved by cancelling the Uranium Processing Facility planned for Y-12 and another \$4.9 billion could be banked by stopping construction of the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site. The report also says cutting the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory—which the Administration already wants to defer for at least five years—would save between \$3.7 and \$5.9 billion, while \$2.1 billion could be saved by making NATO allies pay for part of the cost of refurbishing B61 bombs that are deployed as part of the nation's extended deterrent in Europe. Another \$23 billion could be saved by

down-blending more highly enriched uranium and selling it as low-enriched uranium, according to the report. “If Congress is serious about reducing the deficit, it can no longer treat the bloated Pentagon budget as if it were untouchable,” POGO Executive Director Danielle Brian said in a statement. “The savings we have identified not only make sense, they can be achieved with no loss to our national security.”

The U.S. maintains approximately 200 tactical nuclear weapons at six bases in five European countries as part of its extended deterrent to NATO, but with a significant and costly life extension program looming for the B61 bombs that make up the European arsenal looming, POGO said that NATO allies should foot some of the bill. The refurbishment effort for the B61 bombs, which covers more than just the weapons in Europe, is expected to cost at least \$5.2 billion, and the report said that the U.S. should not cover what it said was \$2.1 billion to refurbish B61s slated for Europe. “If U.S. and European leaders want to continue maintaining these weapons in Europe, then European NATO members must step up and share the burden by paying to modernize them,” the report says.

According to the report, the CMRR-NF and UPF projects are not needed to modernize the nation’s nuclear weapons complex. The Administration has deferred construction of the CMRR-NF project for at least five years, a decision that the report lauded, but it criticized the House Armed Services Committee for trying to resurrect the project (*see related story*). The report suggested that instead of building UPF, the NNSA should upgrade existing uranium processing capabilities at the Y-12 National Security Complex, primarily in the 9212 complex. UPF is estimated to cost up to \$6.5 billion, but an Army Corps of Engineers study put the price tag even higher last year, suggesting it could cost up to \$7.5 billion. “Given the option of upgrading an existing facility at a fraction of the cost of new construction, moving forward with UPF is completely unjustified,” the report says.

MOX Facility Questioned

The report noted that costs for the MOX facility are expected to surpass the current \$4.86 billion estimate for the project, and that the NNSA had struggled to find buyers for the MOX fuel that will eventually be produced by the MOX facility. It also said the Japanese nuclear disaster at the Fukushima Daiichi reactors “raises questions about the safety of MOX fuel in certain reactor designs and has made potential buyers of the fuel concerned. Unless construction of this project is stopped, taxpayers will end up spending billions of dollars on a useless facility.”

The U.S. could also make money by downblending much of its stockpile of highly enriched uranium, according to the report. POGO suggested in 2010 that the U.S. could downblend 300 of the 400 metric tons of HEU that the U.S. is estimated to possess, which it said would reduce security risks, cut security costs, create jobs, and raise up to \$23 billion in revenue. “While there is an initial cost associated with increased downblending, it is a small investment compared to the amount the U.S. currently spends keeping this excess material secure,” the report said. “With just a shoebox-full of HEU, a terrorist could create a blast as powerful as that created by the bomb dropped on Hiroshima.”

—Todd Jacobson

FIRM DROPS PROTEST OF NNSA SUBCONTRACT, BUT CONCERN REMAINS

An Atlanta-based firm that was excluded from a competition for project management and project control by Nevada National Security Site contractor National Security Technologies has dropped a protest of the subcontract less than a week after it was filed. Gate 6 Solutions, which specializes in project management, filed a pre-award protest of NSTec’s project management/project control contract, which it announced in a Dec. 29 sources sought notice. J. Hatcher Graham, a lawyer with Gate 6 Solutions, said the company responded to the contract, but was not picked to respond to a Request for Proposals. When Gate 6 asked why, Graham said NSTec told the company that it was not required to disclose its reasons. Gate 6 protested the decision May 4, but because subcontracts are not able to be protested, it withdrew its complaint May 10. But company officials remain frustrated that it has seemingly no way of protesting NSTec’s decision. “As a government taxpayer and a government contractor, we are quite concerned with the lack of regulatory and legislative coverage,” Graham said.

NSTec spokesman Dante Pistone declined to explain why Gate 6 was not allowed to respond to the RFP or why it was denied a debriefing. He said companies are currently preparing bids for the contract. “Unlike our Federal counterparts, we are not required to entertain protests on our subcontracts, and we will be notifying Gate 6 of that fact,” Pistone said May 8. According to a Dec. 29 sources sought notice, NSTec was looking for a subcontractor to provide “qualified project management, project control, and project control systems and services” on an as-needed basis. The work would include “project management, risk management, project facilitation, training, project assessments, project reviews, and development and maintenance of activity-based schedules in support of various company

missions, programs, and projects.” It said that an “understanding of project management, risk management, nuclear and non-nuclear facility design and construction, nuclear operations, nuclear safety, project control and Earned Value Management concepts is required,” and companies were asked to provide documentation of a minimum of five years experience in project management, project control, and project control systems personnel, documentation that it had worked with ANSI 748 for at least five years, and demonstrate that it did not plan to use lower-tier subcontractors.

Graham said the work was right in the company’s “wheelhouse,” and it hoped to be able to compete for the contract. He said he believed at least 50 companies responded to the sources sought notice, but it’s unclear how many made the cut to receive a copy of the RFP. “It could very well turn out that among the 50 offerors we ranked 20th or 30th or whatever it was, and if they were only going to pick the top 5 or 10 we wouldn’t be in the running, but we don’t know that,” he said. “We were just told no.” He said it was equally frustrating to not be able to protest the decision. “The state of the case law as it is there is nothing we can do about it. We’re stuck,” Graham said. “You’ve got several billion dollars worth of operational funds that are controlled by a contractor who is not subject to Federal Acquisition Regulations.”

—Todd Jacobson

DOE FALLING BEHIND IN MEETING FY12 SMALL BIZ CONTRACTING GOAL

*Goal Increased By Almost Double
From Previous Two Years*

The Department of Energy is falling behind in an effort to increase prime contracting opportunities for small businesses. In a memorandum sent last month to senior DOE officials, Secretary of Energy Steven Chu warned the Department is “falling short” of meeting a Fiscal Year 2012 goal of having 10 percent of its prime contracting dollars go to small businesses. “Increasing prime small business contracting opportunities is a priority for me, and for the President, who has stated: ‘If we want to keep America moving forward, we need to keep investing in our small businesses,’” Chu wrote in the April 11 memo, released by DOE this week. He called on senior DOE officials to “review all planned acquisitions to identify additional prime contracting opportunities with small businesses.”

DOE’s small business prime contracting goal of 10 percent for FY 2012 and FY 2013, set by the Small Business Administration, is a significant increase from the 6 percent goal the Department had in FY 2010 and 2011. The new

“stretch” goal was given to DOE—one of the largest contracting agencies in the federal government—as part of efforts to help the entire federal government meet an overall small business prime contracting goal of 23 percent, according to Bill Valdez, principal deputy director of DOE’s Office of Economic Impact and Diversity. When Chu issued his memo last month, “we were not in alignment with our projection of where we should be at this time of the year,” Valdez told *NW&M Monitor* this week, adding, “If this was a normal year without stretch goals, we’d be right on target.”

‘We’re Working It Hard’

Among the reasons DOE is falling short of this year’s small business contracting goal, according to Valdez, is the fact that the Department got off to a late start given that the SBA did not provide the FY 2012 goal until mid-December once FY 12 budgets were finalized. “One quarter of the procurement year is already over and many of the offices, like the Office of Science for example, shove money out the door real quick. So if you look at how the money had already left the door, that was an initial stumbling block,” he said. Valdez also noted that most DOE contracts run on the order of five years, resulting in only 20 percent being available for re-compete in a given year. “To meet a stretch goal like this would require us to basically take every existing contract that’s expiring and convert it to small business. ... A lot of work that we do here simply isn’t appropriate for small business,” he said.

DOE has not given up on trying to meet this fiscal year’s goal. “All the programs are really working it hard to see what we can do in this fiscal year to get to the 10 percent [goal]. We haven’t given up. We’re working it,” Valdez said. “I’d say the agency that worked on the Manhattan Project can work on this problem. We’re working it hard.” DOE may be in a better position, however, to meet the 10 percent goal in FY 2013. “We’re going to get a better jump in FY 13 and we are working internally on a strategy for the next fiscal year, and we’ll know in advance which of the contracts are coming up and are able to work on that,” Valdez said, adding, “We’re doing a few other things that I really can’t discuss right now because they’re procurement-sensitive that I think will be very helpful.”

NNSA Identifying New Opportunities

NNSA spokesman Robbert Middaugh said that the NNSA was working to identify new small business contracting opportunities this year and into the future. The NNSA’s FY2013 goal is \$268 million. “NNSA has already identified a number of new potential opportunities across the complex in coordination with our Federal site offices,” Middaugh said. “We believe that small businesses looking

for new Federal prime contracts will benefit from these efforts. The review is still ongoing and it is too soon to predict how much more will be made available.”

—Mike Nartker

NNSA SIGNS NEW DEAL TO DEVELOP MOLY-99 SOURCES

The University of Wisconsin’s Morgridge Institute for Research is getting another boost from the National Nuclear Security Administration in its efforts to develop a new way to produce the medical isotope Molybdenum-99. NNSA’s Global Threat Reduction Initiative, which is spearheading government efforts to develop sources of Moly-99 that do not use proliferation-sensitive highly enriched uranium, signed a cooperative agreement with Morgridge this week to provide \$20.6 million through an equal cost-share agreement. The NNSA has entered into cooperative agreements with four domestic entities to spur

the development of a diverse supply of Moly-99, and previously gave Morgridge a \$500,000 grant in 2010.

Morgridge is working on an accelerator-based technology to develop the medical isotope, which is used to diagnose heart disease, treat cancer, and study organ structure and function. The most recent grant will be used by Morgridge and its partner, SHINE Medical Technologies, to continue work on technical issues with its technology and build a plant that can produce the medical isotope in commercial scale quantities. “The production of this medical isotope without the use of highly enriched uranium is essential for advancing our nonproliferation commitments and minimizing the use of HEU in civilian applications worldwide,” Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement. “The significant technical advancement of our domestic commercial partners is critical for achieving a diverse, reliable supply of molybdenum-99 for the U.S. medical community.”

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT OAK RIDGE NNSA RESPONDS TO UPF DESIGN CONCERNS

Exactly a month after receiving a letter of concern from the Defense Nuclear Facilities Safety Board, the National Nuclear Security Administration responded with preliminary answers to multiple safety issues on the design of the Uranium Processing Facility planned for the Y-12 National Security Complex. The NNSA letter from Defense Programs chief Don Cook said some of the Board’s concerns had already been dealt with or were topics of conversation between Defense Board reps and UPF team members. Cook promised to provide a comprehensive report “that addresses and closes” all safety issues within the next two months.

A fairly detailed five-page response accompanied Cook’s letter to DNFSB Chairman Peter Winokur, who cited a number of vulnerabilities in the design—especially potential problems in the event of a major earthquake. In that response, among other things, the NNSA said, “The UPF Project is committed to have a robust ... compliant confinement ventilation system for UPF that minimizes the potential release of radioactive materials during normal operation and during and following accidents,” the response said. The response also said, “The UPF project is committed to ensure fissile material operations remain subcritical during and following a seismic event.”

In his April letter, Winokur said that the Board “determined that safety is not adequately integrated into the design.” He said there were significant issues that were

unaddressed and unresolved in the Preliminary Safety Design Report. Cook said some of the issues were resolved or responded to even before the DNFSB letter in early April. Besides promising to give the board a comprehensive report within two months, Cook said the UPF team at Y-12 would revise and submit a new Preliminary Safety Design Report in August.

Activist Group Accuses NNSA of Stalling

It’s not clear if the DNFSB was satisfied with Cook’s response, but the Oak Ridge Environmental Peace Alliance, a long-time opponent of plans to build new facilities at Y-12, suggested that the NNSA was just stalling and buying more time for dealing with safety issues that should have been addressed during the early design period for the multibillion-dollar project. Ralph Hutchison, coordinator of the peace alliance, said there’s no way that UPF—with its design reported to be 70 percent completed—should still be without a “preliminary” safety design report, as noted in the Defense Board’s earlier letter.

Hutchison said activists are concerned that UPF managers will be under “enormous pressure” to move forward, even if safety necessities aren’t in order, because of the \$340 million requested in the Fiscal Year 2013 federal budget to jump-start the Oak Ridge project’s construction. The peace alliance also sent a letter to Gregory Friedman, the Department of Energy’s Inspector General, asking the IG to

investigate the design activities associated with the Uranium Processing Facility. Hutchison said three issues warrant the IG's attention: what parties with the UPF team are responsible for early design decisions that didn't address safety requirements; what is the cost of adapting plans for the redesign; and what is the cost of failing to integrate safety requirement in the early stages of the UPF design.

In another move designed to put pressure on the UPF decision-making in Washington, Hutchison and other members of the Oak Ridge Environmental Peace Alliance on May 7 hand-delivered a letter to Sen. Lamar Alexan-

der's (R-Tenn.) staff at the senator's office in Knoxville. OREPA said the senator and key members of his staff had refused to meet with the UPF opponents. The letter urged Alexander to slow the government's accelerated construction plans for UPF. "More than half a billion dollars has been spent on designing the UPF so far, which is mind-boggling in itself," Hutchison said. "Now it's back to the drawing board on some fundamental pieces like ventilation systems. That means some money has been wasted. We want to know how much was wasted and who is responsible. And we want the waste to stop. It's past time to put the brakes on this out-of-control project until we get answers—and the safety issues resolved."

AT OAK RIDGE HIGH FLUX ISOTOPE REACTOR LAST UP FOR CONVERSION

It appears the High Flux Isotope Reactor at Oak Ridge National Laboratory will be the last reactor in the United States, if not the world, to give up its highly enriched uranium fuel and convert to a lower enrichment without weapons potential. The Obama Administration has made conversion of research reactors around the world a major part of its nuclear security agenda, with the often stated goal of eliminating vulnerable quantities of weapons-making materials such as HEU by 2013. While the goal has been trumpeted, the schedule for converting some reactors—including HFIR—has been slipping.

The latest target date for converting the fuel in the 85-megawatt Oak Ridge research reactor is February 2020. A few years ago, the scheduled conversion was to take place in September 2016. And, before that, there was a target date of 2014. ORNL reactor chief Ron Crone said the HFIR is among the last five of U.S. research reactors scheduled for conversion. It is coming last because of the more specialized form of its fuel, he said. The other four domestic reactors awaiting conversion to low-enriched uranium fuel are housed at the Massachusetts Institute of Technology, the University of Missouri, Idaho National Laboratory, and the National Institute of Standards and Technology.

Crone said developing a fuel for use in top-tier research reactors has been a big challenge, and has been even more difficult than expected. "High performance research reactor conversion to an all-new, high-density LEU fuel requires extensive design, testing, qualification, and manufacturing development," Crone said in an email response to questions. "Current federal budget constraints and the chal-

lenges inherent in developing a new technology caused the reactor conversion schedules to be extended."

HFIR Good For Another 400 Cycles

The High Flux Isotope Reactor was built in the 1960s, but it has been extensively refurbished and upgraded in recent years. When asked if the ORNL reactor could last for another 30 or so years, Crone said the limiting factor would be the reactor vessel itself. He said recent tests on the vessel revealed that it would last for at least another 400 cycles. The Y-12 National Security Complex provides the HEU for fuel at the Oak Ridge lab's reactor. Y-12 also stores the reactor's fuel plates until they're needed for loading for security reasons.

Last month, Y-12 also shipped about 400 pounds of highly enriched uranium to France for use in a research reactor at the Institut Laue-Langevin near Grenoble. The French reactor similar to HFIR is also due for conversion. "The United States government has the authority under the Atomic Energy Act to supply HEU to research reactors, but only does so under specific conditions—including a commitment from the facility to convert to low-enriched uranium replacement fuel when it is available," National Nuclear Security Administration spokesman Steven Wyatt said. He said the recent shipment of HEU to France is expected to be the last shipment. The NNSA's Global Threat Reduction Initiative "is working closely with ILL in the conversion of its reactor and efforts continue to move forward," Wyatt said.

AT SAVANNAH RIVER WSI-SRS, GUARDS UNION REACH TENTATIVE AGREEMENT

The union that represents hundreds of protective force workers at the Savannah River Site began voting this week

to ratify a five-year collective bargaining agreement that was recently reached in talks between its negotiating team

and security contractor WSI-SRS. According to Martin Hewitt, the president and chief negotiator of United Professional Pro-Force of Savannah River Local 125, the tentative agreement includes 2.5 percent annual raises over the life of the contract as well as increased contributions to the union members' 401(k) retirement plans (a \$3,000 lump sum and a \$100 annual increase in company contributions). Hewitt said while the wage increase is less than the 3.5 percent average bump the union received during negotiations five years ago, the negotiating team achieved its objective of protecting the benefits of members. Hewitt said he expected the agreement to be ratified, and said he would know the results of the ratification vote by late May 11. "We're pretty happy," Hewitt said. "We didn't lose anything. There were no takeaways. ... You do have members that are concerned about the 2.5 percent increase. They wish it was more."

The union, however, unsuccessfully pushed to include language in the agreement that would allow it to reopen negotiations on a defined benefit pension plan after three years, if a push for a complex-wide pension plan for protective force workers fails. Protective force unions

around the weapons complex have been pushing for increased retirement and career longevity options that would be akin to the benefits afforded federalized guards, though the Department of Energy and NNSA have balked at authorizing a switch to a defined benefit pension system for its guards. Only guards workers in Oak Ridge have defined benefit pensions, while most protective force workers have defined contribution plans like the workers at Savannah River. According to the agreement, the two sides will reopen negotiations when new Department of Energy regulations on working conditions are completed. WSI-SRS declined to comment on the negotiations.

Savannah River's protective force workers represented the first of three sites to undergo negotiations on collective bargaining agreements this summer, and the likely successful completion of negotiations was viewed as a positive sign around the complex. The Pantex Guards Union's collective bargaining agreement expires in June and negotiations are ongoing, while the International Guards Union of America Local 3 agreement in Oak Ridge expires later this summer. ■

REPORT OF NOTE...

Evaluation of Report on Feasibility of Increasing Air Transportation of Nuclear Weapons, Components, and Materials, Government Accountability Office, GAO-12-577R, May 4, 2012

The Government Accountability Office has given a sound bill of health to a 2009 Air Force/National Nuclear Security Administration study that recommended against increasing the transport of nuclear weapons via air travel. The GAO was asked by Congress to analyze the results and methodology of the Congressionally mandated study that found that despite technological advances, changes in operational requirements, and decreased threat assessments, transporting nuclear weapons via the air is still not a good idea. "The [joint] report was supported by generally acceptable methods for developing transportation options and evaluating safety, security, and operational requirements for these options," the GAO said. "The assessment of safety risk from a possible airplane crash transporting nuclear weapons was the key factor supporting the report's conclusions to maintain the current balance of air and ground transportation of nuclear weapons. In addition, the majority of the nuclear weapons in the active nuclear stockpile require special DOD approval to be transported by air." The GAO said the report was backed up by sound methodology, but did not analyze all costs for involved in the transportation option, including developing infrastructure like airfields. ■

Wrap Up

IN THE NNSA

Two employees from the Nevada National Security Site are being honored as the National Nuclear Security Administration's contractor and federal security professionals of the year, an award that was renamed this year to honor former NNSA security chief Brad Peterson, who was killed in a car crash earlier this year. The Nevada

Site Office's DeAnn Long and National Security Technologies employee Debbie Aguero were announced as the winners of the award this week. Previously known as the Security Professionals of the Year Awards, the award was renamed the Bradley A. Peterson Security Professionals of the Year Awards after the former chief of Defense Nuclear Security who died in a car crash earlier this year.

IN THE INDUSTRY

Randall Trusley has been named the new Group Controller for B&W Technical Services Group. Trusley last served as Senior Business Director for URS and has “extensive experience, including key financial management responsibilities in the electric utility industry and government contracting,” according to a B&W release. From 2001 to 2008, Trusley served as Vice President and Controller with the Tennessee Valley Authority. “I am pleased to welcome Randy to the B&W TSG leadership team,” B&W TSG President George Dudich said in the release. “His financial and performance management experience will be pivotal as our business continues to see positive growth.”

David Campbell is joining Bechtel National as Manager of Business Development, focusing on energy development in the defense and security sector. Campbell last worked for Weston Solutions, where he served as Vice President of Energy Services. He also previously served as

Director of Congressional, Intergovernmental and Public Affairs for the National Nuclear Security Administration.

Keith Eckerman, a leading researcher in internal radiation dosimetry, next week will receive the Gold Medal for Radiation Protection from the Royal Swedish Academy of Sciences. The Oak Ridge National Laboratory scientist will be honored at the International Congress of the International Radiation Protection Association, which is holding its meeting in Glasgow, Scotland. The award was established in 1962 and has been bestowed in the past on pioneers in health physics and radiation dosimetry, including Karl Z. Morgan, who is considered by many to be the father of health physics. The Gold Medal is given to individuals who have made a highly valuable contribution to international radiation protection. Eckerman came to ORNL in 1979 after working at Argonne National Laboratory and the Nuclear Regulatory Commission. He received his doctorate in radiological physics from Northwestern University. His interest in the dosimetry of internal emitters began in 1970 when he was involved in the studies of the radium dial painters. ■

Calendar

May

15 Discussion: “Election 2012: The National Security Budget,” Michele Flournoy, former Under Secretary of Defense for Policy; David Barno, Center for a New American Security (CNAS); Thomas Donnelly, American Enterprise Institute; and Michael Waltz, New America Foundation, at the American Enterprise Institute, 1150 17th St., NW, Washington, D.C., 1-2 p.m.

16 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.

16 Discussion: “Tightening the Nuclear Nonproliferation Rules: The Role of Congress and the Executive,” John Bolton, former acting U.S. ambassador to the United Nations; Rep. Ed Markey (D-Mass.); Henry Sokolski, Nonproliferation Policy Education Center; Jamie Fly, Foreign Policy Initiative; Daryl Kimball, Arms Control Association; and Kingston Reif, Center for Arms Control and Nonproliferation, sponsored by Nonproliferation Policy Education Center and Foreign Policy Initiative, 2200 Rayburn House Office Building, Washington, D.C., noon-1:30 p.m.

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 22

May 18, 2012

— *INSIDE HIGHLIGHTS* —

Language in the House version of the FY 2013 Defense Authorization Act that would overhaul safety and security oversight of the NNSA and increase the agency’s autonomy remained largely unscathed this week despite vehement opposition from unions, activist groups, House Democrats and the Obama Administration. 2

Ignoring a veto threat by the White House, the House passed its version of the FY 2013 Defense Authorization Act this week with provisions that would link implementation of the New START Treaty with efforts to modernize the nation’s nuclear weapons complex intact. 3

Lawmakers overwhelmingly rejected an amendment to strike funding for a federal program supporting a uranium enrichment program in the House version of the FY 2013 Defense Authorization Act. 5

The NNSA this week unveiled the makeup of the Source Evaluation Board for its combined Oak Ridge/Pantex protective force contract, revealing that senior NNSA protective force official Steve Wanzler would head up the Board that will pick a security contractor for the contract. 7

Union protective force workers at the Savannah River Site ratified a new collective bargaining agreement with security contractor WSI-SRS over the weekend, ending a relatively smooth negotiation that has generated optimism among the remaining unions that are in the process of renegotiating CBAs this summer. 8

NATO is expected to unveil a new Deterrence and Defense Posture Review at its Chicago Summit Sunday and Monday, but nuclear experts aren’t anticipating drastic changes to the alliance’s nuclear posture. 8

Reducing the size of the nation’s nuclear arsenal to 900 nuclear weapons, as a report issued by Global Zero this week advocates, would allow the nation to significantly scale back its plans to modernize the nation’s nuclear weapons complex and arsenal. 9

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NNSA REFORM LANGUAGE MOSTLY UNSCATHED AFTER HOUSE DEBATE

Amendments Aimed at Rolling Back Reform Provisions Prohibited From Vote By Full House

Language in the House version of the Fiscal Year 2013 Defense Authorization Act that would overhaul safety and security oversight of the National Nuclear Security Administration and increase the agency's autonomy remained largely unscathed this week despite vehement opposition from unions, activist groups, House Democrats and the Obama Administration. The NNSA reform provisions, authored by Rep. Michael Turner (R-Ohio), would shut out the Department of Energy's Office of Health, Safety and Security from oversight of NNSA, while shifting the agency toward performance-based oversight rather than transactional oversight. The bill would also create a more distinct line between the agency and the Department of Energy, giving the Energy Secretary only disapproval authority over NNSA decisions, while altering the role of the Defense Nuclear Facilities Safety Board.

Turner has suggested that the reform provisions would increase productivity at an agency he has described as "broken," but opponents of the measures have suggested the language would significantly weaken the safety and security posture at the NNSA. With the bill being debated on the House floor late this week, Democrats drafted several amendments to strip out the provisions. Reps. George Miller (D-Calif.), Loretta Sanchez (D-Calif.) and Peter Visclosky (D-Ind.) drafted an amendment focused on repealing the HSS, performance-related oversight and DNFSB provisions, and Rep. Adam Smith (D-Wash.) authored an amendment that would have restored the Secretary of Energy's authority over the agency. Both amendments were similar to amendments that were not adopted during last week's House Armed Services Committee markup of the bill, and they were ruled out of order by the House Rules Committee and were excluded from consideration on the House floor this week. "I am deeply

disappointed that House Republicans are intent on dramatically reducing safety protections at nuclear weapons facilities," Miller said in a statement. "If this bill were to become law, fewer protections mean more human costs for both workers who handle these dangerous materials and families who live near these operations. Self-policing by the government contractors who run these ultra-hazardous facilities only invites unnecessary danger."

Turner Amendment Clarifies Safety Language

An amendment by Turner that was adopted by the full House sought to clarify the reform provisions, adding language that said "the [NNSA] Administrator shall prescribe appropriate policies and regulations to ensure the adequate protection of the health and safety of the employees of the Administration, contractors of the Administration, and the public. Such policies and regulations shall be based upon risk whenever sufficient data exists." Turner's amendment also added language that said "Nothing in this section nor in the amendments made by this section shall be construed to cause a reduction in nuclear safety standards."

Turner had already offered an amendment during the committee markup of the bill to increase the NNSA's flexibility to increase oversight in certain areas, like those involving beryllium, where Department of Energy standards far exceed those used by the Occupational Safety and Health Administration. "If we didn't strike the right balance after several bipartisan sessions and hearings Ms. Sanchez and I convened, we have a long process ahead of us to work to get it right," Turner said. "As the National Academies, Strategic Posture Commission, and others have found, NNSA is, quite simply, broken and cannot afford to be left unfixd. I am absolutely committed to working with the minority and the Administration to ensure a more efficient NNSA that has the nuclear deterrent and safety as unchallenged priorities. I look forward to an Administration proposal on the subject."

ExchangeMonitor Publications' Nuclear Team (WC Monitor, NW&M Monitor, RW Monitor)

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Union: Provisions ‘Put Us Back in the Dark Ages’

But the language did nothing to satisfy unions that have raised concerns about the reform effort since it was unveiled late last month, especially the elimination of HSS’s oversight role. The Metal Trades Department of the AFL-CIO was among a handful of unions that raised concerns in letters to senior House and Senate leaders over the last several weeks, and MTD President Ron Ault expressed his frustration in an interview this week with *NW&M Monitor*. The reform provisions “put us back in the dark ages,” Ault said. “Every rule that’s ever been written on safety and health has been written on the death of one of our members. People have died for these rules. These rules are based upon people getting the disease, suffering terribly, and passing away early. It’s a death sentence and it’s unconscionable.” Though the authors of the provisions suggest that safety and health standards are likely to remain up to standards, Ault suggested that workers across the weapons complex would suffer. “I cannot believe in this day and time that as much as we know about the nuclear program and safety and what lessons were learned, all that will have be learned all over again,” Ault said. “I can’t believe that NNSA wants to start the whole process again as if the last 30 years didn’t happen. That’s exactly what this does.” He said independent oversight was essential to protecting workers. “You can have every law in the world that says murder is illegal but if you don’t have any police officers to enforce it, it is meaningless,” he said. “There is no enforcement mechanism. There is just, ‘Trust me.’ It’s like Wall Street saying, ‘Give me all your money and I’ll do the right thing.’”

Federal Worker Union Objects to HSS Language

A union that represents federal workers at the Department of Energy also objected to the language and supported the Miller-Sanchez-Visclosky amendment. In a May 15 letter to House lawmakers, National Treasury Employees Union President Colleen Kelley outlined the union’s concerns, which centered on the elimination of HSS oversight in the weapons complex. “The work done at these facilities is extremely hazardous and there is a long history of safety problems,” Kelley wrote. “Given this work involves the most dangerous substances and weapons in the world, it is probably the last workplace that should see reduced health and safety standards and inspections.”

The union represents approximately 150,000 employees in 31 agencies and departments across the government. It does not represent NNSA federal employees. NTEU officials said they would bring up the subject in a labor roundtable with Energy Secretary Steven Chu May 17. The NTEU is the first union representing federal employees to voice its concerns. “The employees of the Office of Health,

Safety and Security are uniquely skilled, trained and experienced at protecting worker life and health at these facilities,” Kelley wrote. “Transferring their functions to bureaus without such experience or expertise would be a reckless act and endanger those employees that serve our country’s defense in these facilities.”

Obama Admin. ‘Strongly Opposes’ Reform Language

The reform provisions are likely to meet opposition in the Democrat-controlled Senate, and Ault was heartened by the Obama Administration’s Statement of Administration Protocol opposing the provisions issued this week. While it didn’t go as far as issuing a veto threat over the reform language, the Administration said it “strongly opposes” language that would eliminate HSS oversight, force the DNFSB to consider cost as part of its recommendations, shift the agency to performance-based rather than transactional oversight, and streamline directives and orders governing work in the weapons complex. “By lowering safety standards for the nuclear weapons complex and reducing requested funding for health, safety, and security, these provisions would weaken protections for workers and the general public,” the Administration said. It also said it “strongly objects” to language that would increase autonomy for the agency. “Some of these changes fundamentally alter the relationship between DOE and NNSA by restricting the authority of the Secretary of Energy and transferring responsibilities from DOE to NNSA,” the Administration said.

Additionally, language that would require the NNSA to submit a cost-benefit analysis before competing management and operating contracts “would undermine a long-standing and bipartisan effort to increase competition in government contracting,” while language in the bill that would reduce the size of the NNSA’s federal staff also drew concern. “The NNSA is undertaking major, complex efforts to move to a more efficient and effective management of the nuclear security complex while maintaining the safety, security, and effectiveness of our nuclear arsenal. The Administration believes that the NNSA is best positioned to prescribe the proper level of staffing to fulfill those missions effectively within the budget appropriated by the Congress,” the Administration said.

—Todd Jacobson

HOUSE SET TO PASS DEF. AUTH. DESPITE THREATS OVER NEW START LANGUAGE

Ignoring a veto threat by the White House, the House passed its version of the Fiscal Year 2013 Defense Authorization Act late this week with provisions that would link

implementation of the New START Treaty with efforts to modernize the nation's nuclear weapons complex intact. The bill, which authorizes \$7.9 billion for the NNSA's weapons program and \$2.46 billion for the agency's nonproliferation account, was expected to be passed by the full House Friday afternoon. In a Statement of Administration Policy issued earlier in the week, the White House outlined wide-ranging concerns with the bill, ranging from provisions that could inhibit implementation of the New START Treaty to language that would eliminate DOE's Office of Health, Safety and Security oversight from the weapons complex, increase the autonomy of the agency, and alter the agency's relationship with the Defense Nuclear Facilities Safety Board (*see related story*).

Only the language linking modernization and New START drew the veto threat, however. The Administration said it "strongly objects" to provisions that would "impinge on the President's ability to implement the New START Treaty and to set U.S. nuclear weapons policy." The Administration said the bill would "set onerous conditions on the President's ability to retire, dismantle, or eliminate non-deployed nuclear weapons" and language in the legislation "raises constitutional concerns as it appears to encroach on the President's authority as Commander in Chief to set nuclear employment policy—a right exercised by every president in the nuclear age from both parties."

Turner: National Security Demands a Choice

The language is nearly identical to a bill introduced earlier this year by Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee. Similar to the language inserted into last year's House Defense Authorization Act, the "Maintaining the President's Commitment to our Nuclear Deterrent and National Security Act of 2012" would prevent money from being spent on stockpile reductions if the modernization promises outlined in the Administration's '1251' modernization plan submitted to Congress last year are not being requested by the Administration or funded by Congress. Facing budgetary pressure, the Administration requested \$7.58 billion for the National Nuclear Security Administration's weapons program in FY 2013, short of the \$7.9 billion that the Administration said it would need less than a year ago, and it slowed several major projects. Most notably, it deferred construction on the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory for up to five years, choosing to use several alternatives to meet the facility's planned mission while the NNSA and the Defense Department decide how to proceed on the project, and how to incorporate a replacement for the lab's plutonium facility into the plans. The Administration also slowed production on the W76 warhead, delayed the completion of a First Produc-

tion Unit for the B61 bomb by two years until 2019, and slowed work on the refurbishment of the W78/W88 warhead as well.

Led by Turner, this year's bill authorizes \$7.9 billion for the NNSA's weapons program, matching the funding levels in the 1251 plan and adding funds for work on the W76, B61, and W78/88 refurbishments. The bill also authorizes \$100 million for the CMRR-NF project, which House authorizers have said can be used in FY2013 with \$160 million in unspent balances to come close to the Administration's previous funding estimates of \$300 million. "The bill fully funds the nuclear modernization program that President Obama promised when he sought ratification of the New START Treaty," Turner said in a May 17 floor speech. "National security demands members make a choice—fully fund modernization or don't implement New START." During a House Armed Services Committee markup of the bill last week, Democrats on the panel opposed the increase in authorized funding, as well as the provisions linking New START and modernization, and Rep. Loretta Sanchez (D-Calif.), the ranking member of the House Armed Services Strategic Forces Subcommittee, spoke out against the provisions again this week. "Provisions that impede nuclear weapons reductions—I think that is incredibly important to allow the administration to move forward, not only with New START Treaty, but also to look at other ways in which we can bring down our arsenal if we don't need it," Sanchez said.

Scuttled Amendments Draw Criticism

Several amendments aimed at limiting the amount of authorized funding for the NNSA's weapons program, and one that would have enabled the Pentagon to proceed with planned nuclear reductions as part of the implementation of the New START Treaty, were not allowed to be debated on the House Floor by the House Rules Committee. Those included an amendment drafted by Reps. Jared Polis (D-Colo.) and Loretta Sanchez (D-Calif.) that would have eliminated the \$324 million boost in authorized funding for the NNSA's weapons program as well as an amendment authored by Sanchez and Reps. Ed Markey (D-Mass.) and Hank Johnson (D-Ga.) to cut \$100 million that had been authorized for the Chemistry and Metallurgy Research Replacement-Nuclear Facility, a project that the Administration said this year it wanted to defer for at least five years but that House Republicans are trying to resuscitate. Sanchez and Rep. Rick Larsen (D-Wash.) also drafted an amendment that would have made clear that the Secretary of Defense would not be barred from implementing stockpile cuts outlined by the New START Treaty, which would have countered provisions in the bill authored by Turner that make the implementation of New START contingent on progress to modernize the nation's weapons

complex and arsenal. The Rules Committee also disallowed that amendment. The committee did not respond to a request for an explanation. The decision rankled Democrats and arms control advocates eager to see the issues debated on the House floor. “The House Republicans are acting Putin-lite. They don’t bash heads in, but they refuse to permit debate on the House floor over key additions to the bill in committee,” said John Isaacs, the executive director of the Council for a Livable World and the Center for Arms Control and Non-Proliferation. “The House GOP claimed to offer a new and open House. Instead they are reverting to the old, my way or the highway.”

Cleared Amendments Detailed

The House did consider, and clear, several amendments that impact the weapons program. An amendment by Rep. Tom Price (R-Ga.) that would prohibit the President from unilaterally reducing the nation’s nuclear stockpile passed, as did an amendment from Reps. Dennis Rehberg (R-Mont.) and Cynthia Lummis (R-Wyo.) to prevent unilateral reductions to the nation’s strategic nuclear triad, except to comply with treaties, also passed. An amendment drafted by Reps. Martin Heinrich (D-N.M.) and Ben Ray Lujan (D-N.M.) that would authorize a pilot program between one national laboratory and one non-profit to help technology reach the commercial marketplace sooner also was adopted, as was an amendment by Larsen and Sanchez that would require reports on the cost of maintaining and modernizing the nation’s nuclear deterrent.

A pair of Republican amendments authored by Reps. Doug Lamborn (R-Colo.) and Trent Franks (R-Ariz.) also prohibited the Administration from spending money on nuclear nonproliferation activities or Cooperative Threat Reduction work with Russia until the Administration can certify that Russia is no longer supporting Syria or providing nuclear technology to Iran, North Korea or Syria. Both amendments passed, while an amendment offered by Johnson to require the Secretary of Defense and the chairman of the Joint Chiefs of Staff to report to Congress on whether nuclear reductions under New START are in the “national interests” of the United States failed.

—*Todd Jacobson*

HOUSE REJECTS MOVE TO STRIKE DEF. AUTHORIZATION ENRICHMENT FUNDING

Vote Comes After All-Out Attacks Between Supporters and Opponents

Lawmakers overwhelmingly rejected an amendment to strike funding for a federal program supporting a uranium enrichment program in the House version of the Fiscal Year 2013 Defense Authorization Act in a week in which

tensions between supporters and opponents of the provision boiled over into pointed attacks on the competing enrichment companies USEC and URENCO. The Defense Authorization legislation, expected to pass later today, includes a provision that authorizes \$150 million in Fiscal Year 2013 for a Department of Energy research, development and deployment program to support domestic uranium enrichment technology. DOE developed the program in an effort to move USEC’s America’s Centrifuge Project forward as the company struggles financially. But this week bipartisan amendments to strike that provision were offered by Reps. Steve Pearce (R-N.M.), whose district includes the URENCO USA enrichment facility, and Ed Markey (D-Mass.), a longtime critic of DOE’s nuclear programs.

Administration officials have repeatedly stressed the national security arguments for developing a domestic enrichment capacity, placing the request for the program in the National Nuclear Security Administration’s nonproliferation account and stating that international agreements restrict the use of foreign technology for military purposes. That would include using enriched uranium to produce tritium for nuclear weapons and fuel for naval reactors. Currently, USEC is the only U.S. company that provides enrichment services, as URENCO is run by a consortium of European owners. However, supporters of URENCO have disputed the Administration’s current interpretation of peaceful use treaties and believe that URENCO could provide services for those purposes. Accordingly, the Pearce-Markey amendment called for a two-year study by the Comptroller General on which companies the government can purchase uranium from for tritium production and naval reactors. The study would also outline the cost to the government for each option. The amendment gained the endorsement from a coalition of advocacy groups, including Taxpayers for Common Sense Action, the Nonproliferation Policy Education Center, the Union of Concerned Scientists, the Natural Resources Defense Council and the National Taxpayers Union.

Pearce expressed disappointment following a vote this morning in which House lawmakers rejected the amendment 121 to 300. “I maintain that this is a waste of taxpayer dollars for a failed company. I took this issue on hoping that Washington was done providing federal bailouts. I appreciate and respect the healthy public debate on this important issue,” Pearce said in a statement. “At the end of the day, I am comfortable knowing that I, along with my colleagues that supported the amendment, can look our constituents in the eye and say we stood up and fought to protect their hard earned tax dollars.” Staff for Pearce told *NW&M Monitor* the lawmaker would continue to weigh options for opposing the funding in the future,

which could include upcoming debate on House Appropriations legislation.

USEC Hopes For DOE Interim Funding Before FY'13

While this week's legislation dealt with funding in FY 2013, the more immediate concern for USEC is financing the centrifuge project beyond the end of May when a credit facility currently funding the project at \$15 million per month is set to expire. DOE requested transfer authority from Congress months ago to fund the R&D program until the start of the next fiscal year. However, with the passage of any legislation before the end of the month unlikely, USEC is hoping that the Department can move ahead to fund the project without explicit direction from Congress. Such a move could take place through a combination of reprogramming funds and DOE taking on up to \$82 million in uranium tails liability from USEC. DOE spokeswoman Jen Stutsman noted this week that the Administration has "worked tirelessly" in the past three years to support the project. "While Congress has not passed legislation to support this effort in FY 2012, the Department of Energy provided \$44 million in assistance in January, and is evaluating options for continuing this important work in 2012. As always, the Administration is focused on advancing this technology in a way that protects the taxpayers," she said in a written response.

After completing a \$44 million tails liability swap in January, DOE Secretary Steven Chu was chastised by Congressional appropriators, and Chu has subsequently stated that he would not fund the program without a clear signal from Congress. USEC supporters have hoped that funding in Defense Authorization, coupled with transfer authority already included in the Senate version of a transportation bill, would send such a signal to DOE. USEC this week celebrated the amendment's defeat, stating in a release that "this vote demonstrates the strong bipartisan Congressional support for this critical RD&D program."

Markey-Pearce: USEC Not Needed for Tritium

Meanwhile, with a clear opportunity to strike damage to the American Centrifuge project, the unlikely duo of Markey and Pearce stepped up the attacks on USEC. The lawmakers first joined together on the issue last week in a letter to lawmakers criticizing the company's history. This week both sent out a flurry of memos and letters and lobbied fellow lawmakers in an effort to gain support for the amendment striking funding for an enrichment program, using terms such as "bailout" and "earmark" to describe the funding. "The funding contained in these bills is not needed for national security, and just perpetuates hundreds of millions of dollars in unnecessary subsidies,"

one such memo, sent May 15 to lawmakers and staff, said. The memo says that it is "untrue" that a domestic enrichment capacity is needed for tritium production. The lawmakers point to the Washington Agreement, which entered into force in 1995 and restricts the use of uranium enriched using foreign technology to produce "special nuclear material." But the NRC defines tritium as a "byproduct material" instead, according to an e-mail from a Nuclear Regulatory Commission staffer to Markey's staff.

As the back and forth continued, trade groups including the Nuclear Energy Institute weighed in with lukewarm support for the USEC funding. "While we support this effort to maintain a domestic source of enriched uranium, we urge the committee to ensure this is done in a competitive manner to support free market principles. In addition, we request the committee take into consideration the cumulative impact of all related government actions on the struggling private sector domestic mining and conversion industries, and ensure that any transfers of uranium from the federal government stockpile do not disrupt the market," states a letter to House lawmakers from the National Association of Manufacturers, NEI and the U.S. Chamber of Commerce. As a result, staff for Pearce and Reps. John Shimkus (R-Ill.) and Cynthia Lummis (R-Wyo.) expressed disappointment with NEI, stating that many of the group's members supported the Pearce amendment.

USEC Supporters Launch Counterattacks

USEC supporters in Congress, largely consisting of members of the Ohio delegation, also pulled no punches in this week's fight, launching a two-pronged approach that included sharp accusations against URENCO and a meeting for House lawmakers where Administration officials again pushed for funding the enrichment program. The briefing with National Nuclear Security Administrator Tom D'Agostino and DOE Assistant Secretary for Nuclear Energy Pete Lyons was called in response to Pearce and Markey's efforts by House Armed Services Strategic Forces Subcommittee Chairman Mike Turner (R-Ohio). At the meeting D'Agostino and Lyons again made the case for the program based on national security concerns.

Additionally, Rep. Ed Whitfield (R-Ky.), whose district includes the USEC-operated Paducah Gaseous Diffusion Plant, sent a letter this week to United States Trade Representative Ron Kirk stating he was "concerned about the level of our reliance on foreign sources of energy, including commercial enrichment technology." But the strongest words came from Rep. Jean Schmidt (R), whose southern Ohio district includes the site for the USEC plant. She led efforts in the House to vilify URENCO, sending out several sharply-worded letters to lawmakers. She

claimed that URENCO is “behind all of the misinformation” on USEC, stating that the company would “love nothing more than to acquire USEC’s customers” in order to expand operations. “URENCO is owned and controlled by the governments of multiple European countries. It has received government subsidies and special trade protections from European governments,” Schmidt wrote. “URENCO also has been cited as a ‘significant contributor’ to the atomic scandal which advanced the nuclear program in Pakistan. Dr. Abdul Qadeer ‘A.Q.’ Khan, a Pakistani national at the center of the atomic secrets scandal, worked for a URENCO Dutch subcontractor, which gave him access to the most advanced designs for nuclear enrichment facilities. URENCO technology made the material that sits inside the nuclear arsenal in Pakistan and North Korea.”

URENCO Says Claims are False or Misleading

URENCO responded to Schmidt’s claims, stating that they were largely false or misleading, and emphasizing that the company paid \$126 million in dividends to shareholders in 2011. “URENCO is well aware of the 1970s industrial espionage event involving AQ Kahn, and knows better than anyone the importance of segregating civilian and military use of enrichment technology,” according to a company statement. “URENCO’s government owners have not contributed any money to URENCO for over 20 years, a fact confirmed by the US Department of Commerce in its exhaustive review of URENCO records following an allegation of unfair trading by USEC in 2000.” While Schmidt also alleged that the company had been “successfully sued the Nuclear Regulatory Commission” for “environmental racism,” a company official said that the statement was inaccurate. There was an environmental justice contention in an NRC licensing proceeding for the LES Clairborne facility that was never constructed, but the NRC found no environmental justice concerns with the New Mexico facility.

—*Kenneth Fletcher*

NNSA COMBINED PRO FORCE SEB REVEALED; WANZLER TO HEAD UP BOARD

The National Nuclear Security Administration this week unveiled the makeup of the Source Evaluation Board for its combined Oak Ridge/Pantex protective force contract, revealing that senior NNSA protective force official Steve Wanzler would head up the Board that will pick a security contractor for the combined contract. The NNSA has previously declined to specify the membership of the Source Evaluation Board for the procurement, but the com-

position of the group was released during presolicitation conferences this week at the Pantex Plant and Y-12 National Security Complex. In addition to Wanzler, Roxanne Steward and Dan Reeves of the recently formed NNSA Production Office are part of the SEB, as are Mark Ott from the Department of Energy’s Oak Ridge Office and Contracting Officer Catherine Waters. Steward is representing Pantex on the SEB, while Reeves is representing Y-12.

During separate presolicitation meetings at Y-12 and Pantex, the NNSA conducted one-on-one meetings, held site tours and went over its previously released schedule for the procurement. The agency released a draft Request for Proposals for the contract last month and questions on the draft are due May 23. It said that it expects to release a final RFP in June, accept bids and hold oral presentations in July, and award the contract in September. Transition is expected to take 60 days. The agency is running the procurement in parallel with a competition for the combined M&O contract at Pantex and Y-12, which it said it hopes to award by the end of the year. The NNSA said in procurement documents associated with the combined protective force contract that the award of the contract was contingent on the award of the consolidated M&O contract.

Up until late last year, the NNSA had been planning to incorporate protective force work into the combined Y-12/Pantex M&O contract, which would have represented a significant change, at least at Y-12. While Pantex’s security has been handled within B&W Pantex’s M&O contract, protective force work at Y-12 has been purchased through a separate prime contract held by WSI. WSI, which also handles security at the Savannah River Site, Nevada National Security Site and the California campus of Sandia National Laboratories, opposed the move, as did Oak Ridge’s guards union. The agency had hoped that the M&O contract could serve as a vehicle to enhance career longevity issues facing guards, but critics of the decision suggested that the move could have cost the government more than \$50 million a year in increased costs for protective force work while limiting options for non-Y-12 Oak Ridge guards. After initially assuming that including the protective force work in the Y-12/Pantex M&O contract would be “cost neutral,” the NNSA came to the realization that a smaller company could manage the protective force more effectively than a large M&O contractor, with areas such as administration and human resources providing potential for savings via the consolidation.

—*Todd Jacobson*

DOES SAVANNAH RIVER PRO FORCE CBA BODE WELL FOR OTHER NEGOTIATIONS?

Union protective force workers at the Savannah River Site ratified a new collective bargaining agreement with security contractor WSI-SRS over the weekend, ending a relatively smooth negotiation that has generated optimism among the remaining unions that are in the process of renegotiating CBAs this summer. According to Martin Hewitt, the president and chief negotiator of United Professional Pro-Force of Savannah River Local 125, 66 percent of union members voted to ratify the agreement a week ago, ushering in a new deal that includes modest raises and contributions to the retirement plans of union members. But with negotiations between the Pantex Guards Union and Pantex contractor B&W Pantex ongoing and talks looming on deals in Oak Ridge and at the Nevada National Security Site, observers noted that there were no takeaways for Savannah River's guards. "It's really surprising everything went as well as it did. They are very happy," said Randy Lawson, the president of the National Council of Security Police and also the president of Oak Ridge's primary guards union, the International Guards Union of America Local 3. "It's good for us. It makes us optimistic that when we go in, if it's the same—minimal changes on our benefits and a moderate pay increase—we'll just continue on with a three-, four-, five-year agreement."

A Summer of Negotiations

Because of a quirk of timing, four collective bargaining agreements involving weapons complex protective force workers expire over a six-month span—and negotiations on wage and retirement benefits will take place on a fifth deal starting later this month, at the Nevada National Security Site (*see related story*). The CBA between the Pantex Guards Union—which went on strike for six weeks in 2007—and contractor B&W Pantex expires June 10, while the deal between the IGUA and WSI-Oak Ridge for work at Y-12 and Oak Ridge National Laboratory run out Aug. 15. IGUA's CBA at the Federal Office Building in Oak Ridge expires Sept. 13, while guards at the East Tennessee Technology Park are represented by the International Union of Security, Police, and Fire Professionals of America (SPFPA), and that contract expires Oct. 30. The deal between Independent Guard Association of Nevada Local 1 and Nevada National Security Site protective force contractor WSI doesn't expire until 2014, but the deal includes a clause to reopen negotiations on wages and retirement benefits three years into the contract.

With protective force workers keen on protecting the benefits and retirement plans that are already part of their

contracts and protective force contractors under pressure to keep costs down, tensions were high heading into the negotiations and contingency plans were put in place in case of strikes. Savannah River guards were able to largely maintain their benefits, and while a 2.5 percent annual wage increase was below the 3.5 percent average increase in its previous contract, union officials were pleased with how the negotiations turned out. "If you can keep what you've got and go out with a moderate wage increase in these times and days, economically you've got a good contract," Lawson said.

'We Didn't Plan on Having Anything Taken Away'

Randy Garver, the General Manager at WSI-SRS, said there was never any interest in cutting benefits. "We didn't plan on having anything taken away. There just wasn't going to be a whole lot added," he said. "At the end of the day based upon the current situation I think both sides gave and took and we got a fair deal for the members of the pro force and at the same time nothing was outside the box." Garver, however, stopped short of predicting smooth negotiations at other sites. "I think while there was certainly a lot of concern because of all the contracts coming up back-to-back-to-back I still believe that the issues are local issues," Garver said. "But I think that if everybody is approaching it with the right frame of mind, and you have to be reasonable, there is no reason you can't come to an agreement and solve your local issues."

One local issue that could prove to be problematic in Oak Ridge involves the defined benefit pension enjoyed by union members. Oak Ridge protective force workers are the only guards in the weapons complex that still have pensions, which NNSA has tried to phase out around the weapons complex. Lawson said the pensions were a target during negotiations in 2007, and he expected the same strategy this time around. "They'll try to do that again," he said. "However, the membership has spoken quite clearly for Oak Ridge that severing a defined benefit plan or any major concessions in the benefits, like major medical, that the negotiating team has a right to not bring it back, and the company is aware of that."

—Todd Jacobson

BIG CHANGES NOT EXPECTED IN NATO DETERRENCE AND DEF. POSTURE REVIEW

NATO is expected to unveil a new Deterrence and Defense Posture Review at its Chicago Summit Sunday and Monday, but nuclear experts aren't anticipating drastic changes to the alliance's nuclear posture. NATO said in 2010 that it planned on remaining a nuclear alliance for the foresee-

able future while pledging to review its deterrence posture, but Stephen Pifer, the director of the Brookings Institution's Arms Control Initiative, said this week that despite calls from some in the arms control community for a dramatic move with regards to NATO's nuclear posture, he was expecting more subtle changes. "I suspect and from what I've heard the Deterrence and Defense Posture Review when it comes out in Chicago next week is not going to break dramatic new ground," Pifer said at an event this week at George Washington University.

More likely, he said, are changes to the alliance's transparency policies, which could make information about the numbers, types and locations of nuclear weapons available, and moves that would open the door to reductions in the future. And he suggested that given the Obama Administration's goal of negotiating a follow-on to the New START Treaty with Russia in the next few years, which it would like to include tactical nuclear weapons, the lack of decisive action by NATO was not necessarily a bad thing for the United States. Russia has said it won't negotiate its tactical nuclear weapons advantage until the U.S. removes its tactical nuclear weapons from Europe. "I don't think that bargaining chip would have a huge amount of value, but I think if you're asking Assistant Secretary of State Rose Gottemoeller, going into a negotiation trying to reduce the large disparity in tactical weapons, it's a bargaining chip you'd like to have," Pifer said. "If NATO came out and said these weapons are going to be there for the foreseeable future, period, then it makes it very difficult for an American negotiator to get what we want to get from the Russians."

Former Leaders Push for Action

Arms control and disarmament advocates had pushed NATO to reduce the number of U.S. tactical weapons in Europe as part of the review reflecting a growing sentiment among some NATO members to remove the weapons. A group of 45 former European leaders suggested that NATO should take a number of significant steps with the DDPR, including recommitting the alliance to move to a nuclear weapons-free world, cut the number of U.S. tactical nuclear weapons in Europe by 50 percent, and make it clear that the fundamental role of nuclear weapons is to deter a nuclear attack, which would alter the alliance's declaratory policy. Approximately 150-200 U.S. tactical, or non-strategic, nuclear weapons remain in Europe, with the vast majority stored in Turkey and Italy. Made up of B61 air-dropped bombs that are set to undergo refurbishment over the next decade, the weapons are also stored in Belgium, the Netherlands, and Germany.

Daryl Kimball, the executive director of the Arms Control Association, agreed with Pifer that there is unlikely to be

any dramatic changes when the DDPR is released, but he suggested that the alliance was missing an opportunity to spark Russian action by keeping U.S. tactical nuclear weapons in Europe. "I would argue in order to spur action on Russia and put the spotlight on Russia's larger stockpile and put the onus on Russia to respond in a much more intelligent 21st century way on the subject, the alliance should signal ... that it is willing to do more than simply put tactical nuclear weapons on the negotiating table and it is willing to withdraw these weapons from Europe if Russia is willing" to make reciprocal actions with its tactical stockpile.

—Todd Jacobson

REPORT BACKED BY FORMER STRATCOM CHIEF: REDUCE TO 900 TOTAL WARHEADS

Reducing the size of the nation's nuclear arsenal to 900 nuclear weapons, as a report issued by Global Zero this week advocates, would allow the nation to significantly scale back its plans to modernize the nation's nuclear weapons complex and arsenal, the study's chairman said in a teleconference with reporters yesterday. Retired Gen. James Cartwright, who headed up U.S. Strategic Command and was the vice chairman of the Joint Chiefs of Staff during his time in the military, said some modernization would still be necessary, but he said that significant cutbacks could be made to current plans. Cartwright chaired the Global Zero study.

For instance, he said the Chemistry and Metallurgy Research Replacement-Nuclear Facility, which the Administration has chosen to defer for at least five years, could be scaled back. "The CMRR would be necessary, but not as much. Clearly the capability would have to be there, just scaled down," Cartwright said. "So you may be able to save a substantial amount of money in infrastructure if you go to the even lower levels."

Report Suggests Eliminating ICBMs

According to the report, the force of 900 nuclear weapons—450 deployed on submarines and bombers and 450 in storage—could be limited to just four types of weapons systems, the W76 and W88 as well as the B61 and B83. The report indicates that only the B61-7—a modification that is set to undergo life extension along with the W88 and W76—has needs that require a costly refurbishment. The report advocates eliminating the entire intercontinental ballistic missile portion of the nuclear triad because ICBMs launched from missile silos are "malpositioned and they're vulnerable to being a static target," according to Cartwright. "As a consequence, thousands of warheads in

the LEP pipeline could be retired instead of refurbished,” the report said. “Also, the costly modernization of the nuclear complex currently underway—particularly the PF-4 and the CMRR-NF plutonium facilities at Los Alamos and the UPF uranium facility at Y-12 Oak Ridge—can be restructured and downsized, depending on the balance of warhead refurbishment, reuse and/or replacement that emerges from a future review by the National Nuclear Security Agency [sic] and the U.S. Strategic Command.”

The Obama Administration is currently evaluating reductions to the nation’s nuclear arsenal beyond the 1,550-warhead cap on strategic deployed nuclear weapons established by the New START Treaty, and reports have suggested the Administration’s study has considered reductions to as few as 300 deployed warheads, but many more would be kept in reserve. Cartwright suggested that reducing to 900 total warheads was important to move out of a mutually assured destruction posture. “For me the key that’s there is we’re trying to get rid of that preemptive strike by drawing the stockpile down,” he said. “We’re talking about having 300 weapons, maybe 400, that are available at any given time. The rest of them are in storage or in repair or in upkeep. So the numbers are not there for a decapitating preemptive strike.”

A ‘Set of Bad Choices’

The report also recommends that the warheads the nation does have be taken off hair-trigger alert to avoid a possible miscalculation, shifting launch times to as long as 24 or 72 hours. Cartwright noted that the threats of the Cold War have changed drastically, and necessitated a shift in the nation’s nuclear posture. He said there is a “clear recognition and acknowledgment that the threat has changed, that the likelihood of waking up in the middle of the night and having 300 ICBMs coming from Russia over the pole is terribly unlikely in today’s world. And nation states engaging in nuclear exchanges like that are highly unlikely in almost anybody’s intelligence estimate that’s out there.” He said the nation’s nuclear posture should take current threats into account. “Decision times and warning times have eroded immensely, down to just a few minutes, which

at the end of the day is leaving national leaders with a set of bad choices,” Cartwright said. He said there was almost no way to prevent a dispute from escalating to a nuclear exchange, and almost no diplomatic measures to employ. “There are very few choices of whether to use the weapons or not to use the weapons,” he said. “That leaves us in a really bad position.”

He said more focus should be put on active and passive defenses, like regional missile defense and measures to prevent terrorists from obtaining nuclear weapons. “We’ve got to increase waiting and decision times,” he said. “We need to do that through offense and defense. We need to start to move offenses to standby and defenses to on-alert rather than the other way around.”

—Todd Jacobson

ARMS CONTROL GROUPS DELIVER NUKE REDUCTION PETITION TO WHITE HOUSE

A handful of arms control groups have submitted to the White House a petition that includes more than 50,000 signatures urging President Obama to follow through on his vision to reduce United States reliance on nuclear weapons. The groups submitted the petition during a May 7 meeting with Deputy National Security Advisor for Strategic Communications and Speechwriting Ben Rhodes, but only publicized the submission this week. Among the groups that helped develop the petition were the Arms Control Association, the Council for a Livable World and Center for Arms Control and Non-Proliferation, the Union of Concerned Scientists, Women’s Action for New Directions, the American Values Network, and the U.S. Conference of Catholic Bishops. The petition suggests that “in the 21st century, nuclear weapons are a global liability, not an asset” and urges Obama to “end outdated U.S. nuclear war-fighting strategy, dramatically reduce the number of U.S. nuclear weapons and the number of submarines, missiles, and bombers that carry those weapons, and take U.S. nuclear weapons off high alert.” It says that “maintaining large numbers of nuclear forces on alert increases the risk of accident or miscalculation.”

—From staff reports

At the Weapons Labs/DOE Sites

AT NEVADA WSI, PRO FORCE TO REOPEN NEGOTIATIONS ON WAGES MAY 29

The collective bargaining agreement between protective force workers at the Nevada National Security Site and security contractor WSI does not expire until 2014, but both sides will head back to the negotiating table at the end of this month to hash out wage and retirement compensa-

tion details for the final two years of the agreement. When the parties agreed to a five-year CBA in 2009, they included language in the agreement that specified wage increases for the first three years of the contract but postponed compensation decisions for the last two years of

the deal. Doug Osborne, the president of the Independent Guard Association of Nevada Local 1, said that the union will begin talks with WSI May 29, but he acknowledged that the economic situation has lowered expectations since the last contract negotiations. Union protective force workers received raises of 3.5 percent, 4 percent and 4.5 percent in the first three years of the current CBA, but budget belt tightening is likely to force the union to accept increases similar to the 2.5 percent increases recently negotiated as part of a protective force collective bargaining agreement at the Savannah River Site (*see related story*).

Osborne called the Savannah River Site CBA a “good starting point” in an interview this week with *NW&M Monitor*, and he said he isn’t expecting negotiations to be difficult. “We expect it to be relatively brief. Our topics are fairly limited. It’s not cost-efficient to spend a large amount of time on it,” Osborne said. “We have a pretty good idea of what the economic picture is currently.” Contributing to the economic situation is WSI’s new contract to manage the protective force workers at the site, awarded last year. He noted that the contract is more

limiting in terms of wages. Southern Nevada has also been hit as hard as any area in the country by the nation’s economic woes, and unemployment rates are among the highest in the country. “We’ve got a pretty good working relationship with the contractor and we’re realistic,” Osborne said. “We realize what the current economy is. We understand the way the contract is and the way it operates. We are being realistic but we also understand the value of our labor and we know our standards haven’t been lowered.” If an agreement is not reached by June 25, the union could strike, or WSI could lock the employees out, but Osborne said he didn’t expect that to happen. “I don’t anticipate that, I truly don’t,” Osborne said. “I think we’ll be able to come to a mutually beneficial resolution.”

Osborne also said having a wage and retirement “reopener” in the contract was common practice at the site and he didn’t regret the decision in retrospect. “It’s always a gamble,” he said. “The timing could be beneficial for the unions, but I don’t think any of the unions want to cause disruption just for the sheer sake of causing disruption. People are grateful to have jobs in this national economy and I think they’re pretty reasonable.”

AT NEVADA MASSIVE 1960s-ERA BREN TOWER TO BE DEMOLISHED

A tower that was used for above-ground nuclear experiments during the 1960s will finally be demolished next week. The Bare Reactor Experiment-Nevada (BREN) Tower stands 1,527 feet tall, and is larger than the Empire State Building in New York City and Las Vegas’ Stratosphere Tower. The NNSA said it will be the tallest structure to be destroyed in a planned demolition when officials from DEMCO, Inc. and Controlled Demolition, Inc. bring the tower down May 23. The tower, which is made of 51 sections of high-tensile steel and is anchored to the ground by 5 ½ miles of steel wire, hasn’t been used in decades, and safety concerns for nearby workers and danger to flying aircraft fueled the decision to demolish the tower, the NNSA said in a statement this week. The NNSA said it would cost more than \$1 million to make the tower usable again for scientific research. It will cost \$450,000 to demolish the tower, according to a spokesman for site contractor National Security Technologies, LLC.

The tower was built on the test site’s Yucca Flat in 1962 to estimate radiation doses received by survivors of the Hiroshima and Nagasaki atomic bombings—it used an unshielded reactor to emit radiation—and it was built 1,527 feet tall to mimic the height at which the “Little Boy” bomb was detonated over Hiroshima. A Japanese-style village was built at the base of the tower to analyze the impact of various building materials on radiation shielding, and in a January 2011 fact sheet on the tower, the NNSA said the work done “became a cornerstone of modern radiation estimates.” The tower was also used to study radiation shielding, neutron activation in soil, and radiation measuring techniques. It was moved from Yucca Flat and Jackass Flats in 1966 because of its proximity to the nation’s underground testing program. It hasn’t been used with a reactor since 1968, and hasn’t been used for any documented scientific purposes since 1991, NSTec spokesman Dante Pistone said.

AT LOS ALAMOS LAB NAILS DOWN PLUTONIUM NMR SIGNATURE

A team from Los Alamos National Laboratory, working with colleagues at the Japan Atomic Energy Agency (JAEA), has nailed down the nuclear magnetic resonance (NMR) signature of plutonium-239, a holy grail in understanding what scientists say is one of the most complex elements in the periodic table. Hiroshi Yasuoka of JAEA and LANL, and Georgios Koutroulakis of LANL, pub-

lished their results May 18 in the prestigious journal *Science*. NMR is a common technique for studying the properties of a material, in which magnetic fields are applied and the resulting re-emissions are measured to determine the material’s characteristic properties. But plutonium-239, the material used in the cores of nuclear weapons, has proven to be one of the most difficult

substances for which to isolate the NMR properties, according to Thomas E. Albrecht-Schmitt of the University of Notre Dame, who wrote an accompanying explanation of the work's importance in *Science*.

In addition to the complexities of working with plutonium because of its radioactive risks, solving the problem of plutonium-239's NMR signature was made more difficult because of its tricky chemical properties, according to Albrecht-Schmitt, especially the fact that it is "probably the most complex element in the periodic table in terms of

its oxidation chemistry," which makes teasing out the NMR signal more difficult. Plutonium's most common oxidation state is especially effective at masking its underlying NMR signal, according to Albrecht-Schmitt. Nailing down the NMR signature of plutonium-239 could help in environmental studies and the development of plutonium storage materials, *Science* magazine reported, and Yasuoka also suggested the improved understanding it offers could pave the way for exotic new power supplies for interplanetary exploration.

AT OAK RIDGE CONSTRUCTION UNION VOICES SUPPORT FOR UPF

While lawmakers in Washington debate the fate of the Uranium Processing Facility and other weapons complex modernization projects, the back-and-forth endorsements and criticisms of the UPF continue in a big way on the local front in East Tennessee. The Knoxville Building and Construction Trades Council (KCBTC), the umbrella labor group for construction trades, not surprisingly came out strongly for a project that's been called the largest construction project in Tennessee history. In a May 11 letter to Sen. Lamar Alexander (R-Tenn.), council president Kevin R. Adkisson wrote, "We believe this building is critical to the future of our nation's defense program. Also, as you are aware, many of the existing facilities were built in the 1940s and have outlived their life span. The safety and productivity of the workers in these outdated facilities are continuing to become more challenging."

Adkisson acknowledged that the Defense Nuclear Facilities Safety Board had identified concerns with safety issues

in recent months, but he told Alexander, "We ask you to keep in mind that the UPF project is still in the engineering and design phase, and we are confident that these issues will be properly addressed. The KBCTC has interacted with both B&W and the NNSA over the past few years regarding this project and we are confident in their willingness and capability to make sure that all pertinent safety aspects will be resolved prior to beginning construction." He also noted the construction unions had "open and accommodating" relationships with federal managers John Eschenberg and Harry Peters on the UPF project. "We are very anxious to begin the construction of the UPF and know that providing a clean and modern work environment is one step toward achieving operational safety in the future," Adkisson wrote to Tennessee's senior senator. The UPF, he said, is a "very wise investment of taxpayers' funds."

AT OAK RIDGE NEW SURVEILLANCE SYSTEM TO BE FIELDED AT Y-12 THIS MONTH

A new analytical system being put into operation this month at the Y-12 National Security Complex will reportedly allow the plant's managers to check old warhead parts for defects without having to destroy the components in the process. The Oak Ridge plant has been working on the project for at least a couple of years with Los Alamos National Laboratory and perhaps other facilities in the weapons complex. The refined technology is being called Non-Destructive Laser Gas Sampling. According to Steven Wyatt, a spokesman for the National Nuclear Security Administration's Oak Ridge office, a form of gas sampling has been used for a long time at Y-12 to do quality evaluations of parts and "other weapons surveillance activities." However, the previous technique, in order to get the needed data, required destruction of the component, Wyatt said.

Apparently one of the bonuses of the transition is that weapons parts put through the evaluation process can be put back into use, if needed. "The new nondestructive laser gas sampling process, or NDLS, is a fully-automated system that combines the enhancement of the sampled entity's sealed surface to obtain optimal metallurgical characteristics with the latest laser processing and gas sampling technologies to perform this operation while leaving the sampled component intact," Y-12 said in an email response to questions.

'Code Blue' Initiated on Project

The gas sampling system is among several new technologies being developed for use in the new Uranium Processing Facility, which currently is in the final stages of design—with the start of construction expected before year's end. The laser system had problems in development

and the NNSA reportedly gave it an elevated priority in order to bring it to the production missions. According to the NNSA, the agency initiated a “Code Blue”—characterized as an “emergency call for help”—on the project.

At least two Y-12 employees have been honored for their work on the project in recent months. Kathy Bracic, a project engineer with B&W Y-12, the government’s managing contractor at Y-12, was recognized as one of the

employees of the quarter by the National Nuclear Security Administration’s defense programs organization. The NNSA said, “Bracic led the successful completion of engineering activities and related schedule milestones associated with NDLGS process development, work area/facility modifications, and readiness activities.” Earlier, Dave McGinty of the NNSA’s Y-12 Site office, was recognized for his “outstanding contributions” on the project.

AT SAVANNAH RIVER SRNS PRESENTS PLAN FOR RETIREE BENEFIT CHANGES

Savannah River Nuclear Solutions this week rolled out changes to benefits programs for site retirees set to take place in 2013, which include a yearly stipend of \$2,400 for health care plus an extra \$500 in the first year. The site’s management-and-operations contractor explained the updates in a long-awaited meeting with the Savannah River Site Retiree Association (SRSRA), the Department of Energy and staff for Rep. Joe Wilson (R-S.C.) and Sens. Lindsey Graham (R-S.C.), Jim DeMint @-S.C.) and Johnny Isakson @-Ga.). Graham first called for such a meeting in December in response to concerns from members of the retiree group on the planned changes, who said they were promised more complete health coverage at the time of retirement.

The site’s contractors announced plans to change retiree benefits in March 2011 in a cost-saving measure that would drop retirees from the site’s standard health plan and instead provide them with a stipend to partially pay for individual health coverage. However, retirees have made the benefits a key issue in recent months. SRSRA lobbied for all current retirees to be grandfathered in to any changes, and found support from Graham and Wilson, who questioned DOE on the issue in several letters. “There was understandably great concern. There have been commitments made and also understood by people who truly have been dedicated to our country. They are known as the cold war warriors, and they are the people who truly made it possible for us to be victorious in the cold war,” Wilson told *NW&M Monitor*. Wilson said he was largely pleased by the changes proposed this week. “It does address my concerns with regard to the health reimbursement stipend. It addresses concerns about medicare advantage and medicare supplement and in regard to the health insurance increases,” he said.

Retirees ‘Disappointed’ in Benefits Change

The issue took center stage last month at the retiree association’s annual meeting, where members expressed frustration over the lack of information that had been provided on

the update. Retirees this week were “disappointed” that they were not grandfathered in the changes presented at the meeting, SRSRA Vice Chair Andy Cwalina told *NW&M Monitor*. He did note that the stipend amount is high when compared to other DOE sites, but said that the group would evaluate the plan at its next board meeting before responding in more detail. The \$2,400 offered in the proposal compares to subsidies at other DOE sites ranging from \$1,500 to \$2,400, according to an SRNS presentation from this week’s meeting. The changes would also include a first year one-time seed of \$500 in a health reimbursement account, which would increase to \$1,000 if the retiree’s spouse is eligible. The presentation notes that this would make Savannah River the only DOE site to provide an upfront seed. Additionally, for the medical plan for pre-medicare retirees the goal is to increase the cost share from 15 percent to 25 percent over the course of five years, a more gradual transition than the three-year timeframe originally proposed.

Lawmakers Suggested Some of the Changes Previously

SRNS presented the benefits changes about a month ahead of the original schedule, SRNS spokeswoman Barbara Smoak said in a written response, noting that “the final plan took into consideration input from the discussions with all parties.” Some of those provisions in the plan were mentioned in a letter sent last month by Graham and Wilson to DOE. The letter notes that “suggestions have been made to move retirees into a Medicare Advantage or Medicare supplemental plan” and asks whether there would be a one-time payment to retirees to help them with the transition. Additionally, it mentions a proposal to increase the health insurance cost share on retirees under 65 from 15 percent to 25 percent over a three year span. “Increasing the percentage over this short amount of time could place significant financial burden on retirees. We feel any effort that could be made to institute the proposed increase over a more gradual period of time would be greatly beneficial for the retirees,” it states.

Benefits Update Came After Soaring Costs

When SRS contractors first announced proposed changes to benefits in a letter to employees last year, they said they came about as a result of a benefits valuation study taking place every two years. “Change is never easy and often difficult to accept and understand – but necessary for the overall health of our benefits program,” states the March 2011 letter. This week, DOE Savannah River Operations Office spokeswoman Julie Petersen said “DOE supports our contractors’ efforts to provide the best affordable health care choices to their active employees and retirees, while striving to effectively manage related costs in a time of shrinking budgets.”

Concerns from retirees led Graham to call for a meeting in a December letter to DOE between all relevant parties. DOE’s Environmental Management chief Dave Huizenga

responded to Graham’s letter in March, noting that the study of the total benefit package for SRS employees and retirees showed that the group is relatively well supported. “As we understand it, the decision of SRNS and SRR to request approval for cost-reimbursement purposes to modify retirement medical benefits was made only after careful consideration of the soaring costs of retirement medical benefits—\$2.1 billion in unfunded liabilities at the SRS alone—and after they determined that they were paying a higher proportion of retirement medical costs than employers at other DOE sites.” Contractors plan to hold a series of meetings in July and August in the Savannah River Site area to explain the benefits changes to retirees. In September My Medicare Advocates are scheduled to contact retirees to introduce services, which will be followed by open enrollment in November. The new plan kicks in on January 1. ■

Wrap Up

IN CONGRESS

The Senate Armed Services Committee reported out the nominations of seven Pentagon nominees this week, including Jim Miller, the Obama Administration’s pick to be Under Secretary of Defense for Policy, and Kathleen Hicks, the President’s selection to take over as Principal Deputy Under Secretary of Defense for Policy. Miller is currently serving as the Pentagon’s top policy official, having taken over the post when Michele Flournoy left the Department of Defense in February. Hicks is taking Miller’s spot as Principal Deputy Under Secretary of Defense for Policy. She has spent the last three years as Deputy Under Secretary of Defense for Strategy, Plans and Forces, and if she’s confirmed by the full Senate in her new post, she’ll oversee the development of nuclear weapons policy among other issues.

IN THE INDUSTRY

Fluor Corporation announced this week that Vice President of Corporate Affairs Lee Tashjian will retire from the company at the end of June and will be replaced by Savannah River Nuclear Solutions Vice President of Corporate Communications Clifton Webb. “It has been my great pleasure to work with Lee over the years and I am most appreciative of his leadership and excellence in enhancing Fluor’s image and reputation among the full spectrum of the company’s stakeholders,” Fluor Chairman and CEO David Seaton said in a statement. “In addition, we have every expectation that Clif will build upon Lee’s legacy and contribute significantly to the further development of the company’s reputation as we seek to grow our businesses in a challenging global environment.” Tashjian plans to retire June 29, while Webb will take over his responsibilities June 1. ■

Calendar

- | | | | |
|-----|--|-------|---|
| May | | 23 | Markup: FY2013 Defense Authorization Act, Senate Armed Services Strategic Forces Subcommittee, Room 232-A Russell Senate Office, Washington, D.C., 9:30 a.m. (Closed). |
| 22 | Speech: “Future Challenges for the Defense Threat Reduction Agency,” DTRA Director Ken Myers, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m. | 23-25 | Markup: FY2013 Defense Authorization Act, Senate Armed Services Committee, Room 222 Russell Senate Office, Washington, D.C. (Closed), 2:30 p.m. |
| 23 | Speech: “Russian Nuclear Developments,” Mark Schneider and Tom Scheber, National Institute for Public Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m. | 24 | Speech: “Strategic Modernization Challenges,” Maj. Gen. William Chambers, Air Force Office of Strategic Deterrence and Nuclear Integration, ROA, One Constitution Ave., NE, Washington, D.C., 8 a.m. |

24 **Speech: "Nukes, Missiles and the Truth,"** Walter Pincus, **Washington Post, American Security Project, 1100 New York Ave., NW, Suite 710W, Conference Room E, Washington, D.C., 12:30-1:30 p.m.**

25 **Speech: "ICBM and Nuclear Deterrence,"** Gen. Larry Welch (retired), former Air Force Chief of Staff, part of the **Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.**

28 EM Pubs closed for Memorial Day

June

5-7 **Meeting: Energy Facility Contractors Group annual meeting; L'Enfant Plaza Hotel Ballrooms C&D, 480 L'Enfant Plaza, SW, Washington, D.C. 20024.**

July

4 EM Pubs closed for Independence Day

18 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, Nev.

September

3 EM Pubs closed for Labor Day

4-7

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19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.

October

15-18

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

Omni Amelia Island Plantation Resort
Amelia Island, Florida

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November

22-23 EM Pubs closed for Thanksgiving

December

24-Jan. 1 EM Pubs closed for holidays

January 2013

21 EM Pubs closed for MLK Day

February

18 EM Pubs closed for President's Day

19-22

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(Changes from previous Calendar in Bold)

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NUCLEAR WEAPONS & MATERIALS

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Volume 16 No. 23

May 25, 2012

— *INSIDE HIGHLIGHTS* —

The Senate Armed Services Committee wrapped up work on its version of the FY 2013 Defense Authorization Act this week, taking a unique approach to funding one of the NNSA’s biggest projects while staying silent on several controversial provisions included in a House-approved version of the legislation. 2

GOP lawmakers behind NNSA reform language in this year’s House version of the FY 2013 Defense Authorization Act are chafing at pushback from Department of Energy officials, and a Congressional aide suggested this week that if DOE officials continued to oppose the reform efforts, lawmakers would go even further next year. . . 4

As DOE is working to improve the safety culture at the Hanford Waste Treatment Plant in response to concerns that workers feel uncomfortable raising safety and technical issues, an ongoing Departmental review is finding similar issues at other projects. 5

The Government Accountability Office is questioning whether DOE efforts to cut its safety directives nearly in half was worth it, suggesting in a report released this week that the Department never analyzed how some eliminated directives actually impacted productivity or whether the reform efforts would actually bring about enough efficiencies to offset the cost of implementation. 7

Prospects for funding a DOE program that would support USEC’s American Centrifuge Project moved forward on two fronts this week, with legislation clearing a Senate committee that backs funding the project in FY2013 and the Dept. taking steps that could provide financing in the meantime. 8

Princeton Plasma Physics Laboratory paid four employees more than \$1.5 million in lodging and per diem for what was supposed to be temporary work assignments that in one case lasted 14 years, DOE’s Inspector General said in a report released late last week. 9

Arms control advocates have panned NATO’s recently released Deterrence and Defense Posture Review as a disappointment, but the U.S. ambassador to NATO said this week that the document represents “major progress” . . . 10

Representatives from 10 companies attended presolicitation conferences last week for the NNSA’s combined Oak Ridge/Pantex protective force contract, according to procurement documents released this week. 11

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SENATE ARMED SERVICES COMMITTEE AUTHORIZES FUNDS FOR CMRR-NF

*Panel Ignores Most House NNSA Reform Provisions
in its Version of FY2012 Defense Authorization Act*

The Senate Armed Services Committee wrapped up work on its version of the Fiscal Year 2013 Defense Authorization Act this week, taking a unique approach to funding one of the National Nuclear Security Administration's biggest projects while staying silent on several controversial provisions included in a House-approved version of the legislation. The committee's approach to the bill, which appears designed to rein in costs of major NNSA projects, sets up what is certain to be a heated battle with the House during conference negotiations on the bill as the panel took a different approach on a variety of key issues. The bill was passed by the committee by a vote of 26-0 May 24, but the full details won't be available until it is filed June 1.

Overall, the committee authorized \$7.58 billion for the NNSA's weapons program and \$2.46 billion for the agency's nonproliferation account, matching the Obama Administration's request, but it broke with the Administration on the Chemistry and Metallurgy Research Replacement-Nuclear Facility project planned for Los Alamos National Laboratory. The committee authorized \$150 million in FY2013 funding for the project, offering a pointed rebuke of the Administration's plan to defer work on the project for at least five years and use several alternatives to meet the nation's plutonium needs. The panel also took a different approach than appropriators in both chambers, which did not provide any funds for the CMRR-NF project. The Administration had planned to use several other facilities to meet CMRR-NF's mission, including Lawrence Livermore's Superblock Facility, the Nevada National Security Site's Device Assembly Facility and a just-finished Los Alamos facility, but the committee was concerned with the facility's cost as well as the fact that the plan would not meet all of the nation's require-

ments. Delaying work on the CMRR-NF would also drive up costs for that project, Congressional aides said. "Shipping plutonium around the United States doesn't make good sense. Spending a billion dollars on this alternative strategy plus another \$2 to \$3 billion if you have to eventually bring the [CMRR-NF] project back, and you're not satisfying all the baseline capabilities at Los Alamos—it didn't add up," the aide said. The bill would also require the NNSA to study combining the CMRR-NF project with a replacement to Los Alamos' Plutonium Facility, which is expected to be needed in several decades. While the committee authorized the use of \$150 million, it didn't include an offset, which would force the NNSA to find money for the project in other programs.

Cost Caps Proposed for CMRR-NF, UPF

The House took an even more drastic approach to the project, authorizing the use of \$260 million in funds and including language in its version of the bill that would move responsibility of CMRR-NF and the Uranium Processing Facility planned for the Y-12 National Security Complex to the Department of Defense. The Senate version of the bill includes no such provision, but it does utilize an approach used typically for aircraft carriers and submarines by placing legislative cost caps on the projects. Under the bill, the NNSA would be prohibited from spending more than \$3.7 billion on CMRR-NF and \$4.2 billion on the first of three phases on UPF, which would encompass moving enriched uranium operations that currently reside in Y-12's 9212 facility. The NNSA would have to receive Congressional authorization to proceed on the second two phases of the UPF project under the bill. The \$3.7 billion cost cap for CMRR-NF represents the low end of the estimate provided for the project by the Administration last year as part of its '1251' modernization plan. "There's a strong push to control the growth on those projects," the aide told *NW&M Monitor*. "You're going to have a cost cap driving down on the project now."

ExchangeMonitor Publications' Nuclear Team (*WC Monitor, NW&M Monitor, RW Monitor*)

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Report on Non-Nuclear Outside Regulation Required

House and Senate authorizers also differed on another controversial topic: NNSA reform. While the House included language that would increase the autonomy of the NNSA, eliminate DOE's Office of Health, Safety and Security from its oversight role of the agency, move the agency toward performance-based oversight, and alter the role of the Defense Nuclear Facilities Safety Board, the Senate Armed Services Committee was quiet on most of those issues, setting up another fight during conference negotiations on the bill. In response to concerns raised earlier this year by a National Academy of Sciences panel, the committee tasked the Secretary of Energy to prepare a report on what actions would be required to transition the regulation of the agency's non-nuclear operations to federal agencies outside of DOE. A House provision moves the agency toward using Occupational Safety and Health Administration standards for non-nuclear operations. According to the Senate bill, the Department would have to prepare the report using the "widest possible public input," the committee said in a statement. "They can't close the door and do this," the aide said. "We want them to talk to the unions, the workers, the public, all the stakeholders."

Senate Silent on DNFSB Changes

House authorizers also took aim at the DNFSB, including language in its version of the bill that would require the Board to "specifically assess" the technical and economic feasibility, the costs and benefits and the "practicability" of implementing its recommended measures, but the Senate provided no language on the Board. According to the House bill, the Board would also be directed to first provide a draft copy of any formal recommendation to the Secretary of Energy, which would then have 45 days to provide comment before a final version could be issued. In addition, the House bill appears to seek to reduce the level of authority the DNFSB Chairman has in the operation of Board, such as by requiring all Board members to have "full and simultaneous access" to all information and to have the ability to propose individuals for senior staff positions for which a determination would have to be made. A quorum of Board members would also be needed for some Board activities and each Board member would be given funds to employ at least one technical advisor that would not be subject to the direction or supervision of the DNFSB Chairman. Many of the changes proposed in the House bill echo concerns raised by former Board member Larry Brown, who resigned from the DNFSB last year because of the tensions caused, in large part, by the Board's investigation into the safety culture at the Hanford Waste Treatment Plant.

Brown unsuccessfully pushed the Senate Armed Services Committee to adopt the same provisions, suggesting in a May 22 letter to committee Chairman Sen. Carl Levin (D-Mich.) and other members of the panel that greater collaboration and transparency between DOE and the Board were necessary in the development of Board recommendations to avoid acrimony that had plagued large projects like CMRR-NF and Hanford's Waste Treatment Plant. He said the changes would also help avoid a more drastic move to transitioning to Nuclear Regulatory Commission oversight of DOE. The House provisions "Are moderate incremental changes that may improve the Board by increasing transparency, accountability and collaboration," Brown said in his letter to Levin. "Only after these, or comparable, incremental changes have proven ineffective, or prove too difficult to enact, should Congress adopt more extreme measures. But without change in process there is little prospect for a change in results."

Committee Proposes NWC Sign-Off on NNSA Budget

While the Senate didn't take action on the DNFSB, it included a host of other provisions in the bill related to the NNSA. In response to House provisions that would tie progress on modernizing the nation's nuclear weapons complex and arsenal to implementation of the New START Treaty, the bill include language "reaffirming that the Committee is committed to honoring the nuclear modernization commitments made under the New START Treaty." It also includes a provision requiring the Nuclear Weapons Council to sign off on the NNSA budget each year, certifying that the budget meets Department of Defense requirements. Republicans have criticized the NNSA's FY 2013 budget request for deferring work on the CMRR-NF and slowing life extension work on the W76, W78/88 and B61 warheads. "This way the DoD now has to put in writing that the NNSA's budget meets military stockpile requirements and that the Stockpile Stewardship Program is healthy," the Congressional aide said. "What you're going to see is an NNSA budget that is more closely aligned with your Defense Department needs."

Other Provisions

Other language in the bill would require the Congressional Budget Office to estimate over a 10-year window the DOE and DoD costs to maintain and modernize the nation's nuclear warheads and delivery systems and it would task the Nuclear Weapons Council to define its approach to creating a common W88/W78 warhead for use on inter-continental ballistic missiles and submarine-launched ballistic missiles. Taking a page from the DoD, the Secretary of Energy would also be required to file Selected Acquisition Reports and Independent Cost Estimates for

life extension programs entering the design engineering and production phases of the efforts.

Additionally, the bill would require the NNSA to standardize the annual Performance Evaluation Reviews that grade each of its management and operating contractors, providing the documents in a common form so that the public can more easily compare and contrast the reviews. It also authorizes an additional \$25 million for work on the W76 life extension program, correcting an NNSA budgeting error and taking the money from the Office of the Administrator account, and would provide a two-year extension to the deadline for the start of production at the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site to avoid hefty fines.

—Todd Jacobson

HOUSE GOP LAWMAKERS CHAFING AT DOE OPPOSITION TO NNSA REFORM EFFORT

GOP lawmakers behind National Nuclear Security Administration reform language in this year's House version of the Fiscal Year 2013 Defense Authorization Act are chafing at pushback from Department of Energy officials, and a Congressional aide suggested this week that if DOE officials continued to oppose the reform efforts, lawmakers would go even further next year. "The House tried to take a measured step to reform the NNSA without making big organizational changes," a Congressional aide told *NW&M Monitor*. "But, if those reasonable reforms are scuttled by the DOE bureaucracy this year, then the next step will likely be to begin to move NNSA out of DOE altogether."

Such a drastic move would likely meet significant opposition, even among Republicans that have pushed NNSA reforms to increase the agency's productivity, but it is reflective of the concerns that many lawmakers have with the agency, and Congressional aides suggested it could enjoy support among lawmakers frustrated by DOE opposition to reform. Currently, language in the House version of the Fiscal Year 2013 Defense Authorization Act would eliminate oversight of the NNSA from DOE's Office of Health, Safety and Security and move the agency toward using Occupational Safety and Health Administration standards for non-nuclear work. It would also force the Defense Nuclear Facilities Safety Board to consider cost as part of its recommendations, shift the NNSA to performance-based rather than transactional oversight, and streamline directives and orders governing work in the weapons complex. Opposition to the language has come from a variety of sources, including the DNFSB, labor unions and watchdog groups. Most significantly, the Obama Administration said it "strongly opposes" the

language in a Statement of Administration Protocol last week.

Tension Among Senior Leaders?

However, Congressional aides have suggested that there is tension among senior leaders within DOE and they have asserted that Energy Secretary Steven Chu, a former laboratory director, is supportive of some of the reform provisions. "Frankly, if Secretary Rumsfeld or Gates had staff in open warfare against them as Secretary Chu's senior aides are today, those same aides would be manning a garbage scow to Diego Garcia inside of a week," one Hill staffer said. DOE spokesperson Jen Stutsman, though, emphasized in a written response to *NW&M Monitor* that, "the Secretary supports strong safety standards at DOE facilities, and opposes the language in the House version of the National Defense Authorization Act (NDAA). Secretary Chu helped craft the strong Statement of Administrative Policy released last week and he will work to remove these provisions from the legislation."

Emails obtained by *NW&M Monitor* reveal that Chu, as late as in early April, expressed interest in moving the Department toward "OSHA-type" standards. Correspondence between Chu's Deputy Chief of Staff, Jeff Navin, and senior DOE official Melvin Williams reveal that Chu pressed NNSA Administrator Tom D'Agostino and NNSA Principal Deputy Administrator Neile Miller on using OSHA standards for "non-nuclear day-to-day" work. "The Secretary asked to see what, if anything, HQ was doing to make sure that the message about relying on OSHA-type standards was being filtered down to the field, and wondered if things were changing on this front," Navin said in an April 5 email to Williams. Three days later, DOE Chief Health, Safety and Security Officer Glenn Podonsky responded to Chu, saying that external regulation by OSHA and the Nuclear Regulatory Commission was considered during the Department's recent directives review (*see related story*) but was not pursued. "A more prudent alternative to consider might be to: allow for the intended benefits of the just revised directives to be realized through full implementation; continue with intended targeted revisions to 10 CFR 851; and perhaps in parallel pursue legislative change for external regulation by OSHA for a more limited set of DOE non-nuclear laboratories (such as Fermi, SLAC, LBNL, TJ Lab, etc)," Podonsky wrote.

Podonsky also said that while the Department plans to revise its directive on safety oversight (10 CFR 851), "dramatic change to the rule will almost certainly engender strong opposition from labor unions. We believe that any such changes to the regulation would be subject to all of the procedural provisions of the Administrative Procedures

Act, including those related to public input and comment, and that the Department cannot simply direct its contractors to implement different and/or lesser requirements. Likewise, a decision by the Department to not enforce its regulations would be expected to meet with strong resistance and perhaps legal challenges.”

Podonsky Speaks Out

Podonsky spoke out publicly against the NNSA reform provisions this week at a DNFSB meeting on safety culture. “For the credibility of DOE with the workers and the public, it’s necessary to have a viable independent regulatory model. This has been one of the significant lessons learned from the recent tragic nuclear disaster at Fukushima,” Podonsky said. “The regulatory model currently employed by DOE, with the Defense Board, HSS and line management, has served the DOE well for over 23 years. Changes to the current check and balance of operations handling the most hazardous materials and the most deadly weapons known to mankind defies logic and potentially jeopardizes the health and safety of thousands of workers, and this is something we should not tolerate.”

In recent weeks, the House bill has been met with opposition on a number of fronts, including from all four current DNFSB members, labor unions and watchdog groups, over concerns of the potential impact on worker safety from the proposed changes. Several lawmakers have been unsuccessful in attempts to strip the provisions out of the bill, while the White House last week issued a statement of administration policy saying it “strongly opposes” the bill’s language that would eliminate HSS oversight, force the DNFSB to consider cost as part of its recommendations, shift the NNSA to performance-based rather than transactional oversight, and streamline directives and orders governing work in the weapons complex. Defending the current oversight approach in place, Podonsky said yesterday, “My opinion is: the current governance model of the Department is the model that serves the American people and the workers quite well.” He added, “When there are proposals that you go back to the model of the 1980s, what you’re doing is sending the message that worker health and safety is not as important and so that’s why I’m sure the Administration took a strong position in their SAP and is opposed to the changes that are being discussed.”

Security Union Voices Concerns

When the House included NNSA reform provisions in its version of the FY2013 Defense Authorization Act, it enraged unions that represent weapons complex workers, drawing strong letters from the Metal Trades Department and the Building and Construction Trades Department of

the AFL/CIO, United Steelworkers, and the Laborers’ International Union of North America. Late last week, the National Council of Security Police weighed in on the legislation late last week, suggesting its supported the position taken by other unions on the impact of the changes on safety oversight, but it was also concerned about the impact to security oversight. “The way we read the draft bill, it cripples the ability of HSS to positively influence security in the nuclear weapons complex and it also drastically cuts the ability of the NNSA Administrator’s security staff to manage how the site operations contractors implement security,” Randy Lawson, the president of the NCSP, said in a May 17 letter to the Senate Armed Services Committee. The NCSP is the umbrella organization representing protective force unions across the weapons complex, with about 4,000 members.

Lawson, who is also the president of the guards union that represents most workers at Oak Ridge, said the NCSP didn’t agree with the House Armed Services Committee’s interpretation of HSS oversight and transaction-based oversight as micromanagement. “We see their role as ensuring that security isn’t compromised by the short sightedness of the operations contractors, who under the HASC bill would apparently be empowered to call most of the shots,” Lawson wrote. He said in his letter that the NCSP was “deeply concerned” with the potential changes. “Our members protect nuclear weapons and materials. We know that terrorists would like to attack what we protect, but we also know that the strength of our security and the dedication of our members have always provided a strong deterrent to such attacks,” Lawson wrote. “Those of us who have been around for many years have seen security watered down before, for example in the 1990s and it always started like this. If the HASC language becomes law, we are afraid that we will find ourselves going through this all over again.”

—Todd Jacobson

BROAD DOE SAFETY CULTURE REVIEW FINDING ISSUES AT OTHER PROJECTS

As the Department of Energy is working to improve the safety culture at the Hanford Waste Treatment Plant in response to concerns that workers feel uncomfortable raising safety and technical issues, an ongoing DOE review is finding similar issues at other projects, the Department’s top safety official said this week. During a meeting of the Defense Nuclear Facilities Safety Board in Washington, DOE Chief Health, Safety and Security Officer Glenn Podonsky provided some insight into the current findings of DOE’s extent-of-condition review of the safety culture at a set of selected DOE Office of Environmental Manage-

ment and National Nuclear Security Administration projects. “There’s a mixed story so far,” Podonsky said, noting the review’s findings are not set to be finalized and released until later this fall. “What we’ve seen overall is that while it’s not endemic to the extent we saw at WTP, so far we do believe it’s going to be a concurrent thing—an understanding of what is safety culture, how do you infuse it, how do you get the trust of workers to believe that it’s not just a bumper sticker?”

DOE is conducting a broader review of the safety culture at a number of major projects as part of its response to a formal recommendation the DNFSB issued last year calling for improvements in the safety culture at the Hanford vit plant, warning of a flawed environment that could threaten the project’s successful completion. DOE’s Office of Health, Safety and Security is examining several projects, including Los Alamos National Laboratory’s Chemistry and Metallurgy Research Replacement-Nuclear Facility, the Y-12 National Security Complex’s Uranium Processing Facility, the Savannah River Site Salt Waste Processing Facility, and the Idaho Sodium-Bearing Waste Treatment Facility, among others.

On the sidelines of the meeting, Podonsky told *NW&M Monitor*, “There are WTP-type issues at other locations to varying degrees. I would expect an organization like the Department, which is going through an awakening to what safety culture is, is going to have recognition and an understanding they’re not there.” He added, “Regardless of whether it’s NNSA or EM sites the same problem is going to persist unless those sites have an inherent experience in what safety culture really is and how to deal with it.” Podonsky did note, though, that the WTP is “kind of unique,” saying, “In the contract, there was an emphasis at WTP on cost and schedule and an absence of focus on safety, which we’ve not seen at other places we’ve been to. But we won’t know conclusively until we complete all the other activities.”

HSS Finds Safety Culture Issues at CMRR

In recent weeks, HSS issued the results of the safety culture review at the CMRR project, which found that federal officials are “exhibiting many of the behaviors important for a healthy safety culture.” The HSS review did find, though, that there is a “perception” that “constructive criticism is not encouraged.” The report states, “This attitude, which may stem from the negative opinion of the differing professional opinion (DPO) process, and the belief that there is a strong hierarchical reporting line, could inhibit the proactive involvement of CMRR Federal Project Office individuals in raising concerns.” On the contractor side of the project, the HSS review found that the willingness to raise concerns across the CMRR Organi-

zation “is not as pervasive as it should be to ensure that the organization is preventing events and learning from its performance.” The report says, “Some elements of fear of retaliation were identified in some groups as inhibiting the identification of problems. Negative perceptions around feeling free to challenge management decisions and believing that constructive criticism is not encouraged may be contributing to the behavior.”

The HSS review also found that “significant cultural differences” exist within the CMRR Organization. “Among the four different organizations (that make up the Project Organization), the Merrick & Company organization personnel are consistently more negative in their perceptions about behaviors related to the Project Organization. The LANS organization personnel generally exhibited more positive perceptions,” the report says. “These differences in opinions and perceptions may be attributed to several factors, including the nature of the parent organization, the role and function of the group in the Project and, not insignificantly, the physical separation of the Merrick & Company and Sargent & Lundy personnel from the site of the Project Office. The understanding and management of these cultural differences will become increasingly important if the project moves forward.”

DOE Officials Note Need for Self Assessments

Along with the HSS reviews at selected projects, the DOE extent-of-condition review will also involve a number of self assessments conducted by federal and contractor staffs—an aspect of the review that has raised eyebrows at the DNFSB. At this week’s Board meeting, though, senior DOE officials defended the use of self assessments. Deputy Secretary of Energy Daniel Poneman said DOE needed to continue its own internal safety culture training so that the importance of safety “is not just a platitude or talking point; it’s how we ourselves view it.” Poneman said, “It will not do to simply rely on an external third party to discipline that. The discipline has to start from within—the expectation that we do view ... safety as integral to and as part of getting the job done and not in any way subversive to that objective.”

Senior Advisor for Environmental Management David Huizenga said the use of self-assessments would help DOE offices avoid being too reliant on third-party organizations for safety culture needs. “I think it’s going to be important that HSS is there to help us when we need it, but I also think it’s real important that the line management takes this responsibility serious and doesn’t use [HSS] as a crutch basically and not do it ourselves,” he said. “This is our job and we need to self-assess and make sure we are on top of these issues.”

—Mike Nartker

GAO RAISES QUESTIONS BENEFIT OF DOE DIRECTIVES REFORM

The Government Accountability Office is questioning whether Department of Energy efforts to cut its safety directives nearly in half was worth it, suggesting in a report released this week that the Department never analyzed how some eliminated directives actually impacted productivity or whether the reform efforts would actually bring about enough efficiencies to offset the cost of implementation. As part of a Department-wide effort to streamline its directives system, the Department over the last two years eliminated 38 of 80 safety-related directives, but DOE officials had trouble quantifying the benefits of the reform efforts, according to the GAO. The government watchdog agency said that DOE officials told them that Department and contractor officials “used their experience and judgment” to identify burdensome and overly prescriptive directives, but it said officials were unable to demonstrate how the directives “negatively affected productivity or costs or criteria that they used for making a determination that they were burdensome.”

Combined with the lack of goals and performance measures, the GAO said that “DOE is not well positioned to know that its reform effort will achieve its intended benefits.” The GAO said that eliminating unnecessary requirements that don’t improve safety is a “worthy goal,” but it suggested that DOE had little way of knowing its reform effort was effective. “Simply counting the number of directives revised or eliminated does not indicate the benefit of the reform on productivity and safety performance at DOE’s sites,” the GAO said. “Safety should not be measured by the amount of paper that is saved but by actual improvements in safety performance across the department.”

Reform, at a Cost?

And while the GAO said contractor and federal officials had difficulty quantifying the exact cost and cost savings, it also said it was not clear whether the benefits would actually outweigh the costs because the reform effort is increasing near-term costs. “Specifically, several officials at DOE’s Hanford Site told us that contractors will have to perform cost-impact analyses prior to implementing the revised directives in their contracts,” the GAO said. “These officials estimated that it can cost \$20,000 to \$50,000 to conduct this type of analysis for each revised directive.”

Contractors have long pushed to reduce directives and requirements that they say are burdensome and cut into productivity, and the National Laboratory Directors Council included four safety-related policies last year

when it produced a list of 18 of DOE’s “most burdensome” policies and practices that included a “piling on” of assessments and audits, unnecessary worker safety and health requirements, directives with little value, and excessive reporting requirements. In its efforts to streamline directives and increase productivity, DOE cut duplicative, unclear or overly prescriptive requirements, revised directives to increase the use of industry standards, and shifted federal oversight to high-risk activities. As an example, DOE officials told the GAO that productivity would be increased at some nuclear facilities if the requirements for which facilities need to undergo a rigorous pre-startup review were loosened to require rigorous reviews only for high-risk startups, and not lower-risk restarts after routine maintenance. “DOE officials told us that cost savings are expected as a result of having a more streamlined, clear, and nonduplicative set of requirements,” the GAO said.

GAO Suggests Negative Impact on Safety

The GAO also suggested some of the changes could have a negative impact on safety across the weapons complex as many directives were developed to correct problems in areas such as quality assurance, safety culture and federal oversight. The GAO noted that quality assurance problems continue to plague the weapons complex despite efforts to strengthen directives to make clear that contractors can in many cases use industry standards, especially involving non-nuclear work. But GAO said it is “not yet clear” if the revised quality assurance directive will fully address the Department’s issues, and it noted that a worker at the Savannah River Site was exposed to radiation in June of 2010 through a puncture wound in his hand and that the Livermore Site Office and lab contractor Lawrence Livermore National Security, LLC, had been cited by DOE’s Inspector General for failing to implement adequate controls for work involving beryllium. “Many of the directives DOE revised were originally developed to correct problems in these areas,” the GAO said. “In revising these directives, DOE could be undermining hard-won progress over the years in safety performance at its sites.”

The GAO also pointed out that the Defense Nuclear Facilities Safety Board has raised concerns with changes to DOE’s Integrated Safety Management directive that excludes contractors from having to follow the rule in favor of Departmental acquisition regulations, which the Safety Board has said is not as detailed as the ISM directive. The Board told the GAO that it worried that contractors were no longer required to look into best practices when implementing a safety culture. Safety culture issues have plagued the DOE complex in recent years, especially at Hanford’s Waste Treatment and Immobilization Plant

and at the Separations Process Research Unit site in New York. Revisions to the independent oversight directive giving more power to site offices and limiting the role of independent oversight also raised concerns, the GAO said, because it “may reduce confidence in an independent oversight process.”

DOE, GAO Spar Over Report’s Conclusions

The report drew a pointed response from DOE Health, Safety and Security chief Glenn Podonsky, who said in a response to the report that the Department had “significant concerns” with “mischaracterizations” in the report that it said “could mislead the Department’s stakeholders and the public.” Podonsky noted that the report did not identify significant flaws in the revised directives, and he said it “does not accurately reflect the intent, the structure or the impact of the Department’s safety reform efforts.” He added: “If effectively implemented, the Department is confident that these safety directives, combined with our long-standing safety regulations, provide adequate protection for the public and our workers and will effectively support mission requirements in a safe and efficient manner.” Podonsky said that DOE did not analyze the extent to which its directives were costly or burdensome because the Department approaches safety with a “culture of continuous improvement” and “never assume[s] that our existing directives are perfect, or cannot be improved. We reject complacency, or insisting on creating a high bar which must be hurdled to justify a comprehensive effort to improve our directives.” A “costly and time-consuming” study would divert time attention and resources from the “energetic pursuit of safety excellence in favor of a static cost-benefit analysis,” Podonsky said.

The GAO, however, said DOE’s comments suggest that the Department’s priority was to act quickly to implement the reform. “High-performing organizations set clearly defined goals that are targeted levels of performance, expressed as tangible, measurable objectives against which achievement can be compared,” the GAO said. “DOE did not do this—as DOE itself notes in its comments—opting for speed instead of effectiveness. . . . In our view, when it comes to rigorous safety requirements, the speed of a reform effort is far less important than the effectiveness of the reform.”

—Todd Jacobson

SENATE DEFENSE AUTHORIZATION BILL SUPPORTS FULL FUNDING FOR USEC

DOE Moves to Purchase Centrifuges from Company

Prospects for funding a Department of Energy program that would support USEC’s American Centrifuge Project moved forward on two fronts this week, with legislation clearing a Senate committee that backs funding the project in Fiscal Year 2013 and DOE taking steps that could provide financing in the meantime. The Senate Armed Services Committee voted to authorize \$150 million for a research, development and deployment program for domestic uranium enrichment technology in the FY 2013 Defense Authorization bill, matching the Administration’s request. The move comes after the full House last week passed a Defense Authorization bill that also authorized \$150 million for the project. Appropriators in both chambers have also signaled support for the program in FY 2013 Energy and Water Appropriations bills that have cleared the committees, with the House bill providing \$100 million and the Senate granting \$150 million in transfer authority for the project.

DOE officials and USEC have argued that a domestic source of enriched uranium is critical to national security, citing a need for the material to produce tritium for the nation’s nuclear weapons program. The Department accordingly requested \$150 million for a research, development and deployment program for enrichment technology in the National Nuclear Security Administration’s FY 2013 nonproliferation account. The goal of the program is to demonstrate USEC’s centrifuge technology on a commercial scale, which DOE and USEC say would make the struggling project more attractive to investors and could help secure a \$2 billion federal loan guarantee. Prospects for a loan guarantee in the near future faded last year after the project faced a series of setbacks, including the failure of a number of centrifuge machines. But the more immediate concern for USEC is funding the project beyond June 1, when a \$15 million-per-month credit facility currently keeping the program alive is set to expire. Last fall, the Department requested \$150 million in transfer authority from Congress for the FY 2012 portion of the two-year research and development program, but that has yet to be granted.

DOE Looks to Buy 40 Centrifuge Machines

Meanwhile, DOE this week proposed one option that could keep American Centrifuge funded beyond the end of the month, announcing that it is considering acquiring at least 40 AC100 centrifuges from the company. In return for the machines, DOE would take title to a portion of USEC’s depleted uranium tails and accept responsibility for eventual disposal of the material. The centrifuges would be

used in the DOE R&D program. The arrangement could free up funding for USEC to spend on the project in a similar deal to one DOE supported in January, when it took title to \$44 million USEC tails liability as part of an interim funding measure. While USEC has about \$82 million tails liability remaining, DOE did not specify the amount of liability that it would take on in the Notice of Intent to award a sole source contract to USEC. The notice has a response due date of May 29.

DOE officials emphasized that the notice does not mean that the Department has committed to buying the centrifuges. "The Department is evaluating several options to move the project forward this year that would enable continued investment in the development of this technology while protecting taxpayer interests. The purchase of some of the centrifuge machines is just one of a few possible options under consideration. No final decisions have been made," DOE spokeswoman Jen Stutsman said in a written response. The Department is expected to continue evaluating options for the project, keeping in mind the June 1 financing deadline the company faces. DOE officials have said that they would not support the program without a clear signal from Congress. Some USEC backers believe that last week's House Defense Authorization legislation provided that signal when coupled with the Senate version of the transportation bill, which gives DOE \$150 million transfer authority for the program in FY 2012. It remains to be seen how officials will address intellectual property questions surrounding the technology, which was originally developed by the Department. DOE Secretary Steven Chu said earlier this year that he would not fund the USEC program until those questions had been resolved.

Meanwhile, Sen. Sherrod Brown (D-Ohio), continued his efforts supporting the project, which is based in Piketon, Ohio. "We've now seen a bipartisan support and commitment to Piketon for next year in both the House and Senate," Brown said in a statement. "However, we can't forget that critical funds to keep the project alive this year are still up in the air. While the Senate included \$150 million for ACP in its version of the highway bill, the House has still not passed funds for ACP for 2012. As the House and Senate conference committee finalizes the highway bill, it's critical that the House accept these vital funds which get us one step closer to the 4,000 jobs that the ACP could create."

—*Kenneth Fletcher*

IG REVEALS EXCESSIVE REIMBURSEMENT OF EXTENDED TRAVEL AT PRINCETON LAB

DOE Alters Policy on Extended Travel Payback in Response to Report; Lab to Give Back \$1 Million

Princeton Plasma Physics Laboratory paid four employees more than \$1.5 million in lodging and per diem for what was supposed to be temporary work assignments that in one case lasted 14 years, the Department of Energy's Inspector General said in a report released late last week. The money was paid by the lab and reimbursed by the Department of Energy, a practice that the IG said was permitted by laboratory policy but appeared to be "excessive and inconsistent" with DOE rules. DOE has since clarified its policy to prevent similar incidents from happening again.

During a management audit, the IG said it revealed that two employees had been on temporary assignments working on fusion research projects at General Atomics in San Diego for 14 and nine years respectively, racking up \$1.04 million in lodging subsidies. The Office of Science then self-identified two other Princeton employees that had been on extended travel for more than three years: one employee that had received lodging reimbursements of more than \$400,000 for work at the Massachusetts Institute of Technology since June 2002, and another employee that had received lodging reimbursements of more than \$95,000 while on assignment at the Oak Ridge National Laboratory since October 2007. Those employees also received 12 percent premiums on their salaries due to their travel assignments. The IG said that the lab and the Princeton Site Office had not taken "what we would consider to be appropriate action to protect taxpayer interests by controlling the costs of these extended assignments. The reimbursements, from a purely technical standpoint, were not inconsistent with Princeton's extended assignment policy. Yet, when compared with other existing Department policies, these reimbursements were unreasonable."

In a response to the report, DOE Director of Management Ingrid Kolb said Princeton had agreed to pay back \$1 million "in an offer of good faith and in recognition of its stewardship of taxpayer funds." Kolb said the Department agreed "wholeheartedly" with the IG's recommendations, and she said guidance had been issued to contractors "setting clear guidelines and requirements" for compensation during extended assignments. The new policy was outlined in a May 16 memo from Paul Bosco, the Director of DOE's Office of Procurement and Assistance Management, and Joe Waddell, the Director of the NNSA's Office of Acquisition Management, obtained by *NW&M Monitor*. According to the new policy, the reimbursement of lodging and other subsidies will be limited to actual expenses and

will not exceed 55 percent of the federal per diem rate after 30 days, and DOE will stop reimbursing costs associated with salary premiums, per diem, and lodging for contractor employees on extended domestic assignments after three years. “We are committed to be good stewards of taxpayer money, and expect the contractors operating our facilities to be vigilant in ensuring that their own practices assure the most frugal and effective use of the taxpayer dollars with which they are entrusted,” Kolb wrote. She said that DOE determined that no other laboratory or site contractors had provided per diems and travel-related compensation for “excessive” durations.

—Todd Jacobson

NATO AMBASSADOR DEFENDS DDPR AGAINST ARMS CONTROL CRITICISM

Arms control advocates have panned NATO’s recently released Deterrence and Defense Posture Review as a disappointment, suggesting that it does little to alter the alliance’s declaratory posture and doesn’t go far enough in pushing for reductions to the approximately 200 U.S. tactical nuclear weapons deployed in Europe. But Ivo Daalder, the U.S. ambassador to NATO, defended the consensus document in a teleconference with reporters this week, saying the DDPR represented “major progress.” Among the document’s critics, former Sen. Sam Nunn, now the co-chairman of the Nuclear Threat Initiative, said the DDPR deserved a grade of “incomplete” for making “little progress in defining a clear strategy for changing the nuclear status quo.” Daalder, though, noted that the document reaffirmed the alliance’s intent to work toward a world free of nuclear weapons and revealed that the alliance was “prepared to consider” reducing its nuclear arsenal if Russia were to make reductions of its own. The document also commits NATO to ensuring that its NATO stockpile is “safe, secure, and effective.” “So we now have an alliance formally on record as wanting to reduce the reliance on nuclear weapons, wanting to find ways to shift the focus to other means of deterrence and defense, and to do so on a consultative and reciprocal basis” with Russia, Daalder said. “I would say that’s progress. In fact, I would say that’s major progress for the alliance.”

Daryl Kimball, the executive director of the Arms Control Association, suggested that linking potential reductions to Russian reciprocity was a mistake. “The reality is that given the disparity in forces which does exist, Russia has very little incentive to come to the negotiating table or make concessions given that Russia understands these weapons are military irrelevant and that there is strong pressure to withdraw them within the next several years,” Kimball said. Steven Pifer, the director of the Brookings

Institution’s Arms Control Initiative, suggested that the document “opens the door” for possible reductions. In particular, he said language in the DDPR that the North Atlantic Council will task appropriate committees to “further consider, in the context of the broader security environment, what NATO would expect to see in the way of reciprocal Russian actions to allow for significant reductions in forward-based non-strategic nuclear weapons assigned to NATO” was a sign that NATO is serious about possible reductions. “That strikes me as saying this may happen, and then when you combine it with other language that it does seem to be saying it’s prepared to consider further reducing the requirement based on reciprocity by Russia. The door is open there.”

‘It Creates the Basis’

Pifer said that given differences of opinion within the alliance, the DDPR was “as one could have expected it to come out.” He added: “It creates the basis. At the end of the day it’s not a bad basis if the U.S. can get back into a negotiating mode with the Russians. It leaves the door open. It doesn’t seem to me to define any restrictions.” Kimball conceded that the document finally acknowledged that it was time to begin considering reductions in concert with Russia. “I don’t think the approach that NATO has outlined is going to lead to quick results but at least we see the beginning of a process here,” he said. “I understand there are some specific ideas that the U.S. and other NATO members are prepared to discuss with Russia in terms of transparency measures that are alluded to here, but the challenge is how to engage Russia and what are the conditions that will push Russia to think and act more reasonably with respect to these obsolete weapons.”

However, Kimball said the alliance could have gone much further. “What I would have liked to have seen is a clearer statement on the part of the alliance about the fact that these weapons no longer serve a military function that cannot be provided by other military assets and that NATO will not just consider but is prepared and will begin the process of removing some of these weapons from the European theater,” he said. “We would put a lot more pressure on Russia to explain why it continues to maintain a large number of tactical nuclear weapons.”

Declaratory Policy a Lightning Rod

Daalder also noted that the DDPR for the first time recognizes the “independent and unilateral negative security assurances offered by the United States, the United Kingdom and France” to their weapons deployed to NATO. This means that U.S. and UK policy to not use nuclear weapons against countries that are current in their obligations under the Nuclear Nonproliferation Treaty

would apply to U.S. and UK tactical nuclear weapons deployed in NATO countries, but the impact of the statement is less clear for nuclear weapons owned by France, which has not offered the same negative security assurances. Nonetheless, Daalder suggested the language was important. "That is a very significant step that frankly if you had been part of the discussions inside NATO few had thought possible," Daalder said.

Kimball, however, suggested that the lack of a unified declaratory policy creates a "muddle" that leads to confusion. "It's a failure to come together around a unified concept and the French are very much to blame here because the French opposed any declaratory policy that narrowed the purpose of nuclear weapons to the purpose of deterring nuclear attack," Kimball said. Pifer said it was hard to see how the significant differences between the French and the U.S. positions could be bridged in the document. "Paris and Washington in the last few years have been moving in opposite directions and it was very hard to see how you could reconcile that," he said.

Acknowledging different opinions among the alliance, Daalder said finding consensus among 28 signatory countries was difficult. "Look at the document as a whole and also understand this is a document that 28 countries signed up to; this is a consensus document and every word of this is agreed by each of the allies. As you know there are differences between the allies with regard to views on the roles of nuclear weapons, there are differences among the nuclear powers, those that possess nuclear weapons, and there are differences among those that do not possess nuclear weapons, and if you look at it from that perspective, I think it is a quite remarkable document," Daalder said.

—Todd Jacobson

10 FIRMS ATTEND OAK RIDGE/PANTEX PRO FORCE CONTRACT INDUSTRY DAYS

Representatives from 10 companies attended pre-solicitation conferences last week for the National Nuclear Security Administration's combined Oak Ridge/Pantex protective force contract, according to procurement documents released this week. The list of companies attending the conferences at the Y-12 National Security Complex and Pantex Plant included plenty of familiar faces, including Oak Ridge and Y-12 incumbent WSI/G4S Government Solutions as well as Los Alamos National Laboratory pro force contractor SOC Los Alamos and Secure Transportation support services contractor Innovative Technology Partnerships. G4S/WSI and SOC Los Alamos were two of five companies to send representatives to both meetings; Securigard, Inc., Paragon Systems and PAI Corp. also had officials at both sessions. Representatives from Tetra Tech, Innovative Technology Partnerships and Netgain Corp. attended only the Pantex meeting, while Triple Canopy Inc. and Golden Services had officials at the Y-12 meeting.

The agency released a draft Request for Proposals for the contract last month and questions on the draft are due May 23. It said that it expects to release a final RFP in June, accept bids and hold oral presentations in July, and award the contract in September. Transition is expected to take 60 days. The agency is running the procurement in parallel with a competition for the combined M&O contract at Pantex and Y-12, which it said it hopes to award by the end of the year. The NNSA said in procurement documents associated with the combined protective force contract that the award of the contract was contingent on the award of the consolidated M&O contract.

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT NEVADA COLD WAR-ERA BREN TOWER SUCCESSFULLY TOPPLED

Demolition experts at the Nevada National Security Site toppled a tower that was used for above-ground nuclear experiments during the 1960s, bringing the Bare Reactor Experiment-Nevada (BREN) Tower crashing to the desert floor this week. At 1,527 feet tall, the BREN Tower was taller than the Empire State Building in New York City and Las Vegas' Stratosphere Tower, and is the tallest structure to be destroyed in a planned demolition. Experts from DEMCO, Inc. and Controlled Demolition, Inc. used explosives to remove a ground-level section of one of the tower's legs and cut guy wires and anchor/stanchions on the opposite side to bring the tower down. "This was truly a spectacular event," Nevada Site Office Manager Stephen

Mellington said in a statement. "Watching 345 tons of steel come tumbling down was quite a sight."

Built in 1962, the tower elevated an unshielded reactor to emit radiation and aid in the study of radiation impacts. It hadn't been used with a reactor since 1968, and hadn't been used for any research since 1999, the National Nuclear Security Administration said. The tower was built 1,527 feet tall to mimic the height at which the "Little Boy" bomb was detonated over Hiroshima. A Japanese-style village was built at the base of the tower to analyze the impact of various building materials on radiation shielding, and in a January 2011 fact sheet on the tower,

the NNSA said the work done “became a cornerstone of modern radiation estimates.” The tower was also used to study radiation shielding, neutron activation in soil, and radiation measuring techniques. It was moved from Yucca Flat and Jackass Flats in 1966 because of its proximity to

the nation’s underground testing program. The NNSA said it would cost more than \$1 million to make the tower usable again for scientific research. It cost \$450,000 to demolish the tower, according to a spokesman for site contractor National Security Technologies, LLC.

AT PANTEX B83 TOOLING SYSTEM APPROVED FOR USE

A new special tooling system designed to speed up dismantlement work on the B83 nuclear bomb is finally in use at the Pantex Plant nearly 18 months after it was unveiled by the plant. The tooling system provides a safe way of handling a 2,500-pound nuclear bomb assembly, and its key feature is a 3,800-pound bomb stand that is approximately 10 feet tall and allows workers at the plant to more easily manipulate the bomb during disassembly operations. The tooling system developed by B&W Pantex also includes personnel platforms, unit handling fixtures, and air-powered vacuum chamber carts, and replaces a 1980s-era tooling set. The agency had planned to have the tooling system in use by late fall, but it said the rigorous approval process for the tooling system took longer than expected. A Hazard Analysis Report was published and approved by the Pantex Site Office and a Nuclear Explo-

sive Safety Study was conducted with no pre-start findings.

While its primary mission will be supporting disassembly, inspection and dismantlement work on the B83, the tooling system will also be used to support future B83 assembly operations, the agency said. It will also be used to support work to retrofit some versions of the bomb with new gas transfer systems and neutron generators, which is scheduled to occur in July 2014. “The goal of the project was to streamline the B83 disassembly and inspection and dismantlement processes,” the NNSA said in a statement. “The new tooling process is designed to have multi-purpose functions, which includes the ability to support future B83 assembly operations.”

AT OAK RIDGE ORNL MAXLAB NEARING COMPLETION

The Maximum Building Energy Efficiency Research Lab at Oak Ridge National Laboratory, a late-starting Recovery Act project, is about three-fourths complete and reportedly two months ahead of schedule. According to information provided by Gary Bloom, the lab’s construction project chief, first occupancy is now slated for October. The 20,000-square-foot facility is known as MAXLAB. The research center will include high-bay and low-bay research labs that will be adapted to projects that test emerging building technologies that save energy.

McCarthy Building Companies, based in St. Louis, is heading the construction effort. The same company last year completed construction of the \$96 million Chemical and Materials Sciences Building at ORNL. ORNL spokesman Bill Cabage also said two other research facilities associated with MAXLAB are being constructed just west of the site along Bethel Valley Road. “Industry collaborators soon will erect the first systems on the permanent skeletal structures as part of several industry cost-shared R&D projects,” Cabage said.

AT OAK RIDGE ORNL PREPARING FOR ‘TITAN’ SUPERCOMPUTER

The supercomputing evolution at Oak Ridge National Laboratory is producing big science at the moment, with the Cray Jaguar system currently operating at a peak level of about 3.3 petaflops, but it will get a jolting lift toward the end of summer when the system is transformed into a hybrid machine capable of about 20 petaflops (or 20,000 trillion math calculations per second). Jeff Nichols, ORNL’s associate lab director for scientific computing, said it’s possible that the 200-cabinet Jaguar—which will be renamed “Titan” after a majority of the cabinets are loaded with Nvidia’s next-generation Kepler graphics processing units—will become, once again, the world’s fastest supercomputer. That, of course, will depend on what happens in Japan, China and other countries, as well

as other U.S. sites, like Lawrence Livermore National Lab in California.

Regardless, he said, the ORNL system is being upgraded in the path believed to be the best producer of science, ranging from studies of climate change to new ways to produce energy efficiently from a variety of sources. Ten of ORNL’s Jaguar cabinets have already been loaded with Nvidia’s current-generation GPUs (called Fermi) in order to allow researchers to test their codes with the hybrid configuration that approximates the way the system will respond when restructured later this year. According to Nichols, that 10-cabinet system is operating fabulously. “Those things are going gangbusters,” he said. “We’ve got

users on them all the time.” In fact, he said, folks are lining up to get time there.

Officials Seeking Seamless Transition

Part of the reason for using a segment of Jaguar to test the hybrid configuration is so the transition will be relatively seamless and science can be produced effectively from day one after the new Nvidia GPUs are loaded there. The progression of supercomputing is tied to funding, and the future max performance of Titan will depend on how many of the Jaguar cabinets can be reloaded with Nvidia’s Kepler GPUs, which will be paired in the system with AMD Interlagos processors to get the best output. Nichols

said ORNL had received the Department of Energy’s authorization to order enough GPUs to take the system up to 20 petaflops and had placed that order through Cray. That will fully load 152 of the 200 cabinets, and he said there is still hope to load the other 48 as well.

Asked if the system could ultimately reach 30 petaflops, Nichols said there are still some uncertainties about the frequencies of the GPUs to arrive at Oak Ridge in the August/September timeframe, so the possibilities for the future system aren’t yet defined. ORNL apparently will be among the first, if not the first, to receive the new Kepler GPUs, he said. “I’d be surprised if there were too many who got them before we did,” he said.

AT OAK RIDGE Y-12 MERCURY PROJECT NEARS COMPLETION

The West End Mercury Area (WEMA) project at the Oak Ridge Y-12 National Security Complex is apparently near its completion, though a year behind its original schedule and well beyond earlier cost estimates. It also remains to be seen how successful the project has been in reducing mercury contamination. Safety and Ecology Corp., the subcontractor that was handling most of the field work in the mercury remediation effort, has completed its scope of work, according to B&W Y-12, the government’s managing contractor at Y-12. That work was wrapped up in mid-March, according to B&W spokeswoman Bryn Etter.

Etter said the remaining activities are being handled by B&W, including the last remaining shipment of waste and some decontamination of water containers. Ellen Boatner of B&W Y-12 said the final project cost is expected to be \$17.3 million. That’s up about \$400,000 from an estimate earlier this year. The original cost estimate was about \$14 million. Etter said project field work has now been completed, with “closeout” work underway. Only one waste

load remains to be shipped off-site, she said, and the project closeout report should be done by mid-June, she said.

The Recovery Act-funded WEMA project was authorized in spring of 2009. The guiding concept of the project was to remove mercury from the plant’s aged storm sewer system and repair areas where possible in order to stop inleakage of mercury into the sewers, which provide a rapid path into East Fork Poplar Creek and off-site environs. The reduction of mercury discharges has not yet been established and, in fact, there were some spikes in the mercury levels in the upper part of East Fork during the remediation effort. Whether those will drop, as hoped, after the WEMA work is completed is still being evaluated. WEMA is expected to be followed by a number of other mercury cleanup projects in coming years at the Oak Ridge plant site, which was heavily contaminated by spills and discharges during the Cold War development of thermonuclear weapons. ■

Wrap Up

IN DOE

Cynthia Anderson is leaving her post as head of the Department of Energy’s Asset Revitalization Initiative to accept an assignment to work with the Charleston County School District’s Innovation Zone Learning Community through an Intergovernmental Personnel Agreement, a National Nuclear Security Administration official said this week. Anderson was moved to the NNSA last year from her previous position as Chief Operations Officer in DOE’s Office of Environmental Management, to lead the second phase of the Asset Revitalization Initiative, which is intended to aid local communities in reusing DOE sites and assets once cleanup work is com-

pleted. A replacement has not yet been named, the NNSA official said. In her new assignment, Anderson will be working to “help improve and expand Science, Technology, Engineering, and Math (STEM) participation by women and minorities. The goal is to help foster the next generation of professionals with the expertise necessary to carry on the NNSA and DOE missions while also enhancing the diversity of the future workforce,” the NNSA official said.

IN THE INDUSTRY

Two Babcock & Wilcox officials are leaving the weapons complex for positions on the new management team

at the Waste Isolation Pilot Plant, *NW&M Monitor* has learned. Nuclear Waste Partnership, a team of URS and B&W, won the WIPP management contract last month, and B&W Pantex Vice President and Deputy General Manager Scott Kennedy and B&W Y-12 Chief Financial

Officer Rob Gifford are among the new company's management team. Kennedy will serve as NWP's Operations Manager, while Gifford will serve as the Chief Financial Officer. ■

Calendar

May

28 EM PUBS CLOSED FOR MEMORIAL DAY

June

4 **Conference: "Meeting the Next Challenges on Nuclear Nonproliferation and Disarmament," Arms Control Association annual meeting, with a keynote lunch address by acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller. 9 a.m.-1:30 p.m. Info: <http://tinyurl.com/7q3rdvb>**

4 **Discussion: "Next Phase of U.S.-Russian Nuclear Reductions," former Deputy StratCom Chief Lt. Gen. Dirk Jameson, former National Security Council nonproliferation director Jon Wolfsthal, Trine Flockhart, Danish Institute for International Studies, part of Arms Control Association annual meeting, at the Carnegie Endowment for International Peace, Washington, D.C., 9-10:30 a.m.**

4 **Conference: "Generation Prague: Learning from the Past—Confronting New Security Challenges," acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller, Assistant Secretary for International Security and Nonproliferation Thomas Countryman, author David Hoffman, Czech Foreign Affairs Ministry official Daniel Kostoval, and others, State Department East Auditorium, George Marshall Conference Center, Washington, D.C., 9 a.m.-4 p.m. Info: <http://www.state.gov/t/generationprague/>**

5 **Briefing: "Capitol Hill Briefing: Revolution in Nuclear Detection Affairs," Department of Homeland Defense Domestic Nuclear Detection Office Director Warren Stern, sponsored by the Federation of American Scientists, Room SVC-203 of the Capitol Visitors Center, Washington, D.C., 2-3 p.m.**

5-7 Meeting: Energy Facility Contractors Group annual meeting; L'Enfant Plaza Hotel Ballrooms C&D, 480 L'Enfant Plaza, SW, Washington, D.C. 20024.

12 **Conference: "NNSA 2012 Laboratory Directed Research and Development Program Symposium: Discovery and Innovation for National Security," keynote presenters include former Lawrence Berkeley National Laboratory Director Charles Shank, former Lockheed Martin Chairman and CEO Norman Augustine, NNSA Principal Deputy Administrator Neile Miller, White House Office of Science and Technology Policy Deputy Director for Policy Thomas Kalil, at the American Association for the Advancement of Science, 1200 New York Ave. NW, Washington, D.C.**

13 **Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.**

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
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Volume 16 No. 24

June 1, 2012

— *INSIDE HIGHLIGHTS* —

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The Senate firmed up leadership of the Department of Defense's policy shop late last week, confirming Jim Miller, the Obama Administration's pick to be Under Secretary of Defense for Policy, and Kathleen Hicks, the President's selection to take over as Principal Deputy Under Secretary of Defense for Policy 5

***Procurement Tracker* 6**

The Pantex Guards Union ratified a new five-year collective bargaining agreement with site contractor B&W Pantex late last week, wrapping up relatively easy negotiations more than two weeks ahead of schedule with little hint of a strike. . . 8

The NNSA has altered the Request for Quotations released last month for its Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement, dropping a mandatory General Services Administration requirement in response to industry questions and altering the due date for quotes 9

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STRATCOM CHIEF TAKES HANDS-OFF APPROACH TO NNSA REFORM PROPOSALS

Kehler Continues to Advocate for Weapons Complex Modernization

The subject of reforming the National Nuclear Security Administration has been a hotly debated topic on Capitol Hill over the last few months, but the commander of U.S. Strategic Command declined to definitively weigh in on the subject this week. Asked during a May 30 appearance at the Council on Foreign Relations whether he felt the NNSA needed to be reformed, as the House has proposed as part of the Fiscal Year 2013 Defense Authorization Act, Gen. Robert Kehler said he is mainly focused on the agency’s ability to deliver warheads to the Pentagon. “As the customer—I don’t mean to have this sound the wrong way—but at the end of the day what I’m really concerned about is that they deliver the weapons to us that we need when we need them,” Kehler said. “The management of the enterprise, it is certainly important to me, but only to the extent that it gets to that broader end.” Repeating statements he made before Congress earlier this year, Kehler has called funding issues facing efforts to modernize the weapons complex his biggest concern, and he acknowledged that the Pentagon was closely examining what the management structure of the agency “could be or should be.”

The House-passed version of the Fiscal Year 2013 Defense Authorization Act would drastically revamp the management of the agency in an effort to raise productivity and efficiency, increasing the autonomy of the NNSA administrator, eliminating DOE’s Office of Health, Safety and Security from oversight of the agency, streamlining directives, and moving the agency toward performance-based oversight and away from transaction-based oversight. Kehler, however, seemed content not to wade into the reform issue. “From a customer standpoint what is really important to me is that I can advocate for the investment they need and I can advocate for the people

they need and what is coming out of the complex is the sort of product that I need,” he said.

‘Don’t Call Me Happy or Sad’

When asked afterward whether he was happy with the NNSA’s ability to deliver product, Kehler repeated his position that he was concerned that the Obama Administration’s plan to modernize the nation’s nuclear weapons complex and arsenal is incomplete beyond Fiscal Year 2013. House Republicans have criticized the Administration for delaying work on one of the pillars of the modernization effort, the Chemistry and Metallurgy Research Replacement-Nuclear Facility planned for Los Alamos National Laboratory, and slowing work on three key warhead refurbishment efforts, suggesting that management problems at the agency have contributed to the delays. “Don’t call me happy or sad,” Kehler told *NW&M Monitor* after his talk at the Council on Foreign Relations. “I’m not yet comfortable that we’ve got a way ahead that the plan closes beyond ‘13, and until I have that and I know there is something they can deliver, I will not be comfortable. And I will remain concerned.”

During his speech, Kehler continued to advocate for the weapons complex, suggesting that while the Administration’s FY 2013 budget request for the NNSA’s weapons program is adequate, the future was uncertain—and topped his list of concerns. “Of all the elements of the nuclear enterprise, I’m most concerned with the potential for declining or inadequate investment in the nuclear weapons enterprise itself, some declining investment that would result in our inability to sustain the deterrent force,” Kehler said. “Our weapons are aging, and we face the continued erosion of the nuclear enterprise’s physical and intellectual capital. ... We must protect the important investments for stockpile certification, warhead life extension and infrastructure recapitalization.”

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Kehler Backs Nuclear Triad

He also spoke out in support of the triad of nuclear delivery vehicles: intercontinental ballistic missiles, ballistic missile submarines, and heavy bombers. A study led by former StratCom chief Gen. James Cartwright and backed by Global Zero last month recommended eliminating the ICBM leg of the triad and reducing the size of the nation's stockpile to 900 warheads—450 that are deployed and 450 kept in reserve. "I do not support a triad out of theological reasons," Kehler said. "I do not believe that we need a triad because we've always had a triad. I do believe, though, that in the position we find ourselves today, that it is, in fact, the appropriate mixture of forces to meet our needs." He said that there could be a time in the future that it is appropriate to reevaluate keeping the triad, but he said the current structure protects against technical failure and provides flexibility for the nation's nuclear deterrent. "For each of these legs, there is an attribute that goes with them that I believe still applies," he said, referencing the survivability of the submarine leg, the flexibility of the bombers, which can be upgraded to "become a visible demonstration of U.S. commitment," and the responsiveness of the ICBM force, which he noted still must be accounted for by Russia. "So these dynamics, at least in my mind, in my seat today as I sit here and look at this, I still believe that those are valuable pieces to an integrated whole, and we will continue to review those as we go forward," Kehler said. "And certainly we will have some tough choices to make as budget pressures continue."

He also dismissed the suggestion that the U.S. should remove its warheads from short-notice alert. "I also think that it's important that we offer to the President, as long as he believes he needs this kind of capability, the ability to respond to a full range of scenarios, to include the very, very unlikely but not zero possibility in a future crisis of a very short-notice attack of some kind," Kehler said. "At this point in time, if I look at the capabilities inherent in other arsenals in the world, the capability to launch a short-notice attack continues to exist. As long as it does, my view is that we need to deter that. And part of our deterrence is a posture that allows the President, if he so chooses, to respond promptly if he needs to do that."

—Todd Jacobson

NNSA: AWARD ON Y-12/PANTEX COMBINED M&O WON'T COME BEFORE SEPTEMBER

The National Nuclear Security Administration confirmed this week that it would not award a contract for its combined Y-12/Pantex management and operating procurement before September, though industry officials remain

skeptical that an award will be made before the November elections. The agency has previously said it plans to award the combined M&O contract at the same time that it awards its combined Oak Ridge/Pantex protective force contract, which it said in previously released procurement documents that it wanted to award in September. "The acquisition process for the Y-12 National Security Complex, Pantex Plant, with an option for Savannah River Tritium Operations Management and Operating Contract Competition is ongoing," NNSA spokesman Robert Middaugh said in a statement. "NNSA will not disclose any details before the contract is awarded. The contract will be awarded no sooner than September. It is the intent of NNSA to award the Pantex/Y-12 National Security Complex and DOE Oak Ridge Office Consolidated Protective Force Services contract concurrently."

'What About the Obama-Romney Math?'

Industry officials said a September award makes sense in terms of the timing of the procurement. Conservative estimates based on previous procurements suggest that it is likely to take at least six months to finish the evaluation, which is about how long it took the agency to complete the evaluation of proposals for management of Los Alamos National Laboratory and Lawrence Livermore National Laboratory, though evaluating proposals for the combined management of Y-12/Pantex is considered a much more complex endeavor considering that much of the evaluation will center on cost savings proposed by the bidders. A September award and a six-month transition—as the NNSA has previously said will be included in the contract—would also align with the expiration of current contracts at Y-12 and Pantex, which run through Sept. 30 but include two three-month options. Three teams submitted proposals for the contract in March. "The math gets you to September but what about the Obama-Romney math?" one industry official told *NW&M Monitor*. "I don't know how that factors into it or what they're thinking, how the Department will go, who will sign off on things, and will the thinking be any different?"

Another industry official said expectations were split among colleagues as to the impact of the election. "A lot of people think it could happen, and some think it won't," the official said. "Washington goes into a shutdown mode on decisions. As long as there's been no decision, there's no winner or loser no matter who you think the winner or loser will be. You don't want to risk anything, losing one vote, in any place because you made this decision. The way you solve that is you don't lose any votes by not making decisions."

Three Bidders Waiting

Three teams have submitted bids for the contract and participated in oral presentations earlier this month. The teams include a group led by Y-12 and Pantex incumbent Babcock & Wilcox and including URS, Northrop Grumman, Honeywell (and Shaw and EnergySolutions as subcontractors), a Fluor-led team that includes Jacobs and Pro2Serve, and a Bechtel-led bid that includes Lockheed Martin and ATK as well as Booz Allen Hamilton and General Atomics as subcontractors.

The NNSA has estimated that it could save \$895 million through the consolidated contract over 10 years (later revising that estimate to \$1.15 billion), and tied the cost savings to the amount of fee contractors could earn under the contract, making half the fee contingent on savings. Navigant Consulting, which helped the agency prepare its initial savings estimates, is vetting the cost savings proposals for the bids as part of the evaluation process.

—*Todd Jacobson*

HOUSE TAKES UP FY2013 ENERGY AND WATER APPROPRIATIONS BILL

The full House began consideration of the Fiscal Year 2013 Energy and Water Appropriations Act today, though most observers of the process don't expect the final word on FY2013 funding to come until after the November elections. Nonetheless, House leadership has signaled that it plans to clear all 12 of its appropriations bills this summer, and will take up at least three over the next two weeks: in addition to the Energy and Water funding bill, it will also consider the FY 2013 Military Construction and Veterans' Affairs and Homeland Security funding bills, and cleared the Military Construction/VA bill this week. The House Rules Committee established this week that the bills will be considered under an open rule, eliminating limits on the number of amendments that could be offered to the bill, which provides funding for the National Nuclear Security Administration's weapons program and nonproliferation account. It's unclear when the Senate might take up its version of the FY2013 Energy and Water Appropriations Act, though Congressional aides say that it is not on the near-term radar of Senate Majority Leader Harry Reid (D-Nev.).

Bill Matches Weapons Request, Cuts Nonpro. Funding

The House Appropriations Committee matched the Administration's \$7.58 billion request for NNSA's weapons program, but it cut \$175.6 million from the Administration's \$2.46 billion request for nonproliferation work, most

notably stripping funding for plutonium disposition work. The committee cut \$152.8 million in non-construction money that the Administration said it needed to begin the process of starting up the facility providing feedstock that will eventually be turned into mixed-oxide fuel for use in commercial nuclear reactors. The committee also cut \$50 million from the Administration's \$150 million request for a Department of Energy research, development and deployment program for USEC's American Centrifuge Project, but increased funding for the Global Threat Reduction Initiative by \$16.6 million, to \$482.7 million.

Within the weapons program, the committee added \$45.1 million to the Administration's \$174.9 million request for the W76 life extension program to help sustain production levels, and matched the Administration's \$369 million request for work on the B61 life extension program. In contrast to its counterparts on the House Armed Services Committee, appropriators chose to back the Administration's decision to defer work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory for five years, shifting funds to accelerate work on safety improvements to Los Alamos' Plutonium Facility and begin cleaning out the facility's vault. It supported the Administration's \$340 million request to accelerate work to build the Uranium Processing Facility at the Y-12 National Security Complex. The White House threatened to veto the bill in a May 31 Statement of Administration Policy because it breaks from the funding agreement reached in the Budget Control Act last year, but did not raise any questions about nuclear weapons provisions. "The Administration greatly appreciates the Committee's support for Presidential initiatives to reduce the threat of nuclear weapons and to maintain a robust deterrent," the White House said. "This support will help continue efforts to secure nuclear materials in four years, maintain a safe, secure, and effective nuclear stockpile through stockpile stewardship and life extensions, recapitalize the aging infrastructure of the nuclear enterprise, and develop a reactor for the Ohio Class replacement submarine."

A Push to Boost Weapons Funding?

The open rule would allow members to offer amendments on the floor without having to clear the House Rules Committee, which is expected to make figuring out what amendments will be offered ahead of time exceptionally difficult. The process could allow House Republicans to push for additional funding for the NNSA's weapons program—the House-approved version of the FY2013 Defense Authorization Act includes \$7.9 billion for the weapons program, \$324 million more than is in the appropriations bill. But Congressional aides say that it's unlikely that Republicans on the House Armed Services

Committee that led the push to authorize additional funding will reach for more funding, recognizing that there are few offsets within the bill and choosing instead to fight that battle when the House and Senate conference on what is expected to be an omnibus appropriations bill after the elections. House Energy and Water Appropriations Subcommittee Chairman Rep. Rodney Frelinghuysen (R-N.J.) defended the tough decisions that were made with regard to the NNSA's weapons program, suggesting that the NNSA had enough funding to meet its mission in FY2013. "I think we've done pretty well given the allocation we have here," Frelinghuysen previously told *NW&M Monitor*. "It's obviously a top priority of the committee, it always has been. Support has been bipartisan. We've given them what they basically need."

—Todd Jacobson

TOP PENTAGON POLICY NOMINEES CLEARED BY FULL SENATE

The Senate firmed up leadership of the Department of Defense's policy shop late last week, confirming Jim Miller, the Obama Administration's pick to be Under Secretary of Defense for Policy, and Kathleen Hicks, the President's selection to take over as Principal Deputy Under Secretary of Defense for Policy. The chamber confirmed the nominees as part of a wave of approvals late on May 24. Miller has served as the Pentagon's top policy official in an acting capacity since February, having taken over the post when Michele Fluornoy left the Department of Defense. Hicks is taking Miller's spot as Principal Deputy Under Secretary of Defense for Policy. She has spent the last three years as Deputy Under Secretary of Defense for Strategy, Plans and Forces. In her new post, she'll oversee the development of nuclear weapons policy, among other issues.

Hicks has spent much of the last two decades working in the Pentagon bracketed around a three-year stint at CSIS, where she was a senior fellow from 2006 to 2009. From 1993 to 2006, she held several different civilian posts in the Office of the Under Secretary of Defense, including Director for Policy Planning and Director for Homeland Defense Strategic Planning and Program Integration. Though she worked at the Pentagon at the time, she was not involved in the preparation of the NPR or the ongoing NPR follow-on study.

Tough Questions During Confirmation Hearing

During her confirmation hearing, Hicks faced tough questioning from Senate Republicans on plans to modernize the nation's weapons complex and nuclear arsenal, but

she largely refrained from addressing the topic. Sen. Kelly Ayotte (R-N.H.) was among the most vocal members of the Senate Armed Services Committee, suggesting to Hicks that a key portion of the modernization plan involved building the now-deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory. "Are you familiar with that, the plans for that facility at Los Alamos?" Ayotte said.

Hicks said she was not, but promised to review a letter penned by Ayotte and other freshman GOP senators to Obama that expressed concerns about the modernization plan and respond to the senator. "I think this is very, very important and I'm deeply concerned about where we are right now on this issue," Ayotte said. "And I'm also concerned that if we do not modernize ... it will be to the detriment of our nuclear deterrent and also, in my view, could encourage proliferation around the world, particularly when we look at some of the actors that we are trying to prevent from having nuclear weapons capability, including Iran."

Waiting on Reductions

In response to advance policy questions submitted to the committee, Hicks stopped short of advocating for future nuclear reductions beyond the levels set by the New START Treaty, which President Obama and Miller, her predecessor, have suggested are possible. Hicks said the ongoing Nuclear Posture Review implementation study, which is believed to have recently been submitted to Obama with several options for reductions, will inform future decisions. "Completion of this analysis is necessary to formulate any future arms control objectives involving our nuclear stockpile," Hicks said. "In general, I believe that future nuclear reductions should maintain strategic deterrence and stability with regard to Russia and China, strengthen deterrence of potential regional adversaries, and ensure the credibility of our security assurances to our allies and partners. We also must guarantee our operational flexibility and ability to hedge against geopolitical and technical uncertainty."

She suggested that future reductions should continue to be pursued together with Russia rather than on a unilateral basis in response to a question about future relations with Russia. "The Report of the Nuclear Posture Review noted that because of our improved relations, strict numerical parity between the United States and Russia is no longer as compelling as it was during the Cold War," she said. "However, it also indicated that large disparities in nuclear capabilities could raise concerns on both sides and among U.S. allies and partners, and may not be conducive to maintaining a stable, long-term strategic relationship, especially as nuclear forces are significantly reduced. By

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|---|---------------------------------|----------------|--|---|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Reopen | Contract with CH2M-WG Idaho to expire in 2012. | Sources sought notice issued June 24, 2010. | Undetermined/ Up to 10 years | Undetermined | Environmental Remediation, D&D, Waste Management | DOE still in negotiations with CWI on three-year extension. |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2012. | DOE has authorized a five-year extension for Battelle to stretch its contract through 2017. | Undetermined | Unrestricted | Laboratory Management | Negotiations between DOE and Battelle are ongoing. |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | One-year extension authorized Dec. 16 to allow time for contract competition to take place. | Undetermined | Unrestricted | Laboratory Management | |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2012. | Energy Secretary Steven Chu has authorized a five year extension. | Undetermined | Unrestricted | Laboratory Management | Negotiations on contract details ongoing. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Sept. 30, 2012, with two three-month options; SRS tritium currently part of Savannah River Nuclear Solutions contract. | Three teams submitted proposals by March 13; orals conducted May 1-3. | Undetermined | Full and Open | Management and Operation | |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expires March 28, 2012. | Final Request for Quotes issued May 3. Amendment issued this week. Proposals due by 1 p.m. June 8. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER (Continued)

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|--|------------------------------------|-----------------------------|--------------------------|--|
| NNSA (Continued) Y-12, Pantex and Oak Ridge Security | Y-12 and Oak Ridge contracts held by WSI extended through end of November 2012. Pantex security currently provided by B&W Pantex. | Draft RFP issued April 18. Q&As released this week. | More than \$1 billion a year | Undetermined | Security Services | Industry Day scheduled for May 15 in Amarillo, Texas, and May 17 in Oak Ridge, Tenn. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | DOE considering cancelling project. |
| MISC. SITES/PROJECTS Hanford Occupational Medical Services | Contract held by CSC Hanford Occupational Health Services set to expire in 2014. | Request for Proposals issued Nov. 14, 2011. Bids due by Feb. 15, 2012. | 6 years/ \$102 million | Small Business Set-Aside | Support Services | |
| Legacy Management Support Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | |
| Portsmouth Environmental Technical Services | Contract held by Restoration Services, Inc. set to expire by Sept. 30, 2013. | Sources Sought notice issued Jan. 26, 2012. | N/A | N/A | Support Services | |
| WIIPP Mobile Loading Unit Support Services | Contract held by S.M. Stoller set to expire by April 30, 2013. | Request for Proposals issued April 10, 2012. Bids due by May 17, 2012. | N/A | N/A | Support Services | |

joining with the world's other principal nuclear power to move to lower levels of forces in concert, arms control thus provides a means for strengthening strategic stability in our relationship with Russia.”

—Todd Jacobson

PANTEX GUARDS UNION RATIFIES NEW COLLECTIVE BARGAINING AGREEMENT

The Pantex Guards Union ratified a new five-year collective bargaining agreement with site contractor B&W Pantex late last week, wrapping up relatively easy negotiations more than two weeks ahead of schedule with little hint of a strike. Pantex's guards went on strike during the last set of negotiations five years ago over retirement, benefits and career longevity issues, but economic conditions tempered enthusiasm for massive changes this time around and union officials were happy with a deal that includes annual wage increases of 2.5 percent and no change in retirement compensation. Approximately 90 percent of the union's membership ratified the agreement, PGU President Frank White told *NW&M Monitor*. “Anytime you negotiate nowadays if you're able to keep what you have your succeeding,” White said. “Especially with these economic times we succeeded in getting a good contract because we stayed ahead, maybe not greatly, but we at least kept our head above water.”

White acknowledged that union officials had lowered their expectations for wage increases or changes to retirement provisions for the guards, knowing that a push to reinstate a defined benefit pension program would be met with resistance from B&W Pantex and the National Nuclear Security Administration. But White also said that negotiations were markedly different than five years ago, when the guards went on strike for 44 days. This time around, union members ratified the new contract more than two weeks before the previous deal expired June 10. “I felt like both sides were genuinely trying to work out a contract,” White said. “Both sides genuinely wanted to reach a deal that would be beneficial to both sides which was completely different from last time.”

Medical Benefit Change a Hurdle

That's not to say there weren't difficult parts to the negotiations. White said one of the biggest hurdles dealt with a change to the medical benefits for union workers. When B&W Pantex tried to increase the union members' share of medical insurance premiums to 20 percent five years ago, the issue helped lead to the strike and the sides ultimately settled on an increase to 15 percent that would be phased in over five years. This time, White said B&W

Pantex wanted to increase employee contributions to 20 percent, and the union fought to have that increase phased in over five years. “This time we were able to achieve the step increase without having to strike for it,” White said. “That's a big deal because you have to have those step increases, especially if you're talking about modest raises, because if you have too big of increase on your insurance that'll eat into whatever raise you're given.”

White said that the union agreed to have its members pay 20 percent of medical premiums to align the group with non-bargaining unit employees at the site, but he suggested any push further to increase employee contributions in the future would be met with resistance. “Next time, I don't know what the economic or the health care picture will look like, but it will be difficult to absorb much higher increases and maintain modest raises,” White said. “It's going to get more and more difficult as we go on.”

Non-Economic Issues Overshadow Wages

Union workers also received a 15-cent raise to their differential for night wages, and kept a provision allowing workers to do physical training during long work shifts. White said both provisions were important to the union's membership. White said there was a noticeable difference in physical fitness levels when guards had to work out before or after 12-hour shifts. “That's a difficult thing to do, it's a long day,” he said. “It's important for them. It's a nice break and it boosts morale because it's a nice break to be able to exercise and be able to get away from your job and come back refreshed.” He said the 15-cent increase raised the night differential hourly pay from 60 cents to 75 cents. “That's a significant bump actually over the year while you're working nights. It's another half percent to your wages,” he said. “You can see that's a gain.”

He said while the economic increases in the new contract were modest, the membership was also focused on non-economic issues. “The primary focus wasn't just on the economics. They were modest gains, but securing our physical fitness program, keeping our sick leave program the same, keeping the short-term disability, no changes to our pension—it made it a lot more of an appealing offer. There were a lot of what we felt were successes in non-economic areas that made the contract good.”

Negotiations at Oak Ridge, Nevada Still Loom

Randy Lawson, the President of the National Council of Security Police and Oak Ridge's main guards union, the International Guards Union of America (IGUA) Local 3, said the relatively smooth negotiations at Pantex and at Savannah River, where United Professional Pro-Force of Savannah River Local 125 ratified a new five-year earlier

this month, represented good signs for other negotiations around the complex this summer. The deal between the IGUA and WSI-Oak Ridge for work at Y-12 and Oak Ridge National Laboratory runs out Aug. 15, while IGUA's CBA at the Federal Office Building in Oak Ridge expires Sept. 13. Guards at the East Tennessee Technology Park are represented by the International Union of Security, Police, and Fire Professionals of America (SPFPA), and that contract expires Oct. 30. The deal between Independent Guard Association of Nevada Local 1 and Nevada National Security Site protective force contractor WSI doesn't expire until 2014, but the deal includes a clause to reopen negotiations on wages and retirement benefits three years into the contract. Negotiations on the issues at Nevada began this week, while negotiations between WSI-Oak Ridge and the IGUA will kick off June 18. "If we can receive the same offers, we still have a few things to bargain, but if you expect to see the same offer from NNSA we won't have any problems," Lawson said.

One major difference between Oak Ridge and the rest of the complex is the defined benefit pension plans still enjoyed by Oak Ridge's guards. Lawson said NNSA and contractor WSI has tried to phase out the pensions in favor of 401(k) plans during past negotiations and he expected the same approach again, but he said the union would not give up the pensions. "They will propose that, but our membership has sent me a message very clear that if they sever the defined benefit pension plan I have the authority not to bring it back [for a vote]," Lawson said.

—Todd Jacobson

AMENDMENT ISSUED ON NNSA TECHNICAL SERVICES BPA

The National Nuclear Security Administration has altered the Request for Quotations released last month for its Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement, dropping a mandatory General Services Administration requirement in response to industry questions and altering the due date for quotes. Quotes now must be submitted electronically through FedConnect by 1 p.m. June 8, according to an amendment issued to the contract. Additionally, the NNSA removed a requirement for companies to have to be certified to have Remediation and Reclamation Services under the GSA Environmental Services schedule, and made Training Services and Ancillary Supplies/Services under GSA's Mission Oriented Business Integrated Services Schedule optional for companies to possess.

In questions and answers released along with the amendment, several industry officials questioned the inclusion of Remediation and Reclamation Services, with one ques-

tioner suggesting that companies with that requirement "may not have any experience or capabilities in performing Advisory and Assistance Services that are included in any of the major BPA Task Areas." The questioner also suggested that there is little overlap between companies qualified for Environmental Consulting Services under the Environmental Services schedule and those that have the Remediation and Reclamation qualification. Another questioner suggested that Remediation and Reclamation services were not required under the contract. Similar concerns were raised about the Training Services and Ancillary Supplies/Services requirements.

The amendment doesn't make any changes to provisions that would give small businesses an edge over large businesses in evaluation criteria, though the NNSA has made it clear that it is not a set-aside for small businesses. However, only small businesses are eligible to receive an "excellent" rating in the solicitation's top evaluation factor: small business status. The other evaluation criteria are oral presentations, past performance and resumes (key personnel). Procurement documents indicate that companies should use Aug. 1 as the anticipated start of work under the contract, but that could be subject to change and the agency said it reserves the right to stagger awards under the contract.

Nuclear Nonproliferation Added to Scope

The BPA will be available for use by all Department of Energy programs and not just the NNSA, and is expected to include tasks for nuclear engineering subject matter expertise and analytical support, training support, security management support, weapons data access system programmatic support, aviation operations support, and environmental management. The NNSA had previously envisioned program and project management support, management and program review support, and emergency operations support as part of the contract, but stripped that out of the final scope, but the amendment added nuclear nonproliferation to the list of potential tasks.

Five Team Leads were selected for the BPA four years ago, though the growth of some companies and disinterest from others is expected to cause some reshuffling among teams. The most successful Team Lead, MELE Associates, is believed to have outgrown the small business requirements of the contract, and at least one of MELE's team members, TechSource, is believed to be preparing to lead its own team this year. Team Leads Systematic Management Services and Navarro Research and Engineering also appear to be interested in bidding for the opportunity again, but Chenega Corporation, which bought Team Lead Time Solutions Corporation, said it would not bid for the new BPA. According to procurement documents, \$224.1

million in tasks had been doled out since the contract was awarded in 2007, including 20 task orders to MELE worth \$121.3 million. The team led by Time Solutions won seven task orders worth \$46.9 million, while SMS won five

worth \$19.4 million and Navarro won five worth \$36.4 million.

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT OAK RIDGE MAINTENANCE SUSPENDED AT Y-12 OVER SAFETY CONCERNS

Y-12 National Security Complex contractor B&W Y-12 has indefinitely suspended a number of maintenance activities at the Oak Ridge plant because of ongoing problems with lock out/tag out safety procedures. Lock out/tag out procedures are set up to disable equipment and dangerous machinery in order to help protect service and maintenance employees from electrical and other hazards while performing their jobs. In a statement, contractor spokeswoman Ryn Etter confirmed that the company has voluntarily suspended all electrical and mechanical lock out/tag out activities “as a result of a series of incidents involving poor [lock out/tag out] performance.” She said the suspension will continue until corrective actions are in place.

spokesman Steven Wyatt said the federal agency fully supports the contractor’s decision to suspend some activities at Y-12. “It is an appropriate action to take to enable the contractor to fully implement a comprehensive action plan,” the federal spokesman said.

A few months ago, when the lock out/tag problems drew the attention of the Defense Nuclear Facilities Safety Board, B&W indicated that a number of actions—such as additional training for maintenance workers and increased management oversight of those activities—had already been taken. Despite the ongoing problems, which would suggest a lack of focus or attention, Etter said B&W and its workforce take safety seriously. “This voluntary suspension of [lock out/tag out] activities reflects that,” she said.

Etter said no Y-12 workers were injured as a result of the incidents, and she said B&W is “committed to maintaining the safety of all workers at Y-12 and to ensure the protection of the public and the environment.” While no workers were reportedly hurt, three recent incidents appear to boldface a problem that has been identified for years at Y-12 and apparently have gone unresolved despite the National Nuclear Security Administration, the Defense Nuclear Facilities Safety Board and B&W declaring it a priority.

Gradual Restart of Maintenance Activities Planned

As corrective actions are taken, the Y-12 contractor will gradually restart the maintenance activities that have been suspended, she said. There apparently is no specific timetable for restart or details on what projects are being put on hold. In its report earlier this year, the DNFSB said the National Nuclear Security Administration had said that the field execution of the Y-12 program lock out/tag out program was “flawed and not getting better.” The report also said that NNSA’s review of Y-12 found that workers do not always read their work documentation and sometimes go beyond their authorized scope of work.

DNFSB IDs Long-Standing Issues

In a Feb. 3 memo, staff of the Defense Nuclear Facilities Safety Board said there had been continuing issues at Y-12 since at least 2007. The National Nuclear Security Administration, according to that same memo, had identified 14 negative events since April 2010. The suspension of activities came after three additional incidents—each of which involved the isolation of electrical power for projects—occurred at the high-security Oak Ridge site. Two of the projects involved the demolition of old buildings, while the other was the removal of an oven from one of the plant’s research and development facilities.

According to the February memo, numerous attempts had been made to alert workers, train them and raise their awareness. “B&W has put in place a number of corrective actions, which do not seem to have been effective,” the board staff memo said, noting that NNSA’s Y-12 Site office had told B&W Y-12 to come up with a plan to reverse the negative performance. It appears that, based on the May 31 actions, that the corrective actions taken several months ago did not take hold and suspending activities was the contractor’s only recourse before facing possible actions by NNSA and additional oversight.

Etter said the suspension of activities primarily affects maintenance work at the plant. So far, none of the plant’s production missions has been impacted, she said. NNSA

AT OAK RIDGE ORNL TAKES NEXT STEP TOWARD 'TITAN'

Oak Ridge National Laboratory could once again host the world's fastest computer by year's end, as it brings online a 20-petaflops Cray hybrid supercomputer called "Titan," but there are others—including Lawrence Livermore National Laboratory and institutions in Japan, China, and elsewhere around the world—seeking that distinction as the world moves toward exascale computing and areas previously thought to be unattainable. Jeff Nichols, ORNL's associate lab director for scientific computing, said the lab had received the Department of Energy's authorization to order enough Nvidia next-generation GPUs to take the current system—operating at a maximum of 3.3 petaflops—up to 20 petaflops (20,000 trillion mathematical calculation per second). Nichols said ORNL had placed that order through Cray, with delivery expected in the August-September timeframe.

Under the current plan, ORNL will fully load 152 of the 200 cabinets with the new hybrid system, and Nichols said

there is still hope to load the other 48 cabinets as well. The 200-cabinet Jaguar system will be renamed "Titan" after a majority of the cabinets are loaded with Nvidia's next-generation Kepler graphics processing units. At the present time, 10 of ORNL's 200 Jaguar cabinets have already been loaded with Nvidia's current-generation GPUs (called Fermi) in order to allow researchers to test their codes with the hybrid configuration that approximates the way the system will respond when restructured later this year. According to Nichols, that 10-cabinet system is operating really well. "Those things are going gangbusters," he said. "We've got users on them all the time." In fact, he said, researchers are lining up to get time there. Part of the reason for using a segment of Jaguar to test the hybrid configuration is so the transition will be relatively seamless and science can be produced effectively from day one after the new Nvidia GPUs are loaded there later this year, he said.

AT SAVANNAH RIVER WATCHDOG GROUPS TARGET MOX ON CAPITOL HILL

With project costs for the Mixed Oxide Fuel Fabrication Facility under construction at the Savannah River Site expected to rise, longtime critics of the project held a set of briefings with Hill staff this week calling for a suspension of work on MOX. "It's time to halt the MOX program because of all the costs and delays and problems with it," Tom Clements of the Alliance for Nuclear Accountability said at one briefing. He added, "Living down in South Carolina it's quite clear that the main emphasis of program is really an inefficient jobs program for the state of South Carolina. That's what it has devolved into... Options exist to dispose of plutonium as waste and these need to be analyzed now."

The facility is the main component in the National Nuclear Security Administration's plans to dispose of 34 metric tons of surplus plutonium. While the most recent estimate for the project's cost comes in at \$4.86 billion, MOX is undergoing a review by the Administration that is anticipated to result in a higher estimate. That has caught the attention of members of the House Appropriations Committee, which cut funding for the project in its version of the Fiscal Year 2013 spending legislation. A report accompanying the bill states that the Department has reported internally "that the total project costs could be understated by as much as \$600 million to \$900 million and that the project will overrun its projected completion

date by months if not years." While NNSA officials and officials for construction contractor Shaw AREVA MOX Services have not yet released details on the newest cost estimate, they say that they are developing cost saving and cost-avoidance measures to help mitigate any cost increases.

Clements this week lauded the recognition of the rising costs by the House committee, and called on Congress to press the Administration on the total life cycle costs for MOX, which he estimates could add up to \$20 billion. "Every time I raise this with DOE they basically shrug their shoulders. So with the program costing so much, it would seem like Congress really should bear down on DOE and NNSA to reveal the true cost," he said. While Clements focused on uncertainty in the project's cost, the briefing also included a presentation by Ed Lyman of the Union of Concerned Scientists on proliferation concerns. Lyman, who earlier this year argued a contention with a Nuclear Regulatory Commission Atomic Safety and Licensing Concerns regarding security concerns related to MOX, said he expected the Commission to dismiss those contentions. "It really is a travesty," he said, adding "It's really up to Congress to actually investigate whether taxpayer dollars are being thrown into weakening security regulations."

Wrap Up

IN THE INDUSTRY

James J. Cavanagh, who retired from the National Nuclear Security Administration earlier this year, has joined the strategic advisory board of consulting firm Longenecker & Associates. Cavanagh, now the president of The Cavanagh Group, served in a number of senior posts at NNSA, including acting Associate Administrator for Acquisition and Project Management. "J is a true professional with sound values and extensive experience in making organizations more effective," L&A President John Longenecker said in a release this week. "He will be a great asset in guiding our team in these ever changing government and commercial markets."

B&W Pantex and Small Business Program Manager Brad Brack have been recognized by the Department of Energy for increasing small business contracting at the site. Brack recently was named the "M&O Small Business Program Manager of the Year" for 2011 for his efforts to boost the participation of small businesses at the site. According to DOE, awards to small businesses

increased to more than 66 percent of the total contracts awarded, which represented \$74 million in economic output.

The U.S. Department of Commerce has recognized the New Mexico Small Business Assistance program, a collaboration of Los Alamos National Laboratory, Sandia National Laboratories and the state of New Mexico, with the 2012 Manufacturing Advocate of the Year award. The New Mexico program allows small businesses to receive assistance from scientists and engineers at laboratories. "The external recognition is an important validation for the work we do to support local businesses, promote economic development and create jobs here in New Mexico," LANL's Community Programs Office Director Kurt Steinhaus said in a statement. "As a Laboratory, we see our investment in small business technical support as integral to building regional partnerships to promote a strong, vibrant, local community." The award came from the Commerce Department's Manufacturing Extension Partnership, and was presented at the 2012 Manufacturing Innovation Conference. ■

Calendar

June

4 Conference: "Meeting the Next Challenges on Nuclear Nonproliferation and Disarmament," Arms Control Association annual meeting, with a keynote lunch address by acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller. 9 a.m.-1:30 p.m. Info: <http://tinyurl.com/7q3rdyb>

4 Discussion: "Next Phase of U.S.-Russian Nuclear Reductions," former Deputy StratCom Chief Lt. Gen. Dirk Jameson, former National Security Council nonproliferation director Jon Wolfsthal, Trine Flockhart, Danish Institute for International Studies, part of ACA annual meeting, at the Carnegie Endowment for International Peace, 1779 Massachusetts Ave., NW, Washington, D.C., 9-10:30 a.m.

NUCLEAR WEAPONS & MATERIALS MONITOR

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NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
 ...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 25

June 8, 2012

— *INSIDE HIGHLIGHTS* —

John Eschenberg, the new Federal Project Director for the Uranium Processing Facility, said the multi-billion-dollar project will be broken up into several pieces over the next decade in order to ease management of the project. 2

Rep. Michael Turner this week offered a defense of his controversial package of National Nuclear Security Administration reform provisions that are part of the House-passed FY2013 Defense Authorization Act—as well as a warning. 3

Small modular reactor vendor Holtec is hoping its reactor will burn fuel produced at the Mixed Oxide Fuel Fabrication Facility and potentially produce tritium in the reactor it is planning to build at the Savannah River Site. . . . 4

Responding to claims made by a former White House aide, Los Alamos National Laboratory Director Charlie McMillan this week denied proposing that the Obama Administration defer work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility for at least five years. 6

Funding for the NNSA, a popular target for lawmakers seeking to shift funds in the House version of the FY2013 Energy and Water Appropriations Act, emerged largely unscathed as the House cleared the annual spending bill this week. 7

The House cut another \$17 million in funding for the Mixed Oxide Fuel Fabrication Facility in its version of the FY2013 Energy and Water spending bill that passed the full House this week, adding to the \$153 million that the bill had cut from the program below the NNSA's budget request. . . . 8

USEC marked another victory this week in its efforts to obtain funding for a DOE program supporting its American Centrifuge project, as House lawmakers failed in an effort to strike funding for the program from the FY2013 Energy and Water Appropriations bill. 9

Sixteen months after jumping into the DOE and NNSA market with plans to team with Fluor to bid for the Sandia National Laboratories management and operating contract, defense contracting giant Boeing has pulled out of the bidding for the potentially lucrative opportunity. 10

With bids on the NNSA's combined Y-12/Pantex management and operating contract submitted and oral presentations completed, the leadership of the teams vying for the lucrative contract is starting to become more clear. 11

A government-wide memo from the White House Office of Management and Budget that calls on agencies and programs to propose cuts as part of the FY2014 budget process is drawing the ire of Congressional Republicans worried about a continuing pullback on the Obama Administration's modernization plans. 12

Russia's presidential swap, which brought Vladimir Putin back to power last month, isn't expected to bring about big changes to the arms control relationship between Moscow and Washington, according to the State Department's top arms control official. 13

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NNSA'S UPF PROJECT DIRECTOR DETAILS CONTRACTING PLANS FOR PROJECT

John Eschenberg, the new Federal Project Director for the Uranium Processing Facility, said the multi-billion-dollar project will be broken up into several pieces over the next decade in order to ease management of the project. The "chunking" of the project, which Eschenberg also referred to as "smart parsing" in a speech this week at the Energy Facility Contractors Group annual meeting, will begin with work to relocate Bear Creek Road, the main thoroughfare through the Y-12 National Security Complex, in order to make room for UPF. The first of "seven or eight pieces" of the project, the road relocation will be managed by the Army Corps of Engineers, Eschenberg said. Other pieces include site preparation, the structure of the building, the installation of process equipment, and the completion of the facility. "The wisdom there is it's very small, it's very discreet," Eschenberg said. "The owner has a high level of visibility in what's being expensed and you can't shuffle costs forward. ... The other advantage is it allows the owner to use different means of contracting."

He also said the strategy should help build confidence in the project, which has jumped in cost over the last decade. Current estimates for the project indicate it could cost as much as \$6.5 billion. Eschenberg said this week that the project has reached 76 percent design maturity, and will reach 90 percent by the fall. "It also allows us to over time begin to restore confidence in fed building," Eschenberg said. "That's more paramount to our success. What that means is that now that we've got a number of small victories and we're proving along the way we can deliver such that when the project's funding needs hit a peak of \$750 million, which is going to tax the system, we can show a track record of success."

Road Relocation Natural Fit For Army Corps

Eschenberg said the relocation of Bear Creek Road was a natural fit for the Army Corps of Engineers, and an agreement between the NNSA and the Corps was signed recently giving the Corps authority over management of that portion of the project. "This is all road work and dirt moving," he said. "They move dirt as well as anyone." What is expected to be a \$20 million effort will begin in the fall, Eschenberg said, and is expected to take between 14 and 18 months. He said the Corps is ready to move out with solicitations, and he will give the go-ahead once Deputy Secretary of Energy Dan Poneman reaffirms the scope of the project and signs off on Critical Decision-1 and the project's Fiscal Year 2013 funding picture becomes more clear. The Administration has asked Congress for \$340 million in FY2013 to accelerate the project, which is expected to be completed by 2019 and up and running by 2023.

Eschenberg said that the site preparation will be handled differently than the road relocation, reflecting the strategy to analyze all facets of the project for the best contracting approach. "Step-wise as we work through this, I'm going to apply the same sort of overlying philosophy: How do I get the best value for the government, how do I apply some kind of innovative contracting regime? And thirdly I've got to be mindful of the small business objectives," Eschenberg told *NW&M Monitor* on the sidelines of the meeting.

He said that the contractor that wins the ongoing competition for the management and operating contract of Y-12 and the Pantex Plant would handle the biggest portion of the project, the nuclear portion of the build. The construction of UPF was included as a separate Contract Line Item Number for the contract separate of management and operating the plants. "For the nuclear part of the build we're going to rely on the new contractor. That will be

ExchangeMonitor Publications' Nuclear Team (*WC Monitor*, *NW&M Monitor*, *RW Monitor*)

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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their work,” Eschenberg told *NW&M Monitor*. “There may be portions of the work in the out-years that are spare packages that can be smartly culled out. For example, some of the support facilities. Can we sublet some of those to small businesses? Can we sublet some of those as fixed-price instead of cost-reimbursable work? The idea is that it going to be a very active kind of a dialogue, a very dynamic environment. It’s not that we’re going to say, ‘Here, we’re going to give this to the M&O and you go off and build this project for us.’ “

A ‘Protest on a Platter’?

Eschenberg’s comments raised some eyebrows among industry officials at the EFCOG meeting because they appear to indicate that the government already has an approach in mind with how to contract out UPF, which it asked bidders to propose as part of bids for the management and operating contract at the Y-12 National Security Complex and the Pantex Plant. The agency included construction of UPF as a separate Contract Line Item Number, retaining the right to pull UPF out of the contract, and asked bidders to offer an approach to building the facility, key personnel to manage the work, and an approach to shifting risk from the government to the contractor. Eschenberg’s plan to parse out the work appeared to suggest that the government already had an approach in mind, which some bidders were concerned could prejudice the evaluation of proposals. “It’s a protest on a platter,” one industry official said. “He was talking pretty definitively about parsing it out and exactly how he was going to do it, how it would be broken up. He conveyed a sense that he’s going to drive it in a certain way. He may very well have read all the proposals and they all may be consistent, but it’s kind of odd to have a situation where you’re asking people to propose an innovative, aggressive, risk-shifting approach and then stand up in public before it’s announced on exactly what you’re going to do as the Federal Project Director.”

—*Todd Jacobson*

REP. TURNER FLOATS MORE SEVERE NNSA REFORM IN FACE OF OPPOSITION

Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, this week offered a defense of his controversial package of National Nuclear Security Administration reform provisions that are part of the House-passed FY2013 Defense Authorization Act—as well as a warning. “If these reforms don’t work—or vested interests stand in the way—I and many of my colleagues are receptive to the more drastic reforms we have heard talked about,” Turner said in a speech to the

Energy Facility Contractors Group, referencing the possibility that semi-autonomous NNSA could be completely moved out of the Department of Energy. “One way or another, we will not allow DOE’s suffocating and entrenched bureaucracy to continue to slowly strangle the weapons program.”

In an effort to increase efficiency and productivity at the agency, language authored by Turner in the authorization bill would increase the autonomy of the NNSA, eliminate DOE’s Office of Health, Safety and Security from oversight of the weapons complex, move the agency toward performance-based oversight and away from transaction-based oversight, push the agency to streamline directives and regulations, and shift management of major construction projects to the Department of Defense. Turner noted that the language was based on a host of reports that have been critical of the management of the agency, including the 2009 report by the Strategic Posture Commission, a recently released National Academy of Sciences report on management of the nation’s nuclear weapons laboratories as well as a 2006 Defense Science Board report and a 2009 Stimson Center study. Each of the studies highlighted significant management problems within the agency. “Twelve years after the creation of NNSA, the question we’ve been asking this past year is: Has it worked?” Turner said. “According to the myriad reports, studies, and experts the subcommittee has consulted, the overwhelming conclusion is: no, it has not worked. Many of the same problems still exist, and have likely gotten worse.”

Turner: No Better Time Than Now

The House reform provisions have met resistance from Democrats in Congress, unions and the Obama Administration, but Turner said the reform was especially necessary as the nation faces significant pressure to cut spending. “Every dollar that goes toward redundant, burdensome, and non-value-added bureaucracy is a dollar that is only hurting the mission,” Turner said. “NNSA must become what its original legislation intended it to be: a lean, effective, agile, and well-managed organization that is focused on meeting the nuclear security needs of the country. Not on meeting the needs of the bureaucracy. For the sake of our nuclear deterrent—not to mention our national fiscal crisis—we need to start addressing these long-standing, well-documented problems.”

Turner said that the heavy agenda facing the NNSA over the next 20 years makes reform even more necessary than ever. “Because it is the nuclear weapons stockpile, there is no room for failure,” Turner said. “We have to make NNSA effective and efficient if it is going to perform as the nation requires.” He called the Administration’s

decisions this year to defer work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility and slow key life extension work on the W76, W78 and B61 weapons systems the “first consequences” of the NNSA’s management problems. “This is unacceptable, and should be unacceptable to any American that believes our nuclear deterrent still plays a role in our national security and global stability,” Turner said.

Senior House Lawmakers Solicit Ideas

Turner called the reform language a “starting point” and suggested that he and other Republicans are open to other reform proposals, both from the Senate, which did not address most of the reform provisions in its version of the authorization bill, and the Administration. Turner and House Armed Services Committee Chairman Buck McKeon (R-Calif.) sought proposals from the Administration on its own reform package in a May 18 letter. “We consider the reforms in this legislation to be just one set of ideas to fix the problems we all recognize,” Turner and McKeon wrote. “We invite your Administration to put its own ideas on the table. We encourage your Administration to offer a comprehensive reform package as the House of Representatives has—in time for the conference on this year’s national defense authorization bill. Let’s work together to find the right solution.”

Turner suggested that similar feedback from the Senate was welcome. The Senate version of the FY2013 Defense Authorization Act does not contain any of the reform provisions contained in the House bill. “If they don’t come to the table and accept ours at least it will force them, as we’re hoping to force the Administration, to coalesce around a group of recommendations that we can begin this discussion,” Turner said. “Everyone understands this has to be done. There is not one person who has come before our committee and testified, ‘No, no, no, this is working. Let’s do it exactly like it’s been.’ We’re to that point where we have that universal agreement. Now we have to coalesce around these issues.”

NNSA’s Miller Defends Agency’s Efforts

NNSA Principal Deputy Administrator Neile Miller told *NW&M Monitor* after Turner’s remarks that the Administration would respond to the letter from Turner and McKeon, but she also defended the agency’s own efforts at reform. That includes efforts to shore up project management, consolidate the management and operating contracts at Y-12 and Pantex, streamline directives and regulations, and create a more unified agency by reorganizing the agency’s site office reporting structure. “I know the stuff we’re doing. We don’t actually need legislation to do anything that we’re doing,” Miller said. “We have a lot of

stuff we not only have done, are doing, and will be doing, I think managing an organization outside the organization is a bit difficult, and questionable.”

During her EFCOG speech, she suggested that change was already beginning to take root, but she said it’s most noticeable from inside the agency. “The case I was making is there is actually quite a lot that has changed. If you’re sort of not that close to the management of it, how would you know? What you know is the individual pieces that various people who have one concern or another bring you. So you have a reaction to that. I can understand that but I don’t think that makes for how you then manage an organization.”

—Todd Jacobson

PROPOSED SAVANNAH RIVER SMALL REACTOR LOOKS TO BURN MOX FUEL

Reactor Vendor Holtec Also Considering Tritium Production at Site

Small modular reactor vendor Holtec is hoping its reactor will burn fuel produced at the Mixed Oxide Fuel Fabrication Facility and potentially produce tritium in the reactor it is planning to build at the Savannah River Site. Holtec’s subsidiary, SMR, LLC, is one of three small reactor vendors that signed memoranda of agreement early this year with the Department of Energy to explore the potential deployment of reactors at SRS. SMR, LLC, President Pierre Oneid hopes that the first of the new 160-megawatt reactors will be built and operating at SRS by the end of 2021, and that more units will follow across the country. “Our reactor can burn MOX. This is a tremendous advantage for the DOE and for us to have the ability to burn MOX in our SMR. That will not just be limited to the first-of-a-kind at Savannah River. We would love to deploy it and be able to get operational data on it and increase our use of MOX around the U.S., and, if there’s an opportunity worldwide,” Oneid told *NW&M Monitor*.

The MOX facility is under construction at the Savannah River Site as part of a National Nuclear Security Administration mission to convert 34 metric tons of surplus plutonium into a fuel that can be burned in commercial nuclear reactors. The most recent available projections call for the beginning of plant operations in 2016 and the completion of the first fuel assemblies in 2018. However, so far there are no utilities that have committed to using the fuel, though DOE has said the MOX fuel will be offered to utilities cheaper than typical nuclear fuel. The Tennessee Valley Authority has expressed interest in using the fuel and is undertaking a Supplemental Environmental Impact Statement looking at burning MOX in up to five TVA reactors. The utility plans to make a decision in 2013 when

the study is final. DOE is also considering analyzing the impacts of irradiating MOX in generic reactors to provide analysis for potential future customers.

Reactor Vendor Has Partnered With Shaw, AREVA

Oneid stressed that the Holtec reactor, known as SMR-160, could burn MOX if it is eventually deployed at Savannah River. "I assure you we have already committed to explore in our discussions with Savannah River that a portion of our core, unquestionably, will use MOX," he said. The company is already working with the parent companies of Shaw AREVA MOX Services, the construction contractor for the MOX facility. In recent months SMR, LLC, has partnered with Shaw to do the engineering and construction work for the reactor and AREVA to provide the fuel. But Oneid noted that discussions with DOE on deployment of the reactor on site and the use of MOX fuel stretch back to more than a year and a half ago, long before the partnerships with AREVA and Shaw began.

The use of MOX in SMRs on site is "an obvious connection," DOE Savannah River Operations Office spokesman Jim Giusti told *NW&M Monitor*. "If you're building the reactor and you're building the MOX plant, there is a possibility that they could make fuel for us once they are operational and the vendor would become a customer like any other reactor would for fuel for MOX," he said. However, he stressed the preliminary nature of the agreements and any potential use of SMRs for MOX or tritium production. "The MOX plant has to be completed and running in order for them to do that when they come online. Any missions beyond energy would have to be negotiated with the federal government as part of their approval process or licensing process. At this point it would be just speculation," he said, adding "People who are visionaries can think of a lot of things we could do. Not necessarily all of them will get done, but we're willing to talk to people about what we can do if there is a need."

However, Tom Clements of the Alliance for Nuclear Accountability, a vocal critic of the MOX project, said the idea of the SMRs burning MOX fuel was unexpected. "I was surprised to see mention of interest in MOX made from surplus weapons plutonium in the SMR reactor as this may well indicate that the company thinks that DOE's approach to secure existing [light water reactors] for MOX use may well be facing obstacles," Clements said in a written response. An ANA release on the topic added, "The costly and problem-plagued concept to use MOX in conventional light-water reactors is under pressure and has just faced an additional budget cut by the US House of Representatives. A proposal to use MOX in an SMR is an indication that DOE itself is concerned if it can carry out the MOX program as now conceived."

Holtec Also Considers Tritium Production

In addition to the potential use of MOX, officials have also had preliminary discussions with NNSA representatives about possibly using the SMR-160 reactor for tritium production purposes. Currently tritium for the nation's weapons program is produced by enriched uranium irradiated in TVA's Watts Bar reactor in Tennessee. The tritium is then shipped to the Savannah River Site for storage at its tritium facilities. Producing tritium at Savannah River using MOX fuel fabricated on site could potentially save transportation costs for both the fuel and the tritium.

Company: MOX Fuel to Have Economic Advantage

Two other small reactor vendors, NuScale Power, LLC, and Gen4 Energy, also signed agreements with DOE in March to begin exploring the steps needed for siting and eventually deploying reactors on site. The plan comes as part of DOE's "Enterprise SRS" vision, which aims to provide missions for the site beyond defense waste cleanup work. But so far, only the SMR-160 reactor has expressed interest in using MOX. Oneid stressed the cost advantages of such a decision. "You have the fuel being produced at the same site. Certainly the economics is a huge factor in our excitement in using MOX," he said. While Oneid said that he does not yet know specific cost estimates for the fuel, "we are confident that it is going to be competitive. Everyone is incentivized to make this happen."

Promoters of small reactors are hoping they will be less expensive and more predictable in cost than the standard large reactors. But so far no commercial design has been licensed by the Nuclear Regulatory Commission and put into operation. The vendors who have signed agreements with DOE see SRS as a well-positioned site for demonstrating a reactor, opening up to possibility of greater commercialization. Oneid emphasized that burning MOX fuel would set the SMR-160 reactor apart from the competition by giving it an economic advantage. "We truly believe that if we are going to make SMRs a reality, after you've absolutely made sure that it's safe and absolutely made sure that it's secure, you have got to make sure that it is also going to be economical," he said, adding, "So how do you break that code of economics? You've got to look at your design and supply chain. You've got to look at your entire spectrum of operations and maintenance, and you've got to look at your fuel. That's why we value our discussion about MOX. It's a piece of the puzzle to crack the code."

—Kenneth Fletcher

LANL'S MCMILLAN DENIES CLAIM THAT LABS PROPOSED CUTTING CMRR-NF

Former White House Aide Suggested Lab Directors Offered Up Project Due to Budget Concerns

Responding to claims made by a former White House aide, Los Alamos National Laboratory Director Charlie McMillan this week denied proposing that the Obama Administration defer work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility for at least five years. The Administration ultimately decided to delay work on the multi-billion-dollar project in its FY 2013 budget request, a decision that has drawn criticism from Congressional Republicans, who have accused the Administration of backing away from promises to modernize the nation's nuclear weapons complex and arsenal during debate on the New START Treaty, and McMillan, who suggested that the lab would no longer be able to meet the nation's requirement to produce 50 to 80 pits a year without CMRR-NF.

But Jon Wolfsthal, the former director of nonproliferation on the National Security Council and a chief arms control advisor to Vice President Joe Biden, suggested in early May that the directors of the nation's nuclear weapons laboratories proposed deferring the project during deliberations on the NNSA's Fiscal Year 2013 budget (*NW&M Monitor*, Vol. 16 No. 21). Wolfsthal repeated the claim at the Arms Control Association's annual meeting this week in Washington, drawing a response from McMillan. "The decision to defer CMRR is a painful one for Los Alamos National Laboratory, given the decades of commitment by our employees to provide this capability to the nation," McMillan said in a statement. "I continue to maintain that the capabilities of the proposed CMRR facility are vital to national security."

McMillan: Directors Provided Technical Alternatives

With the Administration facing pressure to curb spending, McMillan said that the lab directors were asked to provide input on the technical feasibility of different modernization options, which included delaying work on CMRR-NF. When it rolled out its FY2013 budget, the Administration said that it planned to use several other facilities to meet the mission of the deferred project, including Lawrence Livermore National Laboratory's Superblock, the Nevada National Security Site's Device Assembly Facility, and the recently completed first phase of the CMRR project, the Radiological Laboratory/Utility/Office Building. "When we are asked to provide technical alternatives, we do," McMillan said. "We are committed to delivering the best scientific and technical solutions to ensure the safety, security, and effectiveness of the nation's nuclear deterrent." Spokesmen for Livermore Director Parney Albright

and Sandia National Laboratories Director Paul Hommert did not respond to requests for comment.

With budget pressure looming, Wolfsthal suggested this week that the lab directors took the initiative, which he called an "unprecedented step," to suggest deferring work on the CMRR-NF. The directors "came to the NNSA and said, 'We don't think you're going to get the money that we all agree we need to build all of these facilities. ... We think we can save you money,'" Wolfsthal said, adding that the lab directors said the CMRR-NF's mission could be accomplished elsewhere. "It's a big facility. It's estimated to cost about \$5 billion. And what the lab directors are worried about, rightly, is that we're going to build facilities and not be able to fund the people that do the real work in those facilities," said Wolfsthal, who left the Administration in March and is now the deputy director of the Monterey Institute's James Martin Center for Nonproliferation Studies.

'A True Team Effort'

NNSA spokesman Josh McConaha said that the decision to defer CMRR-NF was made by Administrator Tom D'Agostino, Principal Deputy Administrator Neile Miller, and Defense Programs chief Don Cook with "significant" consultation of the lab directors. "Everyone fully recognizes the importance of maintaining the nation's plutonium capabilities. Given the constraints laid out by Congress as part of the Budget Control Act, we had to put our heads together and come up with an alternative that guaranteed the deterrent would remain safe, secure, and effective," McConaha said. "Our alternate plan is a true team effort, and included the Administrator, the lab directors, and staff from across the country."

Immediately after the alternate plan was unveiled, McMillan said in a memo to lab employees that the lab would not be able to ramp up pit production to 50 to 80 pits per year. "Regarding future program needs, our message to the government and to members of Congress has been clear: without CMRR, there is no identified path to meet the nation's requirement of 50 to 80 pits per year," McMillan said in the memo. "Assuming further investments in LANL facilities, we are confident we can deliver—but only a portion of that requirement." Combined with other budget cuts, the lab announced a round of voluntary layoffs, and McMillan painted a bleak picture of the health of the lab and the Administration's modernization plans. "The budget issues we face are common to all parts of government," he said. "This compounds an already difficult set of FY12 budget challenges and raises questions about whether we can meet the pace of the modernization path outlined in the 2010 Nuclear Posture review."

—Todd Jacobson

NNSA EMERGES FROM HOUSE E&W DEBATE MOSTLY UNSCATHED

Funding for the National Nuclear Security Administration, a popular target for lawmakers seeking to shift funds in the House version of the Fiscal Year 2013 Energy and Water Appropriations Act, emerged largely unscathed as the House cleared the annual spending bill this week. Several lawmakers pushed amendments that would have raided NNSA accounts to bolster other priorities, like cleanup of Cold War-era nuclear weapons sites. The only amendment to pass, however, was one authored by Reps. Tom Reed (R-N.Y.) and Brian Higgins (D-N.Y.) to boost non-defense environmental cleanup work by \$36 million, offsetting the increase with \$18 million in funds targeted for NNSA headquarters nonproliferation work as well as \$18 million for administration of the Advanced Technology Vehicles Manufacturing loan program. The amendment passed by a vote of 223-194. An amendment that shifted \$17.3 million from the Mixed Oxide Fuel Fabrication Facility to the NNSA's Global Threat Reduction Initiative also passed (*see related story*).

By and large, however, Republicans blocked further attempts to cut into NNSA accounts, which were the recipients of significant increases in the Obama Administration's Fiscal Year 2013 budget request. The bill matches the Administration's \$7.58 billion request for the NNSA's weapons program, and provides \$2.28 billion for the agency's nonproliferation account, a cut of \$175.6 million from the Administration's \$2.46 billion request. An amendment by Rep. Jared Polis (D-Colo.) that would've cut \$298 million from the NNSA's weapons program was voted down, 281-138, while an amendment authored by Rep. Paul Tonko (D-N.Y.) would've shifted \$180.4 million in weapons account funds to DOE's Energy Efficiency and Renewable Energy account also failed by a 236-148 vote. Two amendments offered by Rep. Sheila Jackson-Lee (D-Texas) that would've shifted \$10 million and \$52 million from the NNSA's weapons program to the Army Corps of Engineers were also defeated, as was an amendment offered by Rep. Loretta Sanchez (D-Calif.) to boost GTRI funding at the expense of NNSA's headquarters account.

Rep.: Don't Throw 'Good Money After Bad'

In a June 4 floor speech, Polis suggested that funding for the NNSA shouldn't be increasing as the nation reduces its nuclear stockpile and he cited massive cost increases in life extension work on the B61 and W78 warheads and in construction of the Uranium Processing Facility as a reason to rein in spending for the NNSA's weapons account. The amendment would have erased the \$298

million increase for NNSA's weapons program in FY2013, restoring it to FY2012 levels. "These programs included in this amendment have consistently been over budget and ineffectual," Polis said, adding: "There just isn't any justification for spending an additional \$300 million, on top of prior year appropriations, on weapons programs that aren't needed and aren't suited to our current conflicts in the war on terror. ... Frankly, American taxpayers can't afford a Congress that keeps throwing good money after bad on these unnecessary nuclear weapons programs."

Rep. Rodney Frelinghuysen (R-N.J.), the chairman of the House Energy and Water Appropriations Subcommittee, opposed the amendment and called funding modernization efforts for the nation's weapons complex and arsenal the "most critical national security issue" in the bill. "It's absolutely essential that these funds be put in the bill and kept in the bill," Frelinghuysen said. "With years of level funding, we have put off for too long the type of investments that are needed to sustain our nuclear capability as our stockpile ages."

Other Amendments to Boost EM, Cut NNSA Fail

Three other amendments would have cut NNSA funds to move money to cleanup accounts, including language authored by Rep. Jim Matheson (D-Utah) that would've cut nuclear weapons funding by \$10 million, an amendment by Rep. Steve Pearce (R-N.M.) that would've cut nonproliferation headquarters funding by \$40 million, and an amendment by Rep. Ben Ray Lujan (D-N.M.) that would've cut \$22 million in nonproliferation headquarters funding.

Simpson Optimistic Bill Can be Completed by Oct. 1

While the House has passed its version of the FY2013 energy spending bill, the final fate of the measure remains uncertain. The Senate Appropriations Committee reported its version of the bill last month, but it remains unclear when, or if, the full Senate will consider the measure. In addition, the White House has issued a veto threat against the House version of the bill, largely because of the funding levels used in its preparation. The House bill was based on funding allocations lower than those contained in the Budget Control Act, while Senate appropriators have based their bill on a budget resolution that more closely follows last August's budget deal.

Even so, Rep. Mike Simpson (R-Idaho), a senior member of the House Energy and Water Appropriations Subcommittee expressed optimism this week that lawmakers will complete a final version of the Energy and Water Appropriations Act and have it signed into law by the time Fiscal Year 2013 starts on Oct. 1. "I think that will be one of the

easier ones to get through,” Simpson said at a meeting of the Energy Facility Contractors Group in Washington. “I think we will get it through conference because the differences between the House and the Senate aren’t that great.”

Getting the FY 2013 Energy and Water Appropriations Act signed into law by the time the next fiscal year begins would be “kind of a novelty,” Simpson said. “My goal in life is actually be able to see one time—and then I’m going to retire as soon as this is accomplished, which means not any time in the near future—actually all of the appropriations bills passed by the time the new fiscal year starts. Last time that happened was 1994.” He added, “You would think with all of the uncertainty in the world, there is one thing I’m like 80 percent sure of, and that is when Oct. 1 comes. It’s going to come somewhere between Sept. 30 and Oct. 2. And we know that’s when the new fiscal year starts. You would think Congress would be able to do the one constitutional responsibility we have to do, and that is to fund the government. But because of differences between the House and Senate, we haven’t been able to get it done.”

—Todd Jacobson and Mike Nartker

HOUSE CUTS MOX PROGRAM BY ANOTHER \$17M IN FY13 SPENDING BILL

Senate Authorizers Request Reports on Program

The House cut another \$17 million in funding for the Mixed Oxide Fuel Fabrication Facility in its version of the Fiscal Year 2013 Energy and Water spending bill that passed the full House this week, adding to the \$153 million that the bill had cut from the program below the National Nuclear Security Administration’s budget request. The amendment by Rep. Jeff Fortenberry (R-Neb.), which passed on a vote of 328 to 89, would redirect the funding to the NNSA’s Global Threat Reduction Initiative, part of the Administration’s effort to secure vulnerable nuclear material within four years. “The MOX fuel program has cost billions in taxpayer dollars with little practical effect. Instead, this funding would be better used strengthening our nuclear security efforts,” Fortenberry said in a statement, which added that the provision “restores funding for GTRI to 2012 levels so that its work can continue without delay.”

NNSA’s plutonium disposition program, which is largely taken up by the MOX Facility currently under construction at the Savannah River Site and projects for providing feedstock to the plant, became a target of House appropriators concerned with the project’s management. The version of the bill that cleared committee in April first cut \$152.8 million in operating and startup funds from the \$529

million requested by the NNSA for FY’13 (*NW&M Monitor*, Vol. 16 Nos. 18 & 19). However, the bill fully funded the Administration’s request for \$388 million for construction of the facility. The MOX plant is scheduled to begin operations in 2016 to convert 34 metric tons of surplus weapons plutonium into commercial nuclear fuel. While the latest official estimate places the total cost of the facility at \$4.86 billion, the Department of Energy is undertaking a review of the project that is expected to result in a new estimate later this year with significant increases in project costs. The report accompanying the House spending bill warned that “the Department is now reporting internally that the total project costs could be understated by as much as \$600 million to \$900 million and that the project will overrun its projected completion date by months if not years.”

Rep. Clyburn Urged Vote Against Amendment

The strong support for the additional cuts came over the protests of House Assistant Minority Leader James Clyburn (D-S.C.), who sent a letter to House lawmakers this week urging them to vote against the Fortenberry amendment. The letter states that “construction cost increases at the facility are significantly less than average commercial nuclear construction cost increases nationwide.” It adds, “Any cuts in funding to the MOX program would set back progress and make it more expensive and more difficult to meet our treaty commitments. For a long-term future secure from the threats, the United States must reduce its stock of weapons-grade plutonium. MOX provides the best way to permanently eliminate these weapons, and it must be fully funded.”

But the move by the House to further decrease funding this week was lauded by several longtime MOX critics. Rep. Ed Markey (D-Mass.) came out in strong support during debate on the House floor this week. “MOX is a reverse Field of Dreams. If you build it, they will not come. The utility industry is not going to arrive. Instead, it is a nightmare that will leave future generations to safeguard a dangerous fuel with no buyers,” he said. In a statement following the amendment’s passage, he called the provision “a good first step toward my ultimate objective of cancelling the MOX project altogether.” The advocacy group Alliance for Nuclear Accountability, which last week held briefings with congressional staffers urging the suspension of the MOX program, also welcomed the news. “We are excited that the House has chosen to support the effective GTRI program which directly supports our most urgent national security concerns,” program director Katherine Fuchs said in a statement.

Sanchez Amendment to Boost GTRI Fails

Rep. Loretta Sanchez (D-Calif.) also authored an amendment that would've shifted \$16 million to the NNSA's Global Threat Reduction Initiative from NNSA's headquarters account, seeking to restore funding for the program to secure vulnerable nuclear material around the world to FY2012 levels, but the Sanchez amendment was defeated by a 237-182 vote. Sanchez said that the Administration should move as quickly as possible to clean out or secure vulnerable nuclear materials in countries around the world, and noted that the NNSA might have been able to remove all highly enriched uranium from Belarus in 2011 had it moved quicker. Belarus suspended HEU removal activities when the U.S. levied sanctions on its government for human rights violations. "It could have been cleaned out by the NNSA if it had had 5 more months before Belarus said no," Sanchez said. "This illustrates why it's so important for us to put the money in to go and clean these places up before people decide or new regimes come in and all of a sudden we can't get to what is very dangerous materials for us. We can't squander the opportunities to move forward on this urgent priority." Frelinghuysen said that the \$482.7 million provided by the committee was enough to meet the goals of the Administration's four-year goal to secure vulnerable nuclear material around the world, which he said are decelerating as work is completed. "This additional funding would just likely sit there unexpended," Frelinghuysen said. The Administration requested \$466 million for GTRI work in FY2013, down from the \$500 million the program received in FY2012.

Senate Defense Auth. Bill Asks for MOX Updates

Meanwhile, the Senate Armed Services Committee is looking for several updates on the MOX program, according to language in a report released this week that accompanies the FY2013 Defense Authorization legislation that cleared committee in late May. The committee expects to be "fully informed" of the anticipated change in the MOX baseline, according to the report. Additionally, "the committee directs the NNSA to report to the congressional defense committees a roadmap over the life of the program on how the NNSA will supply the 34 metric tons of feedstock to the MOX facility noting the capacity and lifetime of each facility to prepare feedstock with a detailed cost estimate in the first 15-year window," according to the report, which would be due by Dec. 31. The NNSA rolled out a new preferred approach to providing feed to the facilities early this year, which would rely on using a number of existing facilities, rather than a standalone separate facility.

The report language would also require the Nuclear Regulatory Commission to give quarterly updates begin-

ning on Sept. 31. on the status of licensing the facility and the use of MOX fuel in commercial reactors. Additionally, "the committee also understands the estimated operating costs for the MOX facility are increasing and directs the NNSA report to the congressional defense committees by July 30, 2012, a historical review of the estimated operating costs of the MOX facility to understand the cost growth and trend," the report states.

—*Kenneth Fletcher*

LAWMAKERS FAIL TO KILL USEC FUNDS IN HOUSE FY2013 ENERGY SPENDING BILL

USEC marked another victory this week in its efforts to obtain funding for a Department of Energy program supporting its American Centrifuge project, as House lawmakers failed in an effort to strike funding for the program from the Fiscal Year 2013 Energy and Water Appropriations bill. An amendment striking the \$100 million in funding provided in for the program in the bill was offered by longtime nuclear critic Rep. Ed Markey (D-Mass.) and Rep. Michael Burgess (R-Texas) during floor debate. While the provision passed earlier this week by voice vote, the amendment ultimately failed 114 to 302 on a recorded vote and the overall bill subsequently cleared the House with the \$100 million intact.

DOE has requested \$150 million in FY2013 for a research, development and deployment program for domestic enrichment technology under the National Nuclear Security Administration's nonproliferation account, citing national security benefits to such a technology. USEC has been operating the program this year under a series of interim funding measures that include administrative actions by DOE. However, critics have levied a series of complaints at the government support for USEC, which with current financial uncertainty is dependent on government support. This week, Burgess and Markey sent a letter to lawmakers calling on them to "end the taxpayer bailout of this failing company." But the rejection of the Burgess provision comes after lawmakers rejected an amendment last month by a vote of 121 to 300 that would strip the \$150 million authorizing funding for the program in House version of the FY2013 Defense Authorization bill. That provision was offered by Markey and Rep. Steve Pearce (R-N.M.), whose district includes the URENCO USA Enrichment Facility.

This week, the DOE program drew a strong defense from House Armed Services Strategic Forces Subcommittee Chairman Michael Turner (R-Ohio), whose district is near the USEC plant site in Ohio. The Burgess-Markey amendment would "seriously undermine our national security by

striking \$100 million for domestic uranium enrichment technology development,” Turner said in a letter to colleagues June 5. He cited the need for a source of enriched uranium using domestic technology that could be used to produce tritium, a principle argument from the Administration for funding the program. “Simply stated, we must have a U.S.-owned domestic supply of tritium and the use of a foreign manufacturer would violate a long-standing policy that the United States must maintain its ability to produce materials critical to national security interests,” Turner wrote.

Amendment Limiting DOE Uranium Transfers Fails

Also this week, Rep. Cynthia Lummis (R-Wyo.), who represents a uranium mining state, offered an amendment to the Energy and Water bill aimed at limiting several DOE uranium transfers that were approved last month. The provision would have crippled a five-part agreement designed to keep the USEC-operated Paducah enrichment plant running via a uranium tails re-enrichment program. The amendment, which failed 114 to 302, would “prohibit the use of funds to be used to plan or undertake sales or any other transfers of natural or low enriched uranium from the Department of Energy that combined exceed 1,917 metric tons of uranium as uranium hexafluoride equivalent in fiscal year 2013.” The tails re-enrichment program would include the transfer of more than 9,000 metric tons of depleted uranium, while DOE plans to transfer another 2,400 metric tons per year of natural uranium to help pay for cleanup at the Paducah and Portsmouth sites.

—*Kenneth Fletcher*

BOEING BACKS OFF DOE PLANS, GIVES UP PUSH FOR SANDIA M&O CONTRACT

Defense Contracting Giant Had Planned to Team With Fluor for Sandia Bid

Sixteen months after jumping into the Department of Energy and National Nuclear Security Administration market with plans to team with Fluor to bid for the Sandia National Laboratories management and operating contract, defense contracting giant Boeing has pulled out of the bidding for the potentially lucrative opportunity. The decision came as a surprise to many observers considering Boeing suggested that it had interest in other DOE/NNSA opportunities when it announced that it was joining forces with Fluor for the Sandia contract in February of 2011. That included other national laboratory contracts as well as opportunities within the NNSA production complex. But over the last year, DOE authorized a five-year extension for Battelle at the Pacific Northwest National Laboratory

and Boeing decided not to join a team to compete for the NNSA’s Y-12/Pantex combined M&O contract.

Boeing spokeswoman Ellen Buhr did not elaborate on the reasons behind Boeing’s decision, but confirmed the company’s choice in response to questions from *NW&M Monitor*. “The Boeing Company has decided not to bid for the Management and Operations contract at Sandia National Laboratories in New Mexico,” Buhr said in a statement provided to *NW&M Monitor*. “Last year we announced plans to team with Fluor Corp. to pursue this contract, but after an exhaustive review we have decided to withdraw from this pursuit in order to concentrate on other business opportunities.” While Boeing declined publicly to specify its reasons for withdrawing from the Sandia competition, officials with knowledge of the company’s decision-making said that the company grew frustrated with the slow pace of the Sandia procurement. “Their inability to predict and really understand the procurement schedule, that’s a signal to higher-ups that they don’t know what they’re doing,” an industry official told *NW&M Monitor*.

‘It Was a Timing Issue’

NNSA has provided little public information about its intentions, signaling that it planned to compete the contract as part of a December notice that it was extending Lockheed Martin’s contract to run the lab through September of 2013 with the potential for two three-month options. But nearly six months later, the agency has released few other details. Though it has formed an acquisition strategy team for the procurement led by NNSA official Ike White, it does not appear to be close to releasing a draft Request for Proposals. “It was a timing issue,” another industry official said. “It just took so long and other than the announcement in December, there hadn’t been anything. There were lots and lots of pings into DOE and NNSA and they couldn’t get an answer about when.”

Fluor Moves On

Boeing’s decision comes as a significant blow to Fluor, which for the second time in the last decade tried, and failed, to lure new blood into the DOE marketplace. Fluor had planned to team with DuPont in its bid for the Savannah River Site M&O contract in 2005, but DuPont pulled out of the deal. Fluor teamed with Newport News Nuclear and Honeywell and ultimately won the contract. Fluor is still expected to pursue the Sandia contract, and it will have no shortage of potential partners. The Sandia contract is drawing significant interest from most DOE heavyweights, including Bechtel, Lockheed Martin, Honeywell, Babcock & Wilcox, Northrop Grumman, URS, Jacobs, and Battelle. “Fluor has the utmost respect for Boeing and

we've enjoyed our relationship," Fluor spokesman Keith Stephens said. "They were a very good teaming partner and we respect their decision. It should be remembered that Boeing, when it decided to potentially enter the marketplace, chose Fluor as its sole industry partner. We believe that Sandia is going to be a robust competition with lots of interested parties. Fluor has a lot to bring to the table and we will continue to review our teaming options on the Sandia pursuit."

NNSA's Miller Defends Procurement Process

On the sidelines of the Energy Facility Contractors Group meeting June 6, NNSA Principal Deputy Administrator Neile Miller declined to directly address the impact of Boeing's decision. "Companies make decisions for a lot of reasons," she said. "We haven't said a thing about what we're doing with Sandia so I have to assume Boeing has their corporate reasons for deciding that wasn't the right direction for them." Miller, however, took issue with the suggestion that a lengthy procurement process might have driven Boeing off. "There is nothing new in taking a long time," Miller said. "Everything in the government takes a long time and companies know that. And major corporations like a Boeing or anybody who bids these things, they are not neophytes to the government contracting world. They know things take a long time. Actually Sandia isn't taking any longer since the time we announced it. There have been no delays. It's not taking any longer than these things should take."

Miller also took issue with suggestions that the NNSA could have better communicated its plans on Sandia. "I'm not setting a schedule to make a bunch of people happy," Miller said. "I'm going to set schedules when I've got an acquisition strategy team that's prepared to deliver. Why would I do it any differently?" She said that speculation about a timeline for the Sandia procurement was driven by industry officials looking at the end date of Lockheed Martin's existing Sandia contract and offering their own guesses. "There isn't anything to communicate at this point," Miller said. "We're still putting it all together. I don't want to put something out there that I have to change because I hadn't digested it. People will go off in a direction and waste a lot of money that way."

—Todd Jacobson

LEADERSHIP OF Y-12/PANTEX TEAMS INCLUDES FAMILIAR FACES, NEWCOMERS

With bids on the National Nuclear Security Administration's combined Y-12/Pantex management and operating contract submitted and oral presentations completed, the

leadership of the teams vying for the lucrative contract is starting to become more clear. *NW&M Monitor* has learned that Babcock & Wilcox Chief Operating Officer Mary Pat Salomone is heading up the company's bid to retain its management stake at Y-12 and Pantex, while Bechtel executive and current Y-12 National Security Complex Deputy General Manager Jim Haynes is heading up a Bechtel-led bid for the contract. Rounding out the leadership of the three bidders, former Pantex general manager and current Fluor executive Greg Meyer is leading his company's push for the contract. B&W is teamed with URS, Northrop Grumman and Honeywell, while Bechtel is teamed with Lockheed Martin and ATK and Fluor is teamed with Jacobs and Pro2Serve.

Salomone has been with B&W or its subsidiary Marine Mechanical Corporation for 30 years, and took over as the company's COO in January of 2010. She served as the President and CEO of Marine Mechanical from 2001 through 2007, and has experience in B&W's Power Generation and Nuclear Operations groups. Before taking over as one of two deputy general managers at B&W Y-12, Haynes served as the general manager of Latin America for Bechtel's Mining and Metals line, and he has also worked in the company's defense and space business sectors as well as its civil infrastructure line. A nuclear Navy veteran, Meyer led B&W Pantex from 2008 until March of 2010 when he left B&W for a senior position in Fluor's Government Group. *NW&M Monitor* has also learned that the No. 2 spot on the Bechtel-Lockheed Martin-ATK bid has been filled by Bechtel executive Jim Allen, a nuclear Navy veteran who helped shepherd the merger of Bettis and Knolls Atomic Power Laboratories for Bechtel in 2008. Separately, *NW&M Monitor* has learned that current B&W Y-12 General Manager Darrel Kohlhorst is part of the management team for the B&W-led bid.

'Everything is Absolutely on Schedule'

NNSA Principal Deputy Administrator Neile Miller confirmed this week that the agency did not plan to award the contract before September. The NNSA has said it plans to award the M&O contract at the same time as it awards a contract for combined Oak Ridge/Pantex protective force management. "The schedule is as it's been laid out," Miller said in response to questions June 6 at the annual meeting of the Energy Facility Contractors Group in Washington, D.C., adding: "Orals have happened. Deliberations are happening. Everything is exactly on schedule as it's been published." Miller declined to address speculation that the November presidential elections could delay the awards. "I have no idea what could happen but as of now what I can tell you is everything is absolutely on schedule," Miller said.

Based on previous procurements, the agency's timeline appears to make sense, according to industry officials. It took the agency six months to finish evaluations on its last two big contract awards, for the management of Los Alamos National Laboratory and Lawrence Livermore National Laboratory. Bids were submitted for the Y-12/Pantex contract in March, and a six-month evaluation period would put a decision in the September timeframe. A September award and a six-month transition—as the NNSA has previously said will be included in the contract—would also align with the expiration of current contracts at Y-12 and Pantex, which run through Sept. 30 but include two three-month options. But some industry officials have suggested that the Administration could rein in major decisions with the election looming.

The NNSA has estimated that it could save \$895 million through the consolidated contract over 10 years (later revising that estimate to \$1.15 billion), and tied the cost savings to the amount of fee contractors could earn under the contract, making half the fee contingent on savings. Navigant Consulting, which helped the agency prepare its initial savings estimates, is vetting the cost savings proposals for the bids as part of the evaluation process.

—Todd Jacobson

TURNER CONTINUES TO PRESSURE ADMIN. OVER MODERNIZATION PULLBACK

House Lawmaker Cites Potential 5 Percent Cuts in FY2014 As 'Fresh Evidence' of Broken Promise

A government-wide memo from the White House Office of Management and Budget that calls on agencies and programs to propose cuts as part of the Fiscal Year 2014 budget formulation process is drawing the ire of Congressional Republicans worried about a continuing pullback on the Obama Administration's plan to modernize the nation's nuclear weapons complex and arsenal. Rep. Michael Turner (R-Ohio), who has led a push by some House Republicans to boost funding for the National Nuclear Security Administration's weapons program, suggested in a June 5 letter to President Obama that the May 18 OMB memo served as "fresh evidence" that the Administration's commitment to modernization was waning. The memo calls on programs to propose cuts of 5 percent from FY2013 net discretionary funding requests as part of the FY2014 budget process.

Turner has led the charge to restore funding for the modernization plan, and the House-passed FY2013 Defense Authorization Act authorizes \$7.9 billion for the

NNSA's weapons program, which matches the Administration's year-old modernization funding projections but was \$324 million more than the Administration requested in FY2013. Turner said the modernization plan is currently underfunded by as much as \$4 billion over the next five years. "This retreat by your Administration from your promises has led one director of the national nuclear weapons labs to state in testimony that he would no longer be able to endorse the commitment of support in your modernization plan, presented in November 2010, as he did in December of that year," Turner said, referencing comments by Sandia National Laboratories Director Paul Hommert before the Senate Armed Services Strategic Forces Subcommittee last month. "Of equal concern, your specific and detailed commitments to construct a new plutonium facility in New Mexico have been broken, as well as your commitments to the schedule promised for modernization of the U.S. nuclear triad."

Acting OMB Chief Details Plan

In a May 18 memo to the "heads of departments and agencies," OMB acting Director Jeffrey Zients said FY2014 budget submissions should include a "detailed" set of "addbacks" ranked by priority that would bring submissions to FY2014 funding levels in FY2013 budget documents. "Together, your budget submission at guidance and these priority addbacks will provide the President with the options needed to make the hard choices necessary to adhere to the BCA's discretionary funding levels, invest in priority areas, and focus on programs that work," Zients wrote. NNSA spokesman Josh McConaha declined to comment this week when asked if the agency had received other instructions.

Turner suggested that the Budget Control Act does not explicitly restrict nuclear weapons spending and does not justify the modernization cuts. "Every time Congress has questioned these cuts, your Administration blames the Congress for the Budget Control Act, which you signed into law," Turner said in his letter. "Such an excuse, however, does not stand up to scrutiny as nowhere in the Budget Control Act were you required to break the modernization commitments you made that allowed the Senate to approve the unilateral nuclear reductions in the New START treaty." He continued: "Mr. President, the American people deserve better, and the Congress deserves constructive alternatives when you and your Administration disagree with its proposals," Turner wrote. "I ask you to start by fully funding your promises to modernize the U.S. nuclear deterrent and to stick to the schedule you promised for fielding a modernized nuclear triad and plutonium production facilities."

—Todd Jacobson

STATE DEPT. NOT EXPECTING BIG ARMS CONTROL SHIFT IN RUSSIA

Russia's presidential swap, which brought Vladimir Putin back to power last month, isn't expected to bring about big changes to the arms control relationship between Moscow and Washington, according to the State Department's top arms control official. Speaking at the Arms Control Association's annual meeting this week, acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller noted that Putin has expressed an interest in maintaining arms control talks with the United States in statements before and after last month's election. "There's an emphasis in each of those documents on continuing the arms control agenda, continuing the arms control work," Gottemoeller said. "There aren't any details laid out there, but I do think it is important that that kind of emphasis has appeared, and [it is] also a very positive perspective on implementation of the New START Treaty." She added: "As far as the arms control traditional nuclear arms control environment I see a continuity there with the way this issue has been approached since the late '60s, early 1970s with the Soviet Union."

Follow-on talks with Russia aren't expected to take place until after the U.S. Presidential election in November, at the earliest. Gottemoeller has said that the Administration is still in its "homework" phase of preparing for potential talks. Any negotiations will be informed by the nearly complete Nuclear Posture Review implementation study, which is expected to suggest that the U.S. could reduce its strategic deployed nuclear stockpile below the 1,550-warhead cap included in the New START Treaty with Russia.

She also suggested that one of the major stumbling blocks to future nuclear talks—Russia's insistence that the U.S. remove its tactical nuclear weapons from Europe before it would include its own tactical stockpile in talks—wouldn't be "big blockages." The Obama Administration has said it

would like to include tactical nuclear weapons in any new round of arms control talks. Gottemoeller said she considered the issue, and other Russian conditions, as "issues that must be worked in the run-up to negotiations, and we'll see where we get. They may see an interest over time in enhanced transparency and understanding further what's going on in for example former Warsaw Pact facilities that have now been closed out and no longer hold nuclear weapons. They may be interested in learning more about the issue. Let's work the issue and let's see where we get and we'll see what we do about a negotiation."

State Dept. Soliciting Ideas for Verification Technology

In recognition of the need for advances in verification technology in future arms control negotiations, including those that would deal with tactical nuclear weapons or deal with specific warhead totals, Gottemoeller said the State Department has published its Verification Technology Needs Document publicly for the first time. Gottemoeller called the document a "catalog of sorts" aimed at telling the research and development community what is the State Department's most pressing verification technology needs. "Reducing to lower numbers of all kinds of weapons will require that we push past the current limits of our verification and monitoring capabilities," Gottemoeller said. "Whether we're trying to monitor missile launches, count nuclear warheads or detect and characterize an unexplained biological event, we need ever-improving tools and technologies." The State Department will solicit ideas and proposals through April 25 of next year and will fund research on some ideas that may help advance arms control verification needs. "To a certain extent, the needs document is a think piece," Gottemoeller said. "We hope it will stimulate some thinking about where we go from here on verification and monitoring of arms control treaties and agreements." The document, and a Broad Agency Announcement, can be accessed on www.fbo.gov by searching "V Fund."

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT SANDIA LAB SAFETY MANAGEMENT CRITICIZED

The Energy Department's Inspector General found problems in Integrated Safety Management at Sandia National Laboratories in a review that raised questions about the National Nuclear Security Administration's much-touted new governance model embedded in Sandia's management and operating contract. The central problem, according to the Inspector General's report, is that line managers were not always held accountable for identifying safety manage-

ment weaknesses within their own organizations. The review found many cases in which independent evaluations found safety problems that were missed in organizations' own safety self-assessments.

The inquiry focused on Sandia's ability to identify and mitigate workplace risks on an ongoing basis, which is the heart of Integrated Safety Management (ISM). The process

requires project leaders and workers to analyze all risks associated with a project, develop approaches to mitigating them, and if necessary decide whether to do the work or not in cases in which the risk cannot be mitigated. It is a formal process that was first implemented in the nation's nuclear weapons complex in the mid-1990s. In one example offered by the Inspector General's office, a review of self-assessments by line managers compared to issues raised by other personnel in Sandia's Environment, Safety and Health organization found that outsiders identified 46 "weaknesses" in a particular program area compared to just two found by managers in their own self-assessments.

Shortcomings in New Governance Model?

The IG's report drew attention to what it suggested were shortcomings in the new Sandia contract governance model, in which the NNSA takes a more hands-off approach to oversight of non-nuclear and medium-risk

operations, leaving Sandia with the responsibility for ensuring it is done safely without what has been criticized as overbearing federal levels of oversight. In this case, however, the IG charged that as of January 2012, Sandia had not developed the necessary indicators in the area of ISM in project work planning and control.

Sandia and NNSA officials "generally agreed" with the report and promised to adopt its recommendations, including better use of "leading indicators" of safety problems—things like near-miss reports that might indicate trouble ahead of time, rather than basing analysis on actual accident rates. Fran Nimick, deputy director of Sandia's safety program, called the IG's analysis "one of the more balanced reports I've seen from them." Nimick said "significant progress" has been made since the January time frame cited in the IG's report with respect to the performance indicators called for under the new Sandia contract governance model.

AT SANDIA SANDIA SCIENTIST INDICTED ON STEALING DATA FOR CHINA

Jianyu Huang, a scientist who worked at Sandia National Laboratories until he was fired in April, has pleaded not guilty to charges that he stole scientific data and research and gave it to China. Huang was arraigned in an Albuquerque federal court Tuesday and charged with five counts of defrauding a federal program and one count of making false statements to law enforcement officials. According to the indictment, he stole information and secrets starting in 2009; a Sandia spokesman said he worked in the lab's Center for Integrated Nanotechnologies since 2007, but did not have access to classified material. Huang is accused of stealing nanotechnology research at the laboratory and passing it online to Chinese universities, which federal officials said included Peking University and the Harbin Institute of Technology.

But the indictment makes clear that Huang did not have access to classified information. He is accused of selling at least \$25,000 in "equipment, materials, the time and work

product of laboratory staff, and intangible property, including the right to determine what work is performed at the laboratory, and Sandia's proprietary interest in intellectual property developed." He is also accused of misleading a Sandia counterintelligence official, promising that he would not take a lab-owned laptop on a trip to China last year. The indictment says that he did take the laptop on the trip.

In a statement, Sandia spokesman Jim Danneskiold confirmed that Huang was "no longer employed" at the laboratory. "Sandia applies rigorous control and protection practices to all information regardless of the level of that information," Danneskiold said. "Sandia expects all employees to follow specific and defined procedures. All employees are aware of the consequences when they fail to follow these procedures." Danneskiold said Huang held a DOE security clearance, which is a requirement for employment at the laboratory.

AT OAK RIDGE Y-12 MOVES TO DISPOSABLE RESPIRATORS

After months of investigation and revelations about contaminated respirators, the Y-12 National Security Complex has ditched its recycling of respirator equipment, canceled the service contract and moved forward with a plan to use disposable respirators for nuclear workers requiring protection. Bill Klemm, contractor B&W Y-12's senior vice president and deputy general manager, confirmed this week that Y-12 had terminated the contract with Global Solutions/UniTech. Global Solutions, a small

business, held the subcontract in partnership with UniTech, which actually did the cleaning operations at its Barnwell, S.C. facility. The recycling of contaminated respirators had been on hold since February, when it was discovered that some of the equipment had been returned to Y-12 with more radioactivity than allowed under the contract. Subsequent surveys showed that problems with dirty respirators existed at least since 2009 and maybe even longer. About 10 percent of the equipment that had been

certified as clean was actually still contaminated. “The contract was ended by mutual agreement,” Klemm said.

He said Global Solutions and UniTech were not charged any penalties for the recycled equipment that didn’t meet the contract’s standards. Global Solutions founder Buddy Garland, a retired Department of Energy executive, and Mike Fuller, the health physics chief at UniTech, did not respond to requests for comment. Klemm said B&W Y-12 had begun the procurement process for purchasing disposable respirator equipment in the future and plant spokeswoman Ryn Etter later confirmed that a “negotiated indefinite delivery/indefinite quantity subcontract” had been awarded to Scientific Sales Inc., for the supply of disposable respirators. “We are not at liberty to discuss the details of this subcontract,” she said. Klemm said Y-12 had enough certified-as-clean equipment on hand to avoid any

interruption in operations until the disposable equipment is available at the plant.

An investigation at Y-12 showed that some contaminated respirators had been returned to Oak Ridge for use as early as 2009. According to information from the Department of Energy, at least two other DOE sites had reported problems with contaminated equipment that supposedly had been certified as clean by UniTech. One of those sites was a New York nuclear cleanup project and the other was at the Savannah River nuclear complex in South Carolina. Asked if Y-12 officials were aware of these past reports posted in the DOE occurrence reporting system before identifying the problem earlier this year at Oak Ridge, Klemm responded: “I cannot make a comment on that. ... I don’t have that information. So I can’t give you an answer.”

AT OAK RIDGE Y-12 ACHIEVES VPP ‘STAR’ STATUS

There was a ceremony June 5 at the Y-12 National Security Complex to celebrate the plant’s achievement of “Star” status in the Department of Energy’s Voluntary Protection Program, with Rep. Chuck Fleischmann (R-Tenn.) and other VIPs in attendance. There was a subdued side of the event, however, because the Oak Ridge plant remains in shutdown for certain safety-related actions known as “lock out/tag out.” Despite the lock out/tag out stand down, B&W said there have been significant improvements since the contractor change in 2000, when B&W succeeded Lockheed Martin as the operational manager at the Oak Ridge production facility. B&W said the recordable injury rate at the plant has dropped to 1.02 in 2011, down from 3.24 in 2000, and the lost workday injury rate has gone from 1.01 in 2000 to 0.02 in 2011. “If we look at what we have done in the last year with the VPP here at this site, there has been absolute laser focus by the workforce at this plant on safety,” Bill Klemm, B&W Y-12’s senior vice president and deputy general manager, said. “The safety

statistics for the last six or eight months are better than they have ever been—ever been—under this contract, as far as we can tell. Because at least in the prior contract the statistics were nowhere near what they are now. So what we’re trying to focus on is safety. It’s the first thing that we’re interested in. We do over 5,000 lock/tag outs a year in this plant, and when you deal with that many moving parts, you’re bound to have problems, and you have to be able to recognize those and deal with them, and that’s what we’re doing right now.”

Klemm said that corrective actions are being put in place in association with lock out/tag out procedures. “I would tell you that with the ‘pause’ that we have taken, on lock out/tag out, we have restructured our process to improve the efficiency of it, and focus our people and today we’re going to celebrate VPP and then we’re going to finish the process that we started a couple of weeks ago [with the lock out/tag out stand down].”

AT OAK RIDGE DNFSB HIGHLIGHTS NEED FOR SAFETY IMPROVEMENTS

The Defense Nuclear Facilities Safety Board said the Y-12 National Security Complex appears to be on the right track with its safety training programs but suggested things could get better and offered a bit of advice for upgrades. DNFSB Chairman Peter Winokur, in a June 5 letter to Y-12’s acting federal chief Dan Hoag, said Y-12’s training programs could be more effective. Winokur said the Defense Nuclear Facilities Safety Board was encouraged by some recent improvements in procedural compliance, conduct of operations and “activity-level work planning”

by Y-12 contractor B&W. However, he noted that these improvements and others in the development will depend on good training programs. The staff evaluation identified a number of training programs that could be improved, including the Annual Refresher Training in Lockout/Tagout—a safety procedure that’s been a target of criticism at Y-12. Lockout/tagout procedures have been suspended at Y-12 indefinitely until those activities show improvement. ■

Wrap Up

IN CONGRESS

The Senate Armed Services Committee has completed its work on the FY2013 Defense Authorization Act, but the panel's Emerging Threats and Capabilities Subcommittee is still planning to hold a hearing on proliferation prevention programs at the NNSA and Department of Defense. Madelyn Creedon, the Assistant Secretary of Defense for Global Strategic Affairs, will testify before the panel at 2:30 p.m. June 12 along with NNSA nonproliferation chief Anne Harrington and Defense Threat Reduction Agency Director Ken Meyers III. The hearing had been scheduled for April 24. The Senate Armed Services Committee cleared its version of the FY2013 Defense Authorization Act May 24.

IN THE INDUSTRY

Professional Project Services (Pro2Serve) has been awarded a \$14 million contract to provide security support services at the Nevada National Security Site. The five-year small business set-aside contract includes a three-year base period with two one-year options, and will take effect July 1. According to the NNSA, the contract has remained a small-business set-aside to "encourage and foster small-business participation in NNSA contract activities," and includes vulnerability assessments, support of operational security assessments, support of the Nevada Site Office's classification program, and ad hoc security support as well as support of the preparation review for the Nevada Site office Site Safeguards and Security Plan and support of security classification efforts. PAI Corp. previously held the contract. ■

REPORT OF NOTE...

Resolving Ambiguity: Costing Nuclear Weapons, Stimson Center, Russell Rumbaugh and Nathan Cohn, June 2012

Report is available at: www.stimson.org

A new study released this week by the Stimson Center puts the annual tab for maintaining the nation's nuclear deterrent at as much as \$31 billion, more than 50 percent more than the Administration's own estimate of what it takes to steward the nuclear deterrent. The figure, which represents Fiscal Year 2011 spending, includes \$8.2 billion in spending for the National Nuclear Security Administration primarily for the maintenance of nuclear warheads and the nation's weapons complex, while \$22.7 billion was spent by the Department of Defense for upkeep on the nation's nuclear delivery systems, command and control, research and development and support costs. Extended over 10 years, the study's authors suggested the nation will spend between \$351 billion and \$391 billion, which is significantly more than the Administration's own \$214 billion estimate.

Previous attempts to estimate how much the nation spends on nuclear weapons were significantly higher, including a 2009 estimate by the Carnegie Endowment for International Peace that suggested at least \$52 billion was spent annually on nuclear weapons. That figure included work to clean up the nation's Cold War era nuclear legacy, nonproliferation and missile defense, which the Stimson Center study did not include in its figures. Russell Rumbaugh of the Stimson Center, who authored the study with Stimson's Nathan Cohn, said even with the study's narrow definition of nuclear weapons spending, the study proves that official estimates undershoot the actual costs. "We tried to be conservative about the process," Rumbaugh said during a briefing on the study this week. "We won't be surprised if both sides of the analysis debate think we didn't include enough." ■

Calendar

| June | | |
|------|--|---|
| 12 | Conference: "NNSA 2012 Laboratory Directed Research and Development Program Symposium: Discovery and Innovation for National Security," keynote presenters include former Lawrence Berkeley National Laboratory Director Charles Shank, former Lockheed Martin Chairman and CEO Norman Augustine, NNSA Principal Deputy Administrator Neile Miller, White House Office of Science and Technology Policy Deputy Director for Policy Thomas Kalil, at the American Association for the Advancement of Science, 1200 New York Ave. NW, Washington, D.C. | |
| 12 | | Discussion: "National Security on a Shoestring? Do We Dare?," with Sen. Carl Levin, former Vice Chairman, Joint Chiefs of Staff Gen. James Cartwright, and David Langstaff of TASC Inc., at the National Press Club, 529 14th St., NW, 13th Floor, Washington, D.C., 10 a.m. |
| 12 | | Hearing: Proliferation Prevention Programs at the Energy and Defense Departments, Senate Armed Services Emerging Threat and Capabilities Subcommittee, with Assistant Secretary of Defense for Global Strategic Affairs Madelyn Creedon, NNSA nonproliferation chief Anne Harrington and Defense Threat Reduction Agency Director Ken Meyers III, |

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David G. Huizenga, *Senior Advisor for Environmental Management, Environmental Management Programs, U.S. Dept. of Energy*

Mark Lesinski, *Chief Operating Officer, Nuclear Decommissioning Authority, United Kingdom*

Also Featuring...

Matt Moury, *Deputy Assistant Secretary for Safety, Security and Quality, Environmental Management, U.S. Dept. of Energy*

Ken Picha, *acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, Environmental Management, U.S. Dept. of Energy*

Jack Surash, *Deputy Assistant Secretary for Acquisition and Project Management, Environmental Management, U.S. Dept. of Energy*

Terry Tyborowski, *acting Deputy Assistant Secretary for Program Planning Budget, Environmental Management, U.S. Dept. of Energy*

Alice Williams, *Associate Principal Deputy Assistant Secretary, Environmental Management, U.S. Dept. of Energy*

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Event

Room 232A Russell Senate Office Building, Washington, D.C., 2:30 p.m.

14 Speech: "Senate Outlook on Nuclear Deterrence, Missile Defense and Proliferation Threats," Sen. Jeff Sessions (R-Ala.), part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

14-15 Conference: NATO Conference on WMD Arms Control, Disarmament and Non-Proliferation, Budapest, Hungary.

July

4 EM PUBLS CLOSED FOR INDEPENDENCE DAY

18 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, Nev.

26 Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, SE, Washington, D.C., 8 a.m.

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4-7

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October

15-18

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December

24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

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2013

21 EM PUBLS CLOSED FOR MLK DAY

February

18 EM PUBLS CLOSED FOR PRESIDENT'S DAY

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 26

June 15, 2012

— *INSIDE HIGHLIGHTS* —

NNSA nonproliferation chief Anne Harrington offered a strong defense of the agency’s plans for the MOX Fuel Fabrication Facility being built at the Savannah River Site this week, suggesting in the face of increasing Congressional criticism that a new plan by the agency to provide feedstock for the facility is adequate. 2

A National Academy of Sciences/National Research Council panel formed to analyze the quality of science and engineering at the National Nuclear Security Administration’s weapons laboratories will begin its work next month with a meeting in Washington, D.C. 3

The NNSA hasn’t submitted a trio of long-term budgetary planning documents to Congress, and the delay is impacting the Government Accountability Office’s ability to review the agency’s plans. 4

The NNSA is moving closer to releasing a final Request for Proposals for its combined Oak Ridge/Pantex protective force contract, informing potential bidders June 14 that it would release the RFP within 15 business days while at the same time releasing another set of questions and answers. 5

More than six months after the Obama Administration first announced that it would seek funding for a research, development and deployment program for USEC’s American Centrifuge Project, the Department of Energy this week officially launched the program with an \$88 million deal that will help finance the project through the end of November. 6

The NNSA has signaled that it will recompete its Sandia National Laboratories M&O contract, but former Lockheed Martin CEO Norm Augustine suggested this week that competition isn’t always in the nation’s best interests. . . 7

At least six teams are believed to have submitted bids for the NNSA’s technical services blanket purchase agreement. . 8

Stanford’s Sidney Drell, one of the deans of the U.S. nuclear establishment, believes growing nuclear programs around the world, both civilian and military, pose new challenges in ensuring the long term safety of the enterprise. 9

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NNSA NONPROLIFERATION CHIEF COMES TO DEFENSE OF MOX PROGRAM

National Nuclear Security Administration nonproliferation chief Anne Harrington offered a strong defense of the agency's plans for the Mixed Oxide Fuel Fabrication Facility being built at the Savannah River Site this week, suggesting in the face of increasing Congressional criticism that a new plan by the agency to provide feedstock for the facility is adequate. The MOX facility, which is currently estimated to cost \$4.86 billion but is facing a baseline change, has faced a host of questions from Congress over the last year about rising costs, missing agreements for the purchase of the fuel and a new plan to provide plutonium feedstock for the facility, but Harrington downplayed the issues in an appearance the Senate Armed Services Emerging Threats and Capabilities Subcommittee this week as the panel's chair, Sen. Kay Hagan (D-N.C.), raised concerns about the project. "The MOX program ... a lot of times people get distracted by one facility or the other," Harrington said. "It is a capability to dispose of U.S. excess weapons plutonium. And there are several components to that capability. In terms of the operator, of course we need to have a customer. We have been working closely with the nuclear industry for a number of years on this."

Questions, however, have persisted about the project, and Hagan was only the latest lawmakers to express some reservations. "I question in hindsight if there was a more cost effective means for the taxpayer to dispose of the excess weapons grade plutonium," Hagan said, highlighting questions about the cost of the facility, the feedstock and the lack of commercial nuclear utilities that have signed on to purchase the fuel. "We now have a situation where we are building a \$4 billion fuel fabrication building with no dedicated feedstock facility to provide it plutonium. And apparently, no commercial reactor vendor has signed a contract to use the plutonium fuel, even at below-market rates."

The exact cost of the facility is unclear. Harrington confirmed that the project is being rebaselined, but declined to estimate what impact the effort would have on the facility's schedule and estimated cost when questioned by Hagan. However, House appropriators suggested in a report accompanying the Fiscal Year 2013 Energy and Water Appropriations Act that the cost increase could be dramatic: as much as \$600 to \$900 million. At the same time, the estimated operating costs have increased. "There are several elements that are being considered in a comprehensive review, which also includes the possibility of putting a furnace inside the MOX plant that will turn the plutonium metal into oxide as part of the feedstock program," Harrington said. "So there are a lot of moving parts in this analysis right now."

Harrington Addresses Feedstock, MOX Customers

On the issue of plutonium feedstock, Harrington said a new plan to use Savannah River's H-Canyon, existing facilities at Los Alamos and potentially the MOX facility itself would be an adequate substitution for the cancelled Pit Disassembly and Conversion Facility. She said that the agency currently has stockpile four metric tons of feedstock for the MOX plant and anticipated having about 10 of the 34 metric tons of plutonium feedstock the facility is expected to turn into commercial nuclear fuel ready by 2016, when the MOX plant is expected to come online. The agency is currently completing an environmental analysis of the new plan. "If we are at that point, and I think we can be even before 2016, I see no reason why we can't be fully confident that the feedstock issue is behind us," Harrington said.

Harrington also sounded an optimistic tone about the likelihood of having commercial nuclear vendors signed up to purchase MOX fuel soon. The Tennessee Valley Authority and Energy Northwest have both publicly confirmed that they're considering using MOX fuel in some of their nuclear reactors, but a decision isn't expected to come until at least 2013. That's when the NNSA and

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TVA complete a Supplemental Environmental Impact Statement about using the MOX fuel in five of TVA's reactors. Harrington also said that there has been growing interest from fuel fabricators about having them market MOX fuel to utilities. "In some cases, the fuel fabricators are coming to us with interest, not us reaching out to them," Harrington said. "So it has been interesting to see that as the project progresses, the interest I think in the commercial sector has also been increasing. ... I think we are confident that when the fuel fabrication plant comes online, there will be customers ready to use the fuel."

Administration On Track for Nuclear Security Goal

Harrington also was questioned on the Administration's plan to secure vulnerable nuclear material around the world by 2013, and she said despite Government Accountability Office reports over the last two years that have questioned the metrics used by the Administration, the agency is meeting its own internal goals. In her prepared testimony, Harrington said that the agency was "on track" to remove or dispose of 4,353 kilograms of highly enriched uranium and plutonium in foreign countries and outfit 229 buildings housing weapons-usable material with security upgrades. "I think the bottom line metric, particularly for [the Global Threat Reduction Initiative], is are we removing the material?" Harrington said. "... I think if you look at where we said we would be and where we are right not in terms of the targets and the numbers of kilograms of material removed and the number of buildings secured, that we are quite on track at this point."

She emphasized that the agency's efforts have been complicated by the ever-changing nature of international agreements and sometimes difficult diplomacy efforts. "Sometimes we would not have full information before going into a country, what condition the materials were in," Harrington said. "... All of those technical issues have variables that go along with them. The diplomatic issues have variables that go along with them. And so it makes very, very specific day-to-day planning a real challenge. Governments fall. New governments are elected. Policies change. Contracts have to be renegotiated. All of those things are just a fact of life of working in the international environment. It makes life complicated."

She said that the agency also has recently received a "breakthrough" on the conversion of Russian research reactors from HEU to LEU. Two years ago, the agency kicked off feasibility studies with Russia on converting six of its research reactors, and Harrington said with four of the studies complete and the other two nearing completion, the "initial conclusions" reveal that one Russian reactor can be converted immediately and another can be converted over the next 18 to 24 months. "After a number of

years of trying to move forward on this, we are extremely excited that we are seeing some concrete progress."

DTRA Chief: Sequestration Impact 'Devastating'

Sen. Rob Portman (R-Ohio) also raised questions at the hearing about the impact of sequestration—massive budget cuts in last year's Budget Control Act that would be triggered in January unless a new agreement is reached—on threat reduction programs. Harrington, Defense Threat Reduction Agency Director Ken Myers and Assistant Secretary of Defense for Global Strategic Affairs Madelyn Creedon confirmed that no planning is currently underway for sequestration, but Myers echoed comments by Defense Secretary Leon Panetta that the impact of the cuts would be "devastating." Myers suggested that the cuts would "cause a major erosion" in the nation's layered lines of defense to protect against weapons of mass destruction. "It's very difficult for me to tell you exactly what the budgetary impact would be on each and every single one of [the threat reduction programs] but I think our across-the-board efforts would erode," Myers said.

He also suggested that sequestration could impact the nation's ability to implement arms control treaties like the New START Treaty with Russia. "I think we would have a lot of problems in terms of manning and being able to implement arms control treaty obligations and the research and development portfolio that we have today," Myers said. "We have no planning going on for sequestration. But we are hopeful that it can be avoided because I believe that the impact will be severely detrimental if not devastating."

—Todd Jacobson

SECOND PHASE OF NAS LAB STUDY TO KICK OFF IN JULY

A National Academy of Sciences/National Research Council panel formed to analyze the quality of science and engineering at the National Nuclear Security Administration's weapons laboratories will begin its work next month with a meeting in Washington, D.C. The 25-member committee, which serves as a follow-up to the NAS panel that earlier this year called the relationship between the NNSA and its laboratories "broken" and "dysfunctional" and includes a handful of the same members, is expected to complete its work by the end of 2013. Former Lawrence Berkeley National Laboratory Director Charles Shank and UCLA professor and Pranalytica Inc. CEO Kumar Patel, who helmed the first NAS study on lab management, will return to co-chair the study.

Whereas the first study represented a broad look at the management of the labs, the current study will have a much more narrow focus, zeroing in on the quality of science and engineering research being performed. “The actual quality, is it serving its purpose? Is it meeting the goals of NNSA? Is it meeting some basic definition of what quality research should do? It will be that question,” Dick Rowberg, the Deputy Executive Director of the National Research Council’s Division on Engineering and Physical Sciences, told *NW&M Monitor*. “We’re obviously not going to be able to go in and evaluate the research on a peer review type of assessment because we don’t have enough time and the resources to do it, but we think we can get some clear answers about the quality.”

A Different Agenda

Rowberg said that the committee will not duplicate work by the previous NAS panel, which found issues that could impact the quality of science and engineering at the labs but didn’t draw conclusions about the actual work being performed. “We made some comments in the first one about issues that could affect quality, but we didn’t have a judgment on the science and engineering,” Rowberg said. “We expect these issues are still important, even if somehow the quality is great, because they still put quality at risk. But I don’t think we’ll go back and reevaluate what we did in the first study once we get some kind of handle of what the quality is.”

Rowberg said the panel’s first meeting will take place July 16-17 at the National Academies’ Keck Center in Washington, D.C., and will be at least partially open to the public. In addition to committee planning sessions, Rowberg said that the panel this week asked the NNSA to provide speakers to address the health of science and engineering at the labs. The committee also is expected to visit Los Alamos, Lawrence Livermore and Sandia National Laboratories in August as part of its work, though Rowberg said those visits are unlikely to include public sessions.

Seven Panel Members Return

In addition to Shank and Patel, there are five other members returning from the first study, including, former Nuclear Regulatory Commission Chairman John Ahearne, Naval Research Laboratory Space Science Division Superintendent Jill Dahlburg, University of California-Berkeley professor Raymond Jeanloz, former Argonne National Laboratory Director Robert Rosner, and former Lawrence Livermore and Los Alamos National Laboratory official Robert Selden.

First time members of the panel include General Atomic executive and experimental physicist Christina Back, Lawrence Berkeley National Laboratory computing expert Phillip Colella, University of California-Berkeley physics professor Roger Falcone, Washington State University physics and astronomy professor Yogi Gupta, University of California-Berkeley physics professor Wick Haxton, University of Chicago chemistry professor Michael Hopkins, former Los Alamos National Laboratory weapons designer John Kammerdiener, University of Michigan nuclear engineering and radiological sciences professor William Martin, University of Colorado physics professor Margaret Murnane, Applied Science and Technology President Robert Nickell, California Institute of Technology aeronautics and mechanical engineering professor Michael Ortiz, Texas A&M University Senior Associate Dean for Research and nuclear engineering professor Kenneth Peddicord, University of Wisconsin-Madison College of Engineering Dean Paul Percey, Carnegie Mellon University materials science and engineering professor Anthony Rollett, University of California-Irvine chemistry professor Kenneth Shea, Institute for Defense Analyses Supercomputing Center Director Francis Sullivan, University of Michigan nuclear engineering and radiological sciences professor Gary Was, and University of California-Berkeley electrical engineering and computer science professor Katherine Yelick.

—*Todd Jacobson*

GAO, LAWMAKERS STILL WAITING ON NNSA BUDGET PLANNING DOCUMENTS

The National Nuclear Security Administration hasn’t submitted a trio of long-term budgetary planning documents to Congress, and the delay is impacting the Government Accountability Office’s ability to review the agency’s plans. Congress tasked the GAO in the Fiscal Year 2011 Defense Authorization Act with reviewing the NNSA’s out-years budget plans, but in a June 7 letter to the chairmen of the House and Senate Armed Services Committees, GAO Natural Resources and Environment Director Gene Aloise said the agency hasn’t completed the necessary documents for the government watchdog agency to conduct its analysis.

The documents include the five-year Future Years Nuclear Security Program which is typically included the President’s annual budget submission, a 10-year budget plan required by the FY2012 Defense Authorization Act, and the Stockpile Stewardship and Management Plan, which is a planning document that takes a 20-year look at the agency’s future needs and requirements. “Without these key documents we remain unable to fulfill our obligation

under section 3113 of the National Defense Authorization Act for Fiscal Year 2011 to review and assess NNSA plans and budget for the modernization and refurbishment of the nuclear security enterprise,” Aloise said in a letter to Sen. Carl Levin (D-Mich.), the chairman of the Senate Armed Services Committee, and Rep. Buck McKeon (R-Calif.), the chairman of the House Armed Services Committee. “... We will conduct the required analysis and will report to your committees when NNSA provides us with these documents.”

Documents Ready by July?

The NNSA has said that funding cuts brought about by last year’s Budget Control Act forced it to revamp its budget projections, and the agency did not provide a five-year budget plan with its budget submission in February. Aloise said that the GAO has been told that the budget projections will be completed in July.

Democratic and Republican lawmakers in both the House and Senate have criticized the Administration for not submitting the documents on time. At a Senate Armed Services Strategic Forces Subcommittee hearing in March, subcommittee chairman Ben Nelson (D-Neb.) and ranking member Jeff Sessions (R-Ala.) both pressed Madelyn Creedon, the Assistant Secretary of Defense for Global Strategic Affairs, on when the planning documents would be submitted. “The Congress is now left without the long-term data to determine whether we are making the investments to ensure our DOD delivery platforms and DOD infrastructure are on a sustained path for modernization,” Sessions said at the time.

Creedon suggested the report would be available in “weeks ... hopefully in April,” noting that the budget reductions had forced alterations to previous projections. “We obviously recognize that the report is late,” Creedon said. “With the reductions that needed to be made in the defense budget, there were also obvious adjustments in the strategic enterprise. So we needed some time to look at the long-term impact of the reductions that were made in the ‘13 budget.”

—*Todd Jacobson*

NNSA: FINAL RFP FOR COMBINED OR/PX PRO FORCE CONTRACT IN 15 DAYS

The National Nuclear Security Administration is moving closer to releasing a final Request for Proposals for its combined Oak Ridge/Pantex protective force contract, informing potential bidders June 14 that it would release the RFP within 15 business days while at the same time

releasing another set of questions and answers. Industry officials have been eagerly awaiting the release of the final RFP since the draft was released in April, and most expect that the final document would have to be released soon if the agency wants to award the contract in September. The agency previously said that it expects to release the final RFP in June, accept bids and hold oral presentations in July, and award the contract in September. “Offerors are reminded that the acquisition may experience further delays or be revised or cancelled at any time during the solicitation or final award process, and is subject to the availability of funds,” the agency said in a June 14 notice.

In contrast to the agency’s combined Y-12/Pantex management and operating contract, which the NNSA said it would like to award in parallel with the combined protective force contract, the draft version of the security contract did not significantly link award fee to potential cost savings. According to the draft document, cost management will represent 10 percent of award fee evaluations, with duties and training (70 percent) and program management (20 percent) making up the bulk of the evaluation criteria. The NNSA reaffirmed that approach in answers to questions over the last two month. “Offerors are encouraged to propose strategies that improve performance and the execution of protective force operations; reduce costs; and increase the effectiveness and efficiency of protective force operations,” the agency said.

10 Companies Attended Industry Days

The contract covers protective force work at Y-12, Pantex, Oak Ridge National Laboratory, the East Tennessee Technology Park and federal office buildings in Oak Ridge, and while the draft RFP did not weigh cost savings as heavily as expected, industry officials said the NNSA had made it clear cost savings were important. In the Y-12/Pantex M&O contract, half of the available award fee for the bulk of the contract can be earned through cost savings generated by the consolidated contract.

There has been no shortage of questions for the NNSA on the procurement. The agency has six times issued answers to questions from industry, addressing 135 separate questions. The latest answers dealt with the annual performance of contractors at the sites and the release of Memoranda of Understanding between protective force contractors and site contractors. The agency hosted industry days and one-on-one meetings with industry last month at Y-12 and Pantex. Representatives from 10 companies attended the events, including Oak Ridge and Y-12 incumbent WSI/G4S Government Solutions as well as Los Alamos National Laboratory pro force contractor SOC Los Alamos and Secure Transportation support services contractor Innovative Technology Partnerships. Securigard, Inc.,

Paragon Systems, PAI Corp., Tetra Tech, Innovative Technology Partnerships, Netgain Corp., Triple Canopy Inc., and Golden Services also had representatives at one or both sites.

—Todd Jacobson

DOE JUMP STARTS USEC PROGRAM WITH \$88 MILLION IN FUNDING

Lawmakers Ask for GAO Investigation into DOE Support for USEC

More than six months after the Obama Administration first announced that it would seek funding for a research, development and deployment program for USEC's American Centrifuge Project, the Department of Energy this week officially launched the program with an \$88 million deal that will help finance the project through the end of November. In an effort to provide what the Department has labeled "taxpayer protections," the deal comes with a number of conditions that would essentially turn the project over to the federal government should USEC's efforts to deploy the centrifuge technology commercially fail. That includes the transfer of equipment such as centrifuge machines to DOE as well as the transfer of intellectual property rights for the technology. Additionally, USEC has formed a subsidiary to oversee the project and is promising to bring in management from outside the company. The announcement of the additional DOE funding came the day after the request for a Government Accountability Office investigation into the Department's ongoing support for USEC by Reps. Ed Markey (D-Mass.) and Michael Burgess (R-Texas).

The concept of the RD&D program stretches back to last fall, after USEC efforts to obtain a \$2 billion DOE loan guarantee for American Centrifuge fizzled. DOE and USEC subsequently announced that they were shifting their approach to pursuing a two year cost-share program to demonstrate the project on a commercial scale, and DOE requested \$150 million in transfer authority from Congress to fund the first year. However, Congress never granted that authority. With USEC's finances for the project in a precarious state, in January DOE freed up \$44 million for the company to spend on the project by taking title to a portion of USEC's liability for depleted uranium tails. In exchange, USEC provided a quantity of low enriched uranium that the Department could use for tritium production. But that move by DOE without Congressional approval upset some Senate appropriators, who asked for an improved management structure for USEC and a clarification of intellectual property issues surrounding the technology, which was originally developed by DOE.

Deal Came Just Days Before Financing Deadline

The DOE funding this week came as the clock was running out for the project—USEC's creditors had given the company a June 15 deadline to either come up with federal support or face a demobilization of the project. As part of the cost-share agreed to in the deal, USEC will provide \$22 million for the first phase of the program. The total program is slated to run until the end of 2013 and expected to come to \$350 million—\$280 million from DOE and \$70 million from USEC. Those numbers do not include the \$44 million provided in the DOE deal in January.

As part of the new agreement, USEC has formed a new subsidiary with project partner Babcock & Wilcox Technical Services Group called American Centrifuge Demonstration, which will have a board of managers that "will not be controlled by USEC," according to a USEC release. In addition to longtime partners B&W and Toshiba, USEC has also been in discussions with other third parties on participating in the program. "Given some of the challenges of the past year and given the need to do some improvements and some efficiencies it made sense for USEC to work with their partners and bring them in," a senior DOE official said in a call with reporters this week. The official added, "It's really just about having fresh eyes and having additional expertise." The new management structure must be in place by the end of July for DOE to provide funding beyond an initial \$26.4 million.

Project DOE's If Commercial Efforts Fail

DOE has used national security issues as a main argument for supporting a domestic enrichment capacity, stating that peaceful use agreements with other countries prohibit the use of foreign technology to enrich uranium that will be used for tritium production for nuclear weapons. Additionally, Department officials say the technology could also eventually be used to meet needs for naval reactor fuel. The provisions built into this week's deal would turn the project over to DOE if USEC fails to commercialize the program. The agreement grants DOE title to some existing equipment, as well as everything produced during the RD&D program, including centrifuge machines. During the program USEC will lease that equipment from DOE, and the material will be returned to the company if it deploys the plant commercially. Additionally, DOE will have an irrevocable, non-exclusive royalty-free license to use the intellectual property associated with the technology for government purposes.

A number of milestones are also built into the agreement, including a June 2014 deadline for a commitment to proceed with commercial operation, a November 2014 deadline to secure financing for construction of the plant

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and a July 2017 start of operations. If USEC does not meet those milestones, DOE could instead look to use the technology for meeting the need for domestically produced enriched uranium for tritium production. “The question has been, can the centrifuges work at an output that can make sense for USEC on a commercial basis. Even if the technology doesn’t work for that, it can still work for us,” the DOE official said, adding “The way they have to work out from a business perspective and contracts and everything else for USEC for the technology to be financially profitable is different than if we just need to operate it at a smaller volume, at a smaller stage, at a smaller scale for LEU for tritium.” If instead USEC succeeds at deploying the enrichment plant, “the benefit to the taxpayers is we don’t need to do the capital acquisition and build another asset because a private entity will exist that we can purchase our LEU from for our national security purposes.”

While the Obama Administration has primarily focused on the tritium link to USEC’s technology, a complex deal worked out by DOE last month will provide enough domestically-produced LEU to produce a 15-year supply of tritium. The arrangement establishes a uranium tails re-enrichment program at the USEC-operated Paducah Gaseous Diffusion Plant, keeping it open another year. While that provides a supply for the immediate future, DOE Secretary Steven Chu has instead emphasized the need for a long-term solution for tritium production. “Some have said that operating PGDP for an additional year to support up to 15 years of tritium production obviates the near-term or even mid-term need to develop another capability in this area. I disagree,” Chu said in a June 4 letter to House appropriators. “Although tails enrichment provides a near-term solution to defense material needs, it is not a sustainable solution. By providing additional unencumbered LEU for national security needs, the continued operation of Paducah provides the time needed to carry out the necessary RD&D and evaluate the ACP technology. That time may be necessary if other advancements are needed, or if the Department decides to pursue other alternatives to meet long-term needs.”

Lawmakers Request GAO Investigation

Meanwhile, a group of diverse lawmakers has remained steadfastly opposed to any government support for USEC, calling funding for the project a “bailout” or “earmark” for the company. That includes Markey and Burgess, whose efforts last week to strike \$100 million in FY 2013 funding for the RD&D program from legislation failed on the House floor last week. This week, they took up a different campaign against the funding, writing to the GAO. “We believe that this support is unlikely to result in the successful commercialization of USEC’s domestic uranium enrichment technology, may have been and may continue

to be undertaken in contravention of various laws, and is additionally unjustifiable using assertions of this project’s importance to national security,” the lawmakers wrote in a six-page letter to GAO Comptroller General Gene Dodaro requesting an investigation.

The letter attacks the tritium arguments for USEC support on several fronts, including an interpretation that the international agreements may not prohibit tritium production by foreign technology, an assertion that has also been supported by USEC competitor URENCO. Additionally, the letter claims that USEC’s centrifuges may also use foreign technology. “We request that you examine the accuracy of the Department’s claims that it is legally required to utilize a domestic uranium enrichment technology for purposes of procuring nuclear fuel made using enrichment services from which to obtain our tritium needs, and additionally, whether USEC’s centrifuge technology qualifies as ‘domestic’ using the Department’s own definitions,” the letter states.

In addition to the FY 2013 funding, the lawmakers cite the \$44 million provided in January and the Paducah tails re-enrichment program. The letter alleges that the tails re-enrichment deal may violate the USEC Privatization Act because the law requires DOE to ensure that its uranium transfers do not adversely impact the market. DOE provided a market analysis supporting that decision, which has been criticized by the mining industry. “The Department of Energy has been harming the uranium mining industry for years, dumping excess uranium tails into the market to prop up a failing company that couldn’t stand on its own feet. As a result, thousands of miners from Texas, New Mexico, Arizona, Wyoming, Utah, and others, have had their livelihoods put in jeopardy,” Burgess said in a statement. “It is time the Department of Energy is held accountable for their activities. This GAO report will be the first step in bringing justice for an industry still hurting damaged by Department of Energy policies.”

—Kenneth Fletcher

FORMER LOCKHEED CEO: COMPETITION FOR LAB CONTRACTS NOT ALWAYS BEST

The National Nuclear Security Administration has signaled that it will re-compete its Sandia National Laboratories management and operating contract, but former Lockheed Martin CEO Norm Augustine suggested this week that competition isn’t always in the nation’s best interests. Lockheed Martin has held the Sandia M&O contract since 1993 and is one of a handful of companies expected to vie for the contract. Augustine was Lockheed’s CEO when it successfully bid for the contract. “This is a personal

opinion. We hear about change and wanting the people who run the labs to bring in fresh ideas or not,” Augustine told *NW&M Monitor* on the sidelines of NNSA’s Laboratory Directed Research and Development Symposium this week. “My answer to that is if people do a good job, for heaven’s sake, keep them. If they’re not doing a good job, for heaven’s sake don’t keep them. I wouldn’t get rid of my dentist just because I’ve had him for 12 years if he’s doing a good job. On the other hand if he wasn’t doing a good job I wouldn’t wait 12 years to get rid of him.”

Lockheed Martin’s Sandia Corp. has been one of DOE’s top performing contractors, though its performance dipped in its most recent Performance Evaluation Review. It received 85.3 percent of its at-risk fee (\$8.5 million out of \$9.9 million) and a total of \$27.0 million for managing Sandia National Laboratories. Lockheed Martin also failed to earn one of its award-term extensions in the 2000s, though the NNSA extended its contract at Sandia to run through September of 2013 with the potential for two three-month options in order to allow a contract competition to take place. NNSA has otherwise provided little information about its intentions six months after indicating it would compete the contract. Though it has formed an acquisition strategy team for the procurement led by NNSA official Ike White, it does not appear to be close to releasing a draft Request for Proposals.

The More the Merrier?

Augustine was also asked about the impact of Boeing’s departure from the Sandia competition after a brief foray into the Department of Energy market. Boeing said last week that it was abandoning its bid for the Sandia contract, less than a year-and-a-half after its much ballyhooed entrance into the market with DOE veteran Fluor. The NNSA tried to attract new companies to the DOE market through its Y-12/Pantex combined management and operating procurement, but that effort has resulted in three bidders led by familiar faces Babcock & Wilcox, Bechtel and Fluor. “The more competent, responsible people and companies there are, the better off you are, but you want to be sure you know how to measure competence and responsibility,” Augustine said

Despite Boeing’s recent exit from the competition, the Sandia contract is expected to draw heavy interest from most DOE contracting heavyweights, including Bechtel, Lockheed Martin, Honeywell, Babcock & Wilcox, Northrop Grumman, Fluor, URS, Jacobs, and Battelle. Augustine suggested that a university could take a more prominent this time around at Sandia, mimicking the approach taken at Los Alamos and Lawrence Livermore National Laboratories, where the University of California was prominent on both winning bids and the University of

Texas teamed with Lockheed for the Los Alamos contract. “It seems to me there is great benefit to the national labs to have input from both universities and from industry,” Augustine said. “Universities can bring some of the foremost thinking and fundamental science and industry has some understanding of what the issues are and how you can make it real.”

—Todd Jacobson

AT LEAST SIX TEAMS SUBMIT BIDS FOR NNSA TECH SERVICES BPA

At least six teams are believed to have submitted bids for the National Nuclear Security Administration’s technical services blanket purchase agreement. Bids for the contract were due by 1 p.m. yesterday, and *NW&M Monitor* has learned that teams led by TechSource, Longenecker & Associates, Navarro Research, Systematic Management Services, and Vector Resources are believed to have submitted bids, as well as a team including MELE Associates. MELE was the top earning incumbent for the contract and is almost certain to be involved in the current procurement, but it’s unclear if MELE is leading a team because of questions about whether MELE qualifies as a small business under the contract’s size standard. The NNSA has said it will conduct oral presentations June 18-27, and bidders of their oral presentation time slots June 14.

The NNSA hasn’t said when it plans to award the contract, but procurement documents indicate that companies should use Aug. 1 as the anticipated start of work under the contract, but that could be subject to change and the agency said it reserves the right to stagger awards under the contract. The contract, which has a ceiling of \$300 million over five years, is not a small business-set aside, but the procurement gives preference to teams with small businesses as their team lead. Industry officials say that most teams that have formed have a significant number of teaming partners and subcontractors because of the broad scope of the contract’s requirements. “I don’t see how a team could get away with having only a few companies and being able to cover all the areas they’ve identified you need to cover,” one industry official told *NW&M Monitor*. “With as much ground as you have to cover, I have to imagine it was hard for everyone to get coverage for everything.”

A Broad Scope of Work

Teams are expected to hold three different General Services Administration schedules (MOBIS, Professional Engineering Services, and Environmental Services) as well as numerous sub-schedules, and late in the process, the

agency removed a requirement for teams to have the Remediation and Reclamation sub-schedule under the Environmental Services schedule and abruptly reinstated it when industry officials protested. The contract is expected to be open to all portions of the Department of Energy and not just the NNSA, and could include tasks for nuclear engineering subject matter expertise and analytical support, training support, security management support, weapons data access system programmatic support, aviation operations support, nuclear nonproliferation, emergency operations support, and environmental management.

Five Team Leads were selected for the BPA when the contract was last competed, but at least two of the Team Leads bowed out of competition this time around. Chenega Corporation, which bought Team Lead Time Solutions Corporation, said it would not bid for the new BPA, while Northrop Grumman's interest in the opportunity also waned as it was the only large business Team Lead selected for the contract five years ago—and the only not to win any task orders. According to procurement documents, \$224.1 million in tasks had been doled out since the contract was awarded in 2007, including 20 task orders to MELE worth \$121.3 million. The team led by Time Solutions won seven task orders worth \$46.9 million, while SMS won five worth \$19.4 million and Navarro won five worth \$36.4 million. Notably, MELE is currently protesting a task award to Navarro for technical and expert support to the NNSA's Office of Fissile Materials Disposition.

—Todd Jacobson

DRELL: IMPORTANT NUCLEAR SAFETY CHALLENGES REMAINS

Stanford's Sidney Drell, one of the deans of the U.S. nuclear establishment, believes growing nuclear programs around the world, both civilian and military, pose new

challenges in ensuring the long term safety of the enterprise. In a policy analysis in the June 8 issue of the journal *Science*, Drell argued that while safety practices have strengthened in the 26 years since the Chernobyl accident, the Fukushima nuclear disaster in Japan “demonstrates the fragility of the civil nuclear enterprise.” Meanwhile on the military side, “there is growing apprehension about terrorists acquiring weapons or nuclear material.”

The analysis, co-authored by former Secretary of State George Schultz and former National Security Council staffer Steven Andreasen, grew out of an October 2011 Stanford Nuclear Enterprise conference. A key principle, Drell and his colleagues argue, is that “calculations used to assess nuclear risks in both military and civil sectors are fallible,” requiring constant reexamination. In addition, nuclear risks are growing as new states enter the nuclear arena without the effective safeguards regime established by the long-time nuclear powers. To deal with the risks, Drell argues that safety and security must be embraced as being of “overarching importance.” “This is not easy,” Drell and his colleagues wrote. “Increasing the safety and security of a nuclear power plant can mean greater regulation and higher costs.”

Independent regulation, they argue, is “crucial.” While the U.S. Nuclear Regulatory Commission “is credited with setting a high standard for independent regulation of the nuclear power sector,” it is all too easy for “regulatory capture” by vested interests in government and industry to occur. Internationally, this suggests a need to strengthen the International Atomic Energy Agency, including with enhanced funding. Drell and his colleagues note that the IAEA's annual budget is just \$421 million, with only 10 percent of that devoted to safety and security. The authors also argue that nuclear threat reduction needs to be pursued hand-in-hand with the long term goal of reducing reliance on nuclear weapons, preventing their spread, and “ultimately to put an end to them as a threat to the world.”

—From staff reports

At the Weapons Labs/DOE Sites

AT NEVADA WSI, GUARDS REACH AGREEMENT ON WAGES, RETIREMENT

Guards at the Nevada National Security Site will receive less-than-expected raises over the next two years after the site's guards union recently reached an agreement on wages with security contractor WSI. The collective bargaining agreement between protective force workers and WSI does not expire until 2014, but a clause in the contract provided for new negotiations on wages and retirement benefits three years into the deal. An agreement that gives 2 percent salary increases to the site's guards in

each of the next two years was ratified last week by workers with Independent Guard Association of Nevada Local 1. WSI also agreed to add \$1 to its weekly contributions to the defined benefit pension plan of union guards starting in July of 2012, and add another \$2 starting in July of 2013, but balked at increasing contributions to 401(k) plans. Current hires are offered 401(k) plans rather than the pension plans enjoyed by guards that were hired at the site

prior to 2009. The complete CBA will be renegotiated in 2014.

IGAN President Doug Osborne said the agreement was ratified by 54 percent of the union’s membership as some guards raised concerns about the slowdown in wage increases. Union protective force workers received raises of 3.5 percent, 4 percent and 4.5 percent in the first three years of the current CBA, but Osborne suggested that the union had set its sights lower this time around given the budget belt tightening facing the government. When the union negotiated the CBA, Osborne noted that there was a

“different DOE budget, a different economic timeframe. The CBA was negotiated five years ago. I don’t think there was anything left on the table.” This time around, Osborne said he was expecting increases similar to the 2.5 percent raises that union guards at the Savannah River Site and Pantex Plant received in CBA negotiations this year. “There were some people from the negotiating committee that wanted to fight for more but it becomes a difficult challenge when you look at the consequence the membership could face if we lead them to believe there is more on the table and there is not,” Osborne said. “Then, you’re looking at going on strike over it.”

AT SANDIA RED STORM SUPERCOMPUTER RETIRED AT SANDIA

Red Storm, the pioneering Sandia National Laboratories supercomputer that was the second fastest machine in the world when it was commissioned in 2006, was retired last month. The Cray-Sandia partnership was one of the first computers in the world to break the 100 teraflop (trillion floating point operations per second) barrier, and spawned a new line of business for the near-moribund Cray that company officials say has led to a billion dollars in sales. Today three of the four fastest computers in the United States—at Oak Ridge National Laboratory, Los Alamos National Laboratory and Lawrence Berkeley National Laboratory—are descendants of the original Red Storm design.

Burnt Frost,” an effort to shoot down a malfunctioning U.S. National Reconnaissance Office satellite that was seen as a threat because of its payload of hydrazine fuel. The then-classified work was made public several years later.

Sandia persuaded Cray to develop the machine, a massively parallel architecture using commodity computer chips that was a major departure from the machines Cray had in the past developed, which used custom hardware. The success of the architecture has made the Red Storm concept the core of Cray’s business today. After being eclipsed by faster nuclear weapons machines, Sandia two years ago repurposed Red Storm to serve as a user facility for other federal customers who needed to be able to handle Sensitive Compartmented Information (SCI), a shift that Sandia insiders dubbed “Dark Storm.”

Red Storm was developed for use in the U.S. nuclear weapons program, but its most famous application came in 2008 when it performed the key simulations for “Operation

AT OAK RIDGE DETAILS OF Y-12 URANIUM STRATEGY TRICKLE OUT

The National Nuclear Security Administration has made the decision to accelerate the transition of the deteriorated 9212 complex into the Uranium Processing Facility, making it the highest modernization priority at the Y-12 National Security Complex. The decision came as part of a 30-day strategy review to take advantage of an increase in funding for the UPF project, but that also required another look at some of the uranium facilities being left behind in the new schedule. specifically Buildings 9204-2E—also known as Beta-2E—and 9215. An updated risk review shed some light on how those plans may be revised, according to a newly released May 18 memo by staff of the Defense Nuclear Facilities Safety Board.

Uranium Processing Facility is being deferred in order to place all efforts on getting operations out of the existing 9212 complex—where the risks of working with highly enriched uranium are greatest. The new risk review, according to the DNFSB memo, has been completed. The team’s assumption was that the enriched uranium operations would continue at Beta-2E and 9215 until at least 2030. The earlier risk report in 2007 assumed that the work at those facilities would be transitioned to UPF by 2021.

According to the safety board staff assigned to Y-12, these are several “noteworthy items” in the review team’s final report, including:

- The load-out of the Highly Enriched Uranium Materials Facility (which was completed a couple of years ago) resulted in a 60 percent reduction in the material at risk in Building 9204-2E and a 90 percent reduction in the material at risk in the 9215 Complex;

The team of federal and contractor subject matter experts was assembled earlier this year to take a fresh look at the 2007 Facility Risk Review for the two facilities. The reason for the review of the old facilities is because relocation of their work to the new multi-billion-dollar

— The team recommended that 28 projects be executed to address the risks of continuing enriched uranium operations in these facilities until at least 2030, including replacing electrical equipment (e.g., switchgear and electrical panels), safety-significant sprinkler heads, and ventilation equipment (e.g., fans and ductwork). The Y-12 Site Office directed that contractor B&W provide a funding strategy for these projects by June 15th;

— In 2030, Buildings 9204-2E and 9215 will be 60 and 70 years old, respectively. The team highlighted that these facilities do not meet current standards for seismic capability and confinement ventilation and concluded that to ensure the safety of enriched uranium operations beyond 2030, it is imperative that future UPF project planning support transition of enriched uranium operations from these facilities to UPF in the 2030 timeframe. ■

Wrap Up

IN THE NNSA

The United Kingdom is chipping in \$3.5 million to the National Nuclear Security Administration's Global Threat Reduction Initiative to support nuclear and radiological security work in Uzbekistan, radiological security upgrades in Belarus and and radiological security training programs in Afghanistan, the NNSA said this week. The NNSA said the contribution represents the third time the United Kingdom has partnered with the GTRI program and the ninth time it has contributed to NNSA nonproliferation efforts. The UK's contributions have totaled more than \$26 million, which includes \$13.2 million to GTRI. "This contribution underscores the cooperation between our two countries to strengthen global efforts to secure vulnerable nuclear material around the world, prevent nuclear smuggling and keep dangerous nuclear materials out of the hands of terrorists and proliferators," NNSA Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement. "Joint efforts like this allow our countries to combine resources and expand our progress toward strengthening nuclear security and countering the threat of nuclear proliferation."

IN DOE

The Department of Energy is set to recognize the winners of the Department's Fiscal Year 2011 Small Business awards during a ceremony scheduled to be held in Washington June 27. The awardees include:

- Brad Brack of Babcock & Wilcox Technical Services Pantex, LLC, who won the M&O Small Business Program Manager of the Year award;
- Lawrence Livermore National Laboratory, which won the M&O Small Business Achievement of the Year award;
- Washington River Protection Solutions, which won the DOE Mentor of the Year award;
- Performance Excellence Partners, Inc., which won the DOE Protégé of the Year award;

- ARSEC Environmental, LLC, which won the 8(a)/Small Disadvantaged Business of the Year award;
- Restoration Services, Inc., which won the Woman-Owned Small Business of the Year award;
- Delta-21 Resources Inc., which won the HUBZone Small Business of the Year award;
- HukariAscendent, Inc., which won the Service-Disabled Veteran-Owned Small Business of the Year award;
- Eberline Services, which won the Small Business of the Year award; and
- The DOE Office of Environmental Management, which won the Sub-to-Prime Small Business Champion of the Year award.

IN THE INDUSTRY

The Energy Facility Contractors Group elected a new slate of officials to its Board of Directors at its annual meeting last week. Susan Stiger from Bechtel was named as the new Chair, to replace Joe Yanek; while Juan Alvarez from the Idaho National Laboratory was named as Vice Chair to replace Stiger. Pat Smith from Sandia National Laboratories was re-elected to serve as Vice Chair Elect.

Mixed Oxide Fuel Fabrication Facility construction contractor Shaw AREVA MOX Services marked a major safety milestone this week, surpassing 10 million safe work hours without an injury resulting in a lost workday. "While this is a significant accomplishment for a project of this size, complexity and importance, the most important element of this milestone is what it means for the people behind the number," Kelly Trice, president and chief operating officer of Shaw AREVA MOX Services, said in a statement. "Our 2,800 employees and subcontractors responsible for building the MOX facility are working safely each day and returning home to their families." The contractor also noted that 19,000 tons of rebar have been installed in the project and 118,000 cubic yards of concrete have been poured. ■

Calendar

| June | July |
|---|---|
| <p>21 Hearing: Implementation of the New START Treaty, Senate Foreign Relations Committee, with NNSA Administrator Tom D'Agostino, acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller, Assistant Secretary of Defense for Global Strategic Affairs, Room 419 Dirksen Senate Office Building, Washington, D.C., 10 a.m.</p> <p>21 Discussions: "The Proliferation Risks of Gas Centrifuge Enrichment at the Dawn of the NPT: Shedding Light on the Negotiating History," Georgia Tech's John Krige; and "No Such Thing as a Free Lunch: A Nuclear-User-Pays Model of International Security," Lyndon Burford, University of Auckland, New Zealand, at George Washington University, Lindner Family Commons, 1957 E St., NW, Sixth Floor, Washington, D.C., noon-2 p.m.</p> <p>27-28 Conference: Project on Nuclear Issues summer conference, Los Alamos National Laboratory, Buffalo Thunder Resort and Casino, 30 Buffalo Thunder Trail, Santa Fe, N.M.</p> <p>27-29 Conference: State Department hosts P5 (China, France, Russia, United Kingdom and United States) conference on nuclear weapons verification, transparency, and confidence-building measures, Washington, D.C.</p> <p>28 Speeches: "Next Steps in U.S.-Russian Arms Control," former NNSA Administrator Linton Brooks; "U.S. Nuclear Deterrent Strategy," former National Security Council staffer Frank Miller, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.</p> <p>29 Speech: "Strategic Perspectives," former Global Strike Command chief Lt. Gen. Frank Klotz (retired), part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.</p> | <p>4 EM PUBS CLOSED FOR INDEPENDENCE DAY</p> <p>10 Speech: "Nuclear Proliferation, Nuclear Sustainment," NNSA Defense Programs chief Don Cook, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.</p> <p>11 Speech: "Iran Security Challenges," Barry Blechman, Stimson Center, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.</p> <p>12 Speech: "Nuclear Deterrence, Arms Control, Missile Defense and Defense Policy," StratCom chief Gen. Robert Kehler, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.</p> <p>18 Speech: "Security Challenges for a New Administration," former Principal Deputy Assistant Secretary of Defense for International Security Policy David Trachtenberg, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.</p> <p>18 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, Nev.</p> <p>26 Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.</p> |

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 27

June 22, 2012

— *INSIDE HIGHLIGHTS* —

The Administration’s decision to scale back its plans to modernize the nation’s nuclear weapons complex and arsenal continued to draw intense scrutiny from Republicans this week as two key GOP supporters of the New START Treaty blasted the Administration for renegeing on its promises. 2

Poor performance in its management of the Waste Solidification Building project at the Savannah River Site is set to cost Savannah River Nuclear Solutions all of the fee it has earned to date for the project. 3

Assistant Secretary of Defense for Global Strategic Affairs Madelyn Creedon this week dismissed reports suggesting that a recent Obama Administration study had definitively concluded that the nation could move to 1,000 strategic deployed nuclear weapons. 5

A war of words in the campaign for U.S. Senate in New Mexico has highlighted how important the future of the nation’s nuclear weapons labs are to that state, with the fate of the proposed Chemistry and Metallurgy Research Replacement-Nuclear Facility taking center stage. 6

The NNSA has finalized the structure of its new production office, establishing a mix of federal officials between the Y-12 National Security Complex and the Pantex Plant. . . 7

President Barack Obama and new Russian President Vladimir Putin agreed to continue “discussions on strategic stability” in a joint statement released yesterday after their meeting on the sidelines of the G20 summit in Mexico. 8

A Department of Energy review of major facility construction projects has determined that contract incentive systems currently in place are not adversely affecting safety performance or safety culture. 8

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SENATE REPUBLICANS BLAST ADMIN. FOR BREAKING MODERNIZATION PROMISES

The Administration's decision to scale back its plans to modernize the nation's nuclear weapons complex and arsenal continued to draw intense scrutiny from Republicans this week as two key GOP supporters of the New START Treaty blasted the Administration for renegeing on its promises. Speaking at a June 21 Senate Foreign Relations Committee hearing, Sens. Bob Corker (R-Tenn.) and Johnny Isakson (R-Ga.) peppered a trio of Administration witnesses with tough questions about the Administration's choices, with Corker saying he was "highly disappointed" and felt "let down" by the Administration's follow-through on modernization and Isakson suggesting that the nation's security was at risk. Corker and Isakson requested the hearing largely over concerns about modernization. "I understand we have limited resources," Isakson said. "We are all dealing with that. But we've made a treaty not just with the Russian Federation but with the American people, and about which is our number one responsibility, which is the safety and the domestic tranquility of the United States. And our nuclear defense is a critical part of that."

During debate on the New START Treaty, and in order to win over Republicans like Corker and Isakson, the Administration said it would spend \$88 billion from Fiscal Year 2012 to FY2021 on the National Nuclear Security Administration's weapons program. That figure included work on two major construction projects, the Uranium Processing Facility planned for the Y-12 National Security Complex and the Chemistry and Metallurgy Research Replacement-Nuclear Facility planned for Los Alamos National Laboratory, as well as work on three key warhead life extension programs.

Corker: Future Support of Treaties Unlikely

Led by the GOP-helmed House Appropriations Committee, lawmakers balked at providing full funding for the

NNSA's weapons program in FY2012, and with budgetary pressure pressing down on the entire federal government, the Administration requested \$7.6 billion for the program in FY2013, short of the \$7.9 billion it had projected it would need a year prior. Included in that decision was a choice to slow work on the W76, B61 and W78/W88 refurbishments and defer work on the multi-billion-dollar CMRR-NF for at least five years, using existing facilities to meet the nation's plutonium needs in the interim.

Triggered by a requirement of the New START Treaty, Energy Secretary Steven Chu and Defense Secretary Leon Panetta earlier this month sent a letter to lawmakers assuring them that the President's FY2013 weapons program request was adequate and no additional funds were needed for modernization. But Republicans from both the House and Senate have remained displeased with the Administration's decision, and some of that frustration boiled over at this week's hearing. "This United States senator feels very let down by the Administration on modernization," Corker said. "We have had increases. I agree with that, and that was obviously very important to me. They have not met what was laid out during the modernization agreement and the ratification, candidly, that was laid out when the treaty was passed. And for what it's worth, this one United States senator would be very reticent to agree to any treaty with this Administration on any topic until something changes as it relates to the commitments on this [New] START Treaty."

D'Agostino Draws Ire of Republicans

Much of Corker's frustration was directed at NNSA Administrator Tom D'Agostino, who suggested at the hearing that the Administration's support for the NNSA was "unprecedented." He noted that the \$7.6 billion FY2013 request for the NNSA's weapons program represented a massive increase in spending over the last three years while many areas of the government have received flat or reduced funding. "We're working on over 80

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percent of the stockpile in a very active way, in a way we've never done before, frankly. So the actual work that's going on on taking care of the stockpile is tremendous," D'Agostino said.

Beyond the increased funding, D'Agostino suggested that the agency's workforce has been reinvigorated by the increased attention over the last few years. "What we've done as a result of the past few years is energize our laboratory workforce and in stimulating and developing the people that are actually going to be working on today's stockpile, but will also be there 10 years out into the future to take care of the stockpile and the deterrent so that we can assure we can maintain it's safe, secure and effective," D'Agostino said. "We focus a lot on buildings and construction because these are tangible things. But in my experience in this program, and it's close to 20 years in the nuclear weapons program, the key here is making sure that the people get exercised as well. And that is what we have with this budget request."

Corker—whose home state will include UPF, for which funding increased in FY2013—was not convinced, at one point during the hearing telling D'Agostino, "I'm losing faith in your ability to carry out what was agreed to." Corker later added: "For what it's worth, I have been highly disappointed in the follow-through on modernization, highly disappointed. And it disappoints me actually, Administrator D'Agostino, to hear you talk about the unprecedented increase when you know that you're still not living up to the commitments that have been made, and I know that in many ways you're a foot soldier in this and other people are making decisions and you're having to put on a good face. Maybe you like putting on a good face. I don't know." Corker suggested that the Administration's decision to slow its approach to modernization was related to its interest in continuing to reduce the size of the nation's nuclear stockpile. "It seems like things are being slow-walked and I almost wonder whether, as the President is announcing further reductions, the reason that much of the modernization is being slow-walked is that there's no intention to follow through and they actually hope to come up with more reductions so that much of the modernization that we're talking about does not have to take place," Corker said.

'We Need These Facilities ... No Matter What'

D'Agostino denied that there was a linkage between future reductions and the modernization delays. "We need these facilities—more importantly, the capabilities these facilities present—no matter what, no matter whether the arsenal was one warhead or no matter whether the arsenal is the current 1,550 operationally deployed warheads that we currently have right now under New START,"

D'Agostino said. "So these facilities are absolutely required. The President understands that."

Sen. John Kerry (D-Mass.), the chairman of the committee, laid much of the blame on the House of Representatives, which spearheaded cuts to the weapons budget in FY2012, but he emphasized that it was important to solve the funding debate. "We have to figure out why Senator Corker feels that there is not an adequate pressure here on the funding component of this," Kerry said, adding: "We worked hard together to build a consensus to pass the treaty, and our word is as involved in this as your word. And I think it is critical that we follow through." Kerry, though, acknowledged that he was in favor of further stockpile reductions beyond New START's 1,550-warhead cap on strategic deployed weapons. The "general trend line," he said, "is a belief that we can have an adequate deterrent and make the world safer and save a significant amount of money with still further reductions in the amount of nuclear weapons that are out there, actively."

Kerry, D'Agostino Oppose House Language

Frustrated over the waning modernization commitment, the House-passed FY2013 Defense Authorization Act includes provisions linking the Administration's ability to implement the New START Treaty to the modernization plan. The Administration has threatened to veto the bill over the language, and Kerry suggested the provisions would have a negative impact on the NNSA as it would have to maintain more warheads with fewer resources. "I would assume that it doesn't really help your concerns if Congress winds up forcing you into a situation where you have more deployed warheads than you had anticipated and you still don't get the resources you need. That's not going to help, is it?" Kerry asked D'Agostino. D'Agostino said it would create more challenges for the agency. "It would cause us to further have to probably cut different things, keep focus just on the stockpile, but then longer-term investments will be led astray," he said.

—Todd Jacobson

SRNS UNDER FIRE FROM NNSA FOR MGMT. OF WASTE SOLIDIFICATION BUILDING

Poor performance in its management of the Waste Solidification Building project at the Savannah River Site is set to cost Savannah River Nuclear Solutions all of the fee it has earned to date for the project, the National Nuclear Security Administration told the contractor last week. In a lengthy and sharply written June 12 letter obtained by *NW&M Monitor*, NNSA accused Fluor-led SRNS of being "negligent" in its management of what was at one point

expected to be a \$345 million project, outlining a litany of significant performance concerns and warning the contractor that it would be directed to return \$12 million in fee paid for the project. "I am interested in your view of why I should not conclude that SRNS' repeated delay in taking prompt and effective corrective action to address obvious and serious delays in subcontract performance does not rise to the level of gross negligence or willful misconduct, warranting disallowance of costs," an NNSA contracting officer wrote in the June 12 letter. The accusations come at a particularly sensitive time for Fluor, which is leading a team competing for the NNSA's Y-12/Pantex combined management and operating contract, and industry officials suggested this week that Fluor could be impacted in the competition by the situation with the Waste Solidification Building.

SRNS Pushes Back Against Allegations

SRNS fired back against the criticism in a brief message to employees this week. SRNS President and CEO Dwayne Wilson said the contractor has "serious concerns" with the "context" of the NNSA letter, and that SRNS would seek to challenge NNSA's criticisms. "While we are in the process of preparing our response to a number of allegations raised by the Department, we take exception to claims that our behavior was negligent or inappropriate in any way. In fact, we will refute these statements in our reply. SRNS has operated in good faith with the Department," Wilson wrote. "While I'm disappointed in NNSA's approach to working to resolve issues surrounding WSB, I welcome the scrutiny and remain very proud of the work this company performs on a daily basis for the Department and our nation."

The Waste Solidification Building is intended to process waste streams from the Mixed Oxide Fuel Fabrication Facility being built at Savannah River to convert plutonium taken from U.S. nuclear weapons into commercial nuclear fuel. The project is being managed by SRNS and performed under a subcontract with Baker Concrete Construction. In its letter last week, the NNSA outlined the results of two reviews conducted on the Waste Solidification Building earlier this year because of concerns of potential cost growth. "SRNS failed to address shortcomings in the design which resulted in inefficient execution of work and schedule delays. Your inefficiency and schedule delay is likely to lead to a substantial cost overrun for the project," the letter says.

The concerns raised in the letter have had a negative impact on the subcontractor, Baker Market Vice President Greg Funk told *NW&M Monitor*. "This issue between SRNS and NNSA, it does affect us from a cash flow perspective. It's been brutal on that, absolutely brutal. You

have a job with this level of change and it's going to have an impact on the company's cash flow, period," he said, adding, "The main thing is we've got a job to do. This is a challenging job and we are trying to stay focused on meeting those challenges and not get caught up on all of this."

Issues With Design Raised

The NNSA noted that a year passed from the time that design work was finished and SRNS took over the Savannah River management and operating contract and the time that Baker was awarded the subcontract to build the facility. "Our latest review of your records found evidence that issues with design arose in the first few months of construction, but SRNS failed to take adequate steps to resolve design problems promptly in advance," the letter states, adding, "SRNS did not follow reasonably prudent management practices common within the construction industry to resolve the problems and get the Baker subcontract back on track." SRNS provided numerous alterations to design components since the contract was awarded, and Baker is still awaiting revisions to the design for some parts of the facility, Funk said. "April 19 was the contracted mechanical completion date. We are after that and there are still elements of design that are not final. They are not the major components or any of that, but that's just a fact," he said.

In all, there have been 1,500 design changes to the project, and the agency said SRNS is only now getting around to addressing unresolved change notices. "SRNS has not demonstrated a timely and methodical approach to estimate the impact of the change notices," the contracting officer wrote. "Instead, the estimated impact and negotiations were prioritized by your subcontractor, Baker, making it unclear who is managing whom." The agency also said that SRNS hasn't adequately considered the impact the changes could have on the project's schedule. "The estimated schedule impact you have provided to us has varied widely, and there has been little recognition by SRNS that the design changes and extended schedule delay could result in a significant cost increase to the government," the contracting officer wrote. "In short, your change management process is broken."

Did SRNS Profit From Baker's Delays?

The NNSA also accused SRNS of profiting from its subcontractor's performance issues because Baker's schedule delays "obscured the effect" of late delays of specialty equipment for which SRNS had been responsible. "If you had taken adequate steps to ensure your subcontractor met its schedule requirements, SRNS would not have earned a significant amount of the WSB fee. If Baker

was on schedule, SRNS' late deliveries of the equipment would be critical path and under the terms of the PBIs [Performance-Based Incentives], SRNS would not have received fee on the late deliveries," the letter says. "By allowing Baker to continue to fall further behind, SRNS avoided being the 'direct' cause of the delay. As a result, the NNSA paid fee in spite of missed milestones."

In a statement, the NNSA said it is still examining the impacts of the problems with the project. The facility was expected to be completed this year, and up and running by September of 2013. "The current schedule still calls for the completion of the Waste Solidification Building in September 2013," NNSA spokeswoman Courtney Greenwald said in a statement. "However, NNSA is in the process of conducting a review of the possible cost and schedule impacts associated with concerns identified in the letter to SRNS."

EVMS System Criticized

SRNS also was heavily criticized for its Earned Value Management System for the project, with the NNSA saying it "does not meet the industry standard" and likely painted an inaccurate picture of the project by having "artificially high" cost and schedule performance data. "NNSA's review team found inadequate detail of schedule activities which demonstrated your poor project planning. Our review team further found an over use of milestones and 'level of effort' activity types that reduced the visibility of critical path activities," the letter says. The NNSA also accused SRNS of failing to heed previously expressed concerns over its performance. While the federal project director for the Waste Solidification Building first identified concerns in August 2009, internal SRNS communications to the contractor president and Board of Directors did not include such concerns until late 2011, according to the NNSA letter. "I can only conclude from this failure to communicate NNSA's concerns and expectations up the SRNS management chain that, at a minimum, SRNS did not take our feedback seriously and demonstrated an active disregard for NNSA's goals and objectives for the project," the NNSA contracting officer wrote.

An Impact on Y-12/Pantex, but How Much?

While it's impossible to know exactly what impact the issues with managing construction of the Waste Solidification Building will have on Fluor's bid for Y-12/Pantex, industry officials suggested this week that the agency was likely to evaluate the project, even if Fluor did not specifically cite the project in its bid. According to the Request for Proposals, companies will be evaluated on past performance over the last eight years for the Contract Line Item Number related to management of the Uranium Processing

Facility at Y-12 and for five years for the combined management and operating contract itself. "It could have a huge impact on it," one industry official said. "If I were that team, I'd be nervous. That's a pretty strong letter." Another industry official also suggested the WSB problems could have an impact on how Fluor's team is evaluated. "With past performance they're supposed to consider everything," the industry official said. "They'd want to look at situations that are relevant and of similar scope and risk, and so this sounds like it's a subcontract management problem and a construction management problem. That's a big part of the Y-12/Pantex contract."

'If They're Smart ... The SEB Should Consider It'

Industry officials have also noted that there is some precedent for performance issues to crop up during procurements. In 2005, during the evaluation process on the Los Alamos National Laboratory M&O contract, it was brought to the attention of the Source Evaluation Board that problems were beginning to occur on the Bechtel-led Waste Treatment Plant project. Because questions were raised, the SEB was forced to investigate the potential issues, though it ultimately decided at the time that they were not significant enough to alter its decision to award the contract to a team led by Bechtel and the University of California.

Day and Zimmermann also protested NNSA's decision in 2000 to award the Pantex M&O contract to a team led by Babcock & Wilcox, arguing in part that the SEB hadn't considered issues B&W had in the management of the cleanup of the Mound site. Day and Zimmerman's protest was ultimately unsuccessful. "If they're smart, if there's any inkling of performance problems that are going to be an issue, the SEB should consider it," another industry official told *NW&M Monitor*.

—Todd Jacobson and Mike Nartker

ADMIN. OFFICIAL DENIES REPORTS THAT SUGGEST MOVE TO 1,000 NUKES

Assistant Secretary of Defense for Global Strategic Affairs Madelyn Creedon this week dismissed reports suggesting that a recent Obama Administration study had definitively concluded that the nation could move to 1,000 strategic deployed nuclear weapons, a significant cut below the 1,550-warhead cap established by the New START Treaty. Several press reports this week suggested that a move to 1,000 strategic deployed nuclear weapons in on the way, but Creedon shot down the reports in an interview with *NW&M Monitor* on the sidelines of a Senate hearing this week. "We've been working on this for a long time and

we're not quite done. The sad thing is there have been so many press reports and so much speculation," Creedon said after testifying before the Senate Foreign Relations Committee. "It shouldn't surprise you they're not accurate. When we get everything done and get everything finished, we'll announce it." When asked when the long-anticipated study will be released, Creedon said "soon" but declined to be more specific. During Congressional testimony earlier this year, she predicted the study would be out in April. "We just continue to work. Most of the analysis is done. This is hard, we take it really seriously, we've been looking at a lot of things," Creedon said. "It's been a very inclusive process."

Previous press reports have suggested that the Administration's Nuclear Posture Review implementation study, dubbed a "mini-NPR" by some nuclear experts, had considered several ranges for cuts to the stockpile, going as low as 300 nuclear weapons. While the Administration is certain not to go that far, President Obama suggested that at least some reductions were on the table during a speech at the Nuclear Security Summit in late March. "Even as we have more work to do, we can already say with confidence that we have more nuclear weapons than we need," Obama said. "Even after New START, the United States will still have more than 1,500 deployed nuclear weapons, and some 5,000 warheads. I firmly believe that we can ensure the security of the United States and our allies, maintain a strong deterrent against any threat, and still pursue further reductions in our nuclear arsenal." Under Secretary of Defense for Policy Jim Miller also suggested that reductions were on the horizon at the Nuclear Deterrence Summit in February. "I do believe that there are steps we could take to further strengthen our deterrence posture and our assurance of allies and I believe that we can do so at lower numbers," Miller said.

House GOP Criticizes Report of Looming Cuts

The most recent round of press reports were met with opposition from two of the top Republicans on the House Armed Services Committee. In a statement, Reps. Buck McKeon (R-Calif.) and Strategic Forces Subcommittee Chairman Michael Turner (R-Ohio) criticized the decision to pursue further reductions, noting that the President has not fulfilled the modernization plan agreed to during debate on the New START Treaty. President Obama has threatened to veto the Fiscal Year 2013 Defense Authorization Act over language tying the implantation of the New START Treaty to efforts to modernize the nation's nuclear weapons complex and arsenal. "While Iran, North Korea, India, Pakistan, Russia and China remain committed to nuclear weapons, and in some cases are expanding and modernizing them, this President has thus far suc-

ceeded in only reducing the nuclear arms of one country: the United States," McKeon and Turner said.

—*Todd Jacobson*

CMRR-NF EMERGES AS POINT OF CONTENTION IN NM SENATE RACE

A war of words in the campaign for U.S. Senate in New Mexico has highlighted how important the future of the nation's nuclear weapons labs are to that state, with the fate of the proposed Chemistry and Metallurgy Research Replacement-Nuclear Facility taking center stage. In the days after the state's June 5 primary, the question of CMRR-NF became the first substantive issue over which Martin Heinrich, the Democratic congressman hoping to succeed fellow Democrat Jeff Bingaman, and Heather Wilson, the former Republican congresswoman who hopes to take the seat, sparred. While the exchange was more theater than substance—there appeared little difference between the two candidates, who both support the project—the choice of lab funding as the basis for a political debate illustrated what is at stake for the state in coming national debates over nuclear weapons spending. The debate also may suggest what is at stake for the National Nuclear Security Administration, which is about to lose the seniority offered by Bingaman and, until recently, Republican Sen. Pete Domenici.

House Energy and Water Bill Triggers Debate

The back-and-forth started when Heinrich, a Democrat who now represents Albuquerque in the House of Representatives, issued a release touting his vote on the Fiscal Year 2013 Energy and Water Appropriations bill. The release pointed out the bill's \$275 million increase in nuclear weapons spending over the current fiscal year. Not mentioned was the fact that the bill supported the Administration's proposal to zero out funding for CMRR-NF, a multi-billion-dollar project at Los Alamos to support the nation's plutonium needs. Previous budget estimates had suggested that the project would need \$300 million in FY2013, but the Administration chose to defer the project for at least five years, using several other facilities around the weapons complex to meet the nation's plutonium needs.

Wilson's camp seized on that omission with a counter-strike charging that Heinrich had voted "to eliminate 1,000 jobs at LANL" by voting for a spending plan that does not include money for CMRR-NF. In doing so, the campaign repeated a 1,000-job number it has repeatedly used that is at odds with the Department of Energy's own analysis of 640-650 average annual direct and indirect jobs in

CMRR-NF construction over the decade-long life of the project. But regardless of the number, the broadside from the normally fiscally conservative Wilson illustrated the role of the nuclear weapons labs in general, and specifically the CMRR-NF, as a jobs engine in a state that ranks 43rd in the nation in per capita income.

Heinrich Emphasizes Support for CMRR-NF

Heinrich's campaign responded that he does, in fact, support CMRR, pointing to his vote on in favor of the House version of the Defense Authorization bill, which includes language inserted by Rep. Michael Turner (R-Ohio) that attempts to force the Administration to forge ahead with the project. As such, the debate reflects a time-worn political tactic by candidates running against incumbents—picking out one tiny element in a hundreds-of-pages long bill for campaign fodder.

Heinrich's vote in favor of Turner's approach was the latest in a number of steps the Democrat has been taking to burnish his credentials with the labs and military community in a state that has a major Defense Department presence via Air Force bases and the Army's White Sands Missile Range in addition to its National Nuclear Security Administration role. Heinrich's deliberate steps toward supporting the state's defense complex, including a cozy relationship with Sandia National Laboratories, where he is a frequent visitor, have angered constituencies in the state's anti-nuclear weapons community. They appear to reflect a deliberate effort to move beyond the core political base he had when he first was elected to Congress in 2008, which was centered among public lands environmentalists.

Unease in N.M. Over Loss of Seniority in Senate

Wilson has no such need to shore up her defense credentials. An Air Force Academy graduate and former National Security Council staffer, she was a Domenici protégé before first running for Congress in 1998. The argument between Wilson and Heinrich over who loves CMRR more reflects a growing unease in New Mexico as it faces the impact of the loss of Bingaman's seniority. In terms of lab funding, the bigger loss has already happened, when Domenici stepped down in 2009, replaced by Sen. Tom Udall, a Democrat popular in the state, but without a track record of deep engagement in lab issues. Domenici, as a key appropriator, made lab funding a top priority and used his seniority to defend it. Bingaman had less of a history as a defender of pork-barrel appropriations for the labs, but his seniority nevertheless is perceived in New Mexico as a bulwark against forces in Congress, especially in the fiscally conservative House, that would like to shift money away from the labs to other spending priorities. While New Mexicans view the loss of seniority in their own parochial

terms, the loss of supportive senior senators also could be significant on the National Nuclear Security Administration as Congress enters the coming era of austerity.

—From staff reports

NEW NNSA PRODUCTION OFFICE UP AND RUNNING

Combined Management Team Includes Balance of Executives at Y-12, Pantex

The National Nuclear Security Administration has finalized the structure of its new production office, establishing a mix of federal officials between the Y-12 National Security Complex and the Pantex Plant. The agency celebrated the opening of the new geographically dispersed office—functional leadership of the office is split between the two sites—with ceremonies in Amarillo and Oak Ridge this week symbolic of the “virtual” nature of the new office, which will oversee the agency's combined Y-12/Pantex management and operating contract. The ceremony included Principal Deputy Administrator Neile Miller (from Amarillo) and Associate Administrator for Infrastructure and Operations Michael Lempke (from Oak Ridge) as well as NNSA Administrator Tom D'Agostino (Washington) and NNSA Defense Programs chief Don Cook (Russia). “This is an historic move for NNSA that puts us in a position to improve performance, reduce the cost of doing business and operate as an integrated enterprise for years to come,” D'Agostino said in a statement. “I'm proud of the way the teams at Pantex and Y-12 have come together, and I am continually impressed by their dedication to our mission.”

The new organization structure includes a balance of Y-12 and Pantex federal executives reporting to NPO Manager Steve Erhart, who will begin work out of Y-12 starting July 16. Dan Hoag will serve as the deputy federal manager at Y-12, while Debbie Monette will serve as the acting deputy manager at Pantex until a permanent executive is selected. Other officials stationed at Y-12 include Terry Slack (legal counsel), Steven Wyatt (public affairs), Mark Livesay (executive officer), Ken Ivey (assistant manager for nuclear safety and engineering), Tom Vereb (assistant manager for business and contract management), and Jeff Cravens (assistant manager for governance and performance assurance). The officials at Pantex include Karl Waltzer (senior scientific technical advisor), Larry Warner (legal counsel), Gary Wisdom (assistant manager for safeguards and security), Carlos Alvarado (assistant manager for operations and management), Ken Hoar (assistant manager for environment, safety and health), and Mark Padilla (assistant manager for programs and projects). The new office officially began operating June 18. “We met our goal, which was to get up and running and

used to the organization in advance of the new contract being awarded, so that's a good thing," Erhart told *NW&M Monitor*. "That gives us some run time."

Quality Top Priority in Management Structure

Erhart said while it wasn't a top priority to split the management team between Y-12 and Pantex, the balance will have its advantages. "Ideally I think we succeeded in getting a balance, but the priority was finding the right person for the job and it just kind of worked out that it also split about 50-50 between the two sites," Erhart said. "That was an added advantage, but the first priority was to make sure we got the right person in the position itself." He said that decisions on eight additional deputy assistant managers would be made in the coming weeks, and he said those positions would not necessarily be filled by employees at sites opposite the assistant managers.

Erhart said the new combined production office currently has 160 employees, which would eventually decrease. But he said that it's too early to say how much staffing levels would shrink, and that thinking on that subject would come after a new Y-12/Pantex management and operating contract is awarded later this year. "As we work together I think we'll find those efficiencies together just through normal attrition," Erhart said. "I don't know what it will look like five years from now but it will be smaller and my goal is to make it actually more effective and more efficient at the same time." He said having the bulk of the office's management team in place would help accelerate that effort. "We haven't gotten to the point where we can study each of the functions as well as we can but now I have help to do that with the seven assistant managers," Erhart said. "This is the time where we can start having more eyes on that to see where the efficiencies can be gained."

—Todd Jacobson

OBAMA, PUTIN REAFFIRM INTENT TO CONTINUE STRATEGIC TALKS

President Barack Obama and new Russian President Vladimir Putin agreed to continue "discussions on strategic stability" in a joint statement released yesterday after their meeting on the sidelines of the G20 summit in Mexico. In a wide-ranging statement that touched on most of Obama's nuclear security agenda, the leaders also agreed to successfully implement the New START Treaty and continue talks on missile defense. There is no timetable for the start of new arms control talks with Russia, and most officials believe any substantive talks between the countries will have to come after the presidential election in November.

Obama and Putin also said they were continuing research on converting U.S. and Russian research reactors to use low-enriched uranium, would "redouble" efforts to improve nuclear security, curb nuclear smuggling and combat nuclear terrorism, and vowed support for the entry into force of the Comprehensive Test-Ban Treaty and the start of negotiations on a Fissile Material Cutoff Treaty. "Nuclear arms control and non-proliferation remain a special responsibility for the United States and Russia as the two states with the world's largest nuclear weapons arsenals," Obama and Putin said. "We reiterate our strong support for the Treaty on the Non-Proliferation of Nuclear Weapons and our shared goal of universal adherence to and compliance with that Treaty and the International Atomic Energy Agency's comprehensive safeguards, consistent with the Treaty's Article III, and with the Additional Protocol. We recognize the achievements made through the Nuclear Security Summits, including the removal and elimination of nuclear materials, minimization of the civilian use of highly enriched uranium, and worldwide improvements in a nuclear security culture."

—Todd Jacobson

DOE: SAFETY CULTURE AT PROJECTS NOT AFFECTED BY CONTRACT INCENTIVES

A review of major facility construction projects has determined that contract incentive systems currently in place are not adversely affecting safety performance or safety culture, according to the Department of Energy. The review, which was requested by Congress, examined five projects now underway in DOE's Office of Environmental Management and the National Nuclear Security Administration—the Hanford Waste Treatment Plant; the Savannah River Site Salt Waste Processing Facility and Mixed Oxide Fuel Fabrication Facility; the Oak Ridge Uranium Processing Facility; and Los Alamos National Laboratory's Chemistry and Metallurgy Research Replacement-Nuclear Facility. "DOE expectations for a strong safety program and culture are integrated into basic contract language and deliverables," a recently released report says. It also notes, though, "Most contracts are structured to penalize poor safety performance rather than provide incentives for reaching safety goals. A more balanced approach may result in improved safety performance."

Review Prompted by WTP Issues

Congress directed DOE to review its nuclear facility construction projects that cost more than \$1 billion after safety culture issues came to light at the Hanford vit plant project. At that project, reviews conducted by DOE and the Defense Nuclear Facilities Safety Board found that some

workers did not feel comfortable raising safety and technical issues, and that more timely resolution is needed for those technical issues that are raised. DOE's broader review of its major facility construction projects was intended, according to the report, was intended to determine if "they are being managed in a way that could put pressure on managers or contractors to meet project performance objectives at the expense of adherence to nuclear safety requirements." In a letter accompanying the report, Secretary of Energy Steven Chu wrote, "Our recent experiences at the Hanford Waste Treatment Plant shows we must pay particular attention to ensure technical and safety issues are promptly reported and resolved, as contract mechanisms and project management actions there may have created circumstances where nuclear safety issues were not appropriately managed."

The review also found that DOE has taken a number of steps in recent years to improve its corporate project management processes, such as by instituting a standard guiding how safety should be incorporated early into the design process and by revising its processes to ensure that all projects "are configured and executed to meet its mission need and to facilitate the most effective management of cost, scope, schedule and risk," the report says. As a result of such improvements and the lessons learned from the WTP, the other four projects reviewed "had greater design maturity, technology maturity and more complete cost estimates before proceeding beyond the initial design stage," the report says, adding, "This increased emphasis on project design maturity prior to beginning procurement and construction will reduce the likelihood of cost and schedule pressures conflicting with the resolution of safety issues—a condition which is often found to be associated with safety culture problems."

Further Improvement Actions Planned

DOE plans to take several additional actions to continue to ensure that projects are not managed in a way that could lead to safety concerns, according to the report, such as strengthening federal oversight involvement to ensure that safety and quality assurance requirements are properly integrated into all phases of a project; and evaluating the development of a "standardized contract management framework (including identification of key contract personnel) to ensure that safety conscious work environment (SCWE) attributes are integrated with other project performance incentives, in order to achieve a more reason-

able balance between cost/schedule driven milestones and decisions affecting the integration of safety and design." DOE also plans to evaluate federal project director and other training requirements to ensure they are current with evolving project needs and lessons learned; and to work with federal and contractor managers to "reinforce the need for them to embrace safety culture," the report says.

—Mike Nartker

NNSA LABORATORIES, PLANTS WIN 12 R&D TOP 100 AWARDS

The National Nuclear Security Administration's plants and laboratories brought home 12 R&D 100 Awards as a part of R&D Magazine's annual recognition of technological advances, led by Lawrence Livermore National Laboratory and Sandia National Laboratories, which each earned four of the awards. Livermore was recognized for developing a new way to produce coatings to prevent wear in extreme environments known as High Velocity Laser Accelerated Deposition, as well as system to maximize the output of lasers known as LEOPARD, a plastic scintillator technology that can be used in radiation detection equipment, and a snowflake-shaped power divertor for nuclear fusion reactors that better distributes hot plasma exhaust from the reactors. Livermore also collaborated with Nevada National Security Site contractor National Security Technologies, LLC, to develop a portable optical velocimetry system that provides significantly more data than current data collection methods.

Sandia was honored for developing a new ultra-compact neutron generator that is 1,000 times smaller than current neutron generators on the market as well as an "Air Bearing Heat Exchanger" that reduces the energy needed to cool large computing centers, miniature photovoltaic solar cells known as "solar glitter," and a system that quickly manages and routes biological samples. Los Alamos National Laboratory earned two awards, including honors for a method to produce two new uranium iodide reagents that could provide an answer to help dispose of more than 5,300 metric tons of nuclear waste, a software program that can quickly conduct DNA analysis called Sequedex, and combined with the Y-12 National Security Complex to earn recognition for a valveless laser processing technology that eases the sampling of high-hazard waste containers and improves leak-testing of pacemakers.

—Todd Jacobson

Retired Air Force Gen. Larry Welch, who headed up Strategic Air Command and served as the chief of staff of the Air Force, offers his thoughts on nuclear deterrence and a recently released Global Zero proposal to eliminate the ICBM leg of the nuclear triad and reduce the total size of the nation's nuclear arsenal to 900 nuclear weapons. Welch's comments are adapted from a May 25 speech at the Capitol Hill Club.

ON NUCLEAR WEAPONS, THE TRIAD & THE FOLLY OF GLOBAL ZERO

Gen. Larry Welch

To take an uncharacteristic approach, I'm going to start with good news. There has been no use of a nuclear weapon since the end of World War II even though there are thousands of them in the world in the hands of multiple nations and we've undergone tensions and conflicts of every kind short of world war. And yet, there's been no use of a nuclear weapon. That should tell you something about the value of deterrence.

There are also more than 30 nations around the world who have decided that it is in their national interest to rely on the U.S. extended deterrent rather than developing their own nuclear capability, although they are capable of doing so. That says something about the contribution of the U.S. nuclear deterrent to nonproliferation, and is a powerful force for nonproliferation.

With very strong support for 18 years we now have the knowledge, the technologies, and the tools to sustain an adequate deterrent indefinitely without a return to nuclear explosive testing. That same stockpile stewardship program has made it possible to conduct essential life extension programs in a way that provides a safer, more secure, more reliable and far smaller nuclear stockpile while still retaining a deterrent in which we can all have high confidence. Another piece of good news is that people in the Department of Energy and Department of Defense have created a vision and suggested a roadmap that will allow us to take advantage of all of this to do the things that will give us smaller, safer, more secure, more reliable and more relevant stockpile weapons for the long-term future.

And Now the Bad News

The bad news is that there is some danger that we will forego these opportunities, for a number of reasons. I would suggest there are two obstacles that continue to be at least an irritant, and can be a temporary obstacle. The first is this vision that somehow if we dismantle our strategic nuclear deterrent the world will be a safer place. I'll simply say the only basis for such a conclusion is hope. And hope is not a plan and hope is not a basis for security. It's a fairy tale.

Another obstacle is while we have a broad understanding and broad agreement on where we need to go with the nuclear stockpile and on how to get there, we don't yet

have the set of decisions that will allow us to proceed down that path. The need is for a set of decisions to proceed with what I call smart life extension. Life extension is not a choice. The weapons are more than 25 years old. We have to do life extension programs on the weapons.

A Smart Approach to Life Extension

The issue is, do we do it smart? Smart is doing it in a way that the outcome leaves us with a stockpile that is safer and more secure and more reliable. Smart is doing it in a way that ensures that we have an alternative somewhere in the stockpile for a technical failure of any single weapon. That's the technical hedge. Smart is ensuring that we have a geopolitical hedge so that in case any nation suddenly embarks on a rapid build program, we can sustain an adequate and competent deterrent in the face of that. And smart is moving on with it and getting started now. Because if we don't, if we continue to delay in making the decisions to do smart life extension, then we're in danger of a piecemeal Band-Aid approach that will be more expensive, that will make the stockpile harder and harder to maintain, and that will not give us the needed end product, which is the smallest, most reliable, safest and most secure stockpile that we can produce.

What do I mean by smallest? With smart life extension we can have a technical and geopolitical hedge smaller than the deployed stockpile. With the current situation, we have a technical and geopolitical hedge much larger than the deployed stockpile and it is not complete and we are not happy with it. So that's the difference between smart and Band-Aid. We know how to do all that. We've laid out a vision. There's wide agreement with the vision. We have a roadmap to do that. We know what it takes.

Why Don't We Get On With It?

So why don't we get on with it? Part of the reason is three side issues that continue to confuse the issue. The first is the need for a triad. I will declare, and I have logic to support it, that the triad is more important today than it was at the height of the Cold War. How can I say that? There are four characteristics that are needed in a strategic nuclear deterrent.

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The first is timely, adequate, assured response when authorized by the President. The second is assured second strike, which provides a guarantee that no matter what somebody else does, they can never believe they can pull off a successful first strike, because a devastating second strike capability is always maintained regardless of what they do. The third is resilience to technological breakthroughs or operational innovation. And the fourth is the ability for a visible, controlled demonstration of will.

The Wisdom of the Triad

During the Cold War all three legs of the triad were directed at maintaining a timely, adequate assured response. We had one-third of the bombers on alert. We had lots of submarines at sea. And we had 1,000 ICBMs on alert. We tried to provide an assured second strike with all three legs of the triad, with submarines at sea, bombers on alert, and two mobile ICBM programs. We aimed all three legs of the triad at trying to combat technological breakthroughs: a large number of ballistic missile submarines with multiple kinds of SLBMs, multiple kinds of bombers widely distributed, and 1,000 ICBMs on alert. Bombers always provided the visible, controlled demonstration of resolve and intent.

Today we have two legs of the triad with some capability for adequate, timely, rapid response, although an organization called Global Zero that would do away with that. The only leg now that provides assured second strike is a limited number of submarines at sea. The third leg, resilience, is provided only by the ICBMs. It's only the ICBM that makes it difficult to impossible to conceive of a technological breakthrough or an operational innovation that could lead to a successful first strike or cheap attack. Nothing short of a massive attack can put 400 or 300 or 350 single warhead ICBMs at risk. That makes the ICBM the most stabilizing leg of the triad today. The bombers are still the approach to flexibility and ability for a controlled, visible demonstration of resolve. And, of course, there are those who would do away with that.

Increased Risk Without Gains

So I submit to you the triad is not only more important today as a triad than it was at the height of the Cold War, but any effort to do away with one of those characteristics of the triad does violence to the power of the deterrent force. It increases risk, and I am unable to discover what problem that solves. I can describe in great detail what problem it creates. No one has been able to explain to me what problem it solves.

The second issue is the so-called "hair trigger" status of the ICBM. Of all the legs of the triad the most secure, tried,

proven, validated, continually tested command and control system is the system that controls the ICBMs. They don't deploy to new locations. We test the command and control system every day. We red team it frequently. We validate it over and over again. There is no way to launch an ICBM without the approval of the President of the United States. And if our problem is that we can't trust the President of the United States with that power, then our problem is a hell of a lot bigger than ICBMs on alert.

So Why Do We Need Them?

You hear comments like, "They are Cold War weapons that will never be used." A senior official who should have known better said we haven't used them in 50 years, so why do we need them? We've used them every second of every day for 50 years. They've worked perfectly: The only weapons system I can imagine that has worked perfectly without fail, exactly as intended for 50 years. And because they have been so successful, there are those who say maybe I don't need them.

Success is a poor reason to decide we don't need to continue success. There are those who say the only role of nuclear weapons is to prevent the use of nuclear weapons. I sign up to that. I am not a nuclear war-fighter. I don't believe that nuclear weapons are useful for war-fighting. That was never the objective though there is no deterrence without the ability and will to use the deterrent force.

The motto of Strategic Air Command, which I was pleased to command, was "Peace is Our Profession." That was not an empty slogan. That was the dedication and the focus of every man and woman in the Strategic Air Command. That is the focus and the purpose of every man and woman today in the ICBM and SLBM and the bomber posts, to ensure that no one could ever imagine that the gain would exceed the loss from attacking this country or any country under our nuclear umbrella with a nuclear weapon. And that works. So I for one can stand success. And I suggest that giving up the elements of success is worse than thoughtless and worse than unintelligence. It, in fact, puts this country at greatly increased danger if we actually listen to them.

Nukes: A Budget Bargain

One additional point: If you look at the cost of the nuclear enterprise as a percentage of the total federal budget, you have to say that it is among the best bargains in the budget. I don't have to look very hard to prove that conventional weapons do not deter war. We have a long history up to this minute that says conventional weapons do not deter conventional war. Why would I believe that conventional would deter nuclear war? I know that nuclear weapons

deter nuclear war. I don't know that they deter conventional war.

But conventional war is not catastrophic. It's expensive. It's painful, but it's not catastrophic. Nuclear war is. So those who argue that conventional weapons can do what nuclear weapons do would seem to believe that nuclear weapons are for war-fighting, a perception that the Global Zero adherents would be aghast to hear. They seem to be talking about addressing specific targets. And so they are thinking of war-fighting with nuclear weapons. That's not what nuclear weapons are for. Nuclear weapons are for not fighting war, not fighting that kind of war.

Have Russian Attitudes Changed?

As I close, I'd like to share an anecdote that speaks volumes about the potential for a nuclear weapons free world. What I would characterize as Russian paranoia has a lot of historical basis. Marshall Sergei Akhromeyev, the chief of the General Staff of the Soviet Union, came to visit the U.S. on an official visit the year after he came with Gorbachev to sign the Intermediate-Range Nuclear Forces Treaty.

On the way back to New York City where he was to make a speech to the Council on Foreign Relations and then fly back to Russia, he was looking out the window of the Gulf Stream. He said, "You know, I have been all over this country for a week. I have encountered nothing but friendship. I have seen no sign of hostility. I know that Americans are very different than how they've been portrayed to me all these years. I look down and I think of this as a land of houses, where people live in houses," et cetera. He said, "I've learned a lot about America that should make me more comfortable. And yet, I believe that if you could, you would destroy us tomorrow morning." And this was one of the Soviet Union's brightest minds. He was at the battle of Leningrad. He was at the battle of Stalingrad. Nobody hated war like Marshall Akhromeyev. And he believed that if we could, we would destroy them tomorrow morning.

How much has that attitude changed? I have no idea. I would assume not much. And that tells you something about whether or not they'll give up their nuclear weapons. Perhaps another fairy tale. ■

At the Weapons Labs/DOE Sites

AT LIVERMORE SEQUOIA SUPERCOMPUTER NAMED FASTEST IN WORLD

Lawrence Livermore National Laboratory's Sequoia supercomputer has grabbed the top spot on the list of the world's fastest computers. The Top 500 list of the world's fastest supercomputers was revealed this week at the International Supercomputing Conference in Hamburg, Germany, and the IBM-built Sequoia was able to sustain a speed of 16.32 petaflops (a quadrillion floating point operations per second). Sequoia, which is dedicated to work for the National Nuclear Security Administration's weapons program, consists of 96 racks, 98,304 compute nodes, 1.6 million cores, and 1.6 petabytes of memory. "Computing platforms like Sequoia help the United States keep its nuclear stockpile safe, secure, and effective without the need for underground testing," NNSA Administrator Thomas D'Agostino said in a statement. "While Sequoia may be the fastest, the underlying computing capabilities it provides give us increased confidence in the nation's nuclear deterrent as the weapons stockpile changes under treaty agreements, a critical part of President Obama's nuclear security agenda. Sequoia also represents continued American leadership in high performance computing, key to the technology innovation that drives high-quality jobs and economic prosperity."

Sequoia is expected to play a key role in the support of life extension work on the B61 and W78/W88 warheads, according to the NNSA. The NNSA is currently studying refurbishing both weapons systems. "By reducing the time required for these studies, total costs are also reduced," the NNSA said in a statement. "In addition, the machine is expected to enhance NNSA's ability to sustain the stockpile by resolving any significant findings in weapons systems, bringing greater power to the annual assessment of the stockpile, and anticipating and avoiding future problems that inevitably result from aging. All of this helps to ensure that the nation will never have to return to nuclear explosive testing."

Sequoia unseated Fujitsu's "K Computer" at the RIKEN Advanced Institute for Computational Science in Kobe, Japan, as the fastest machine in the world, and represents the first U.S. computer to hold the top spot since 2009. Argonne's new Mira supercomputer ranked third on the list, while Oak Ridge National Laboratory's upgraded Jaguar supercomputer ranked sixth. Jaguar had been the fastest U.S. computer on previous editions of the list.

AT LIVERMORE WARNER TO HEAD UP LAB'S GLOBAL SECURITY DIRECTORATE

Bruce Warner has officially been tapped as the Principal Associate Director of Global Security at Lawrence Livermore National Laboratory, formally taking over the position from laboratory Director Parney Albright. Warner, who has held the post in an acting capacity since November, will oversee the lab's work to support international and domestic, including research in the fields of intelligence analysis, energy security, nonproliferation, nuclear counterterrorism, and chemical, biological and explosive threats. "Warner has a demonstrated ability to build teams and encourage partnerships not only within the Laboratory, but also externally with key stakeholders," Albright said in a statement. "He is accomplished at engaging challenges, finding solutions, and reaching successful outcomes. He has a strong commitment to the success of the Laboratory with a personal support for developing programmatic op-

portunities for the Laboratory's outstanding scientific and technical staff."

Warner has spent more than 30 years at the laboratory, holding several different leadership positions. He served as the deputy principal associate director of Global Security under Albright and also was an associate director at large, principal deputy associate director of National Ignition Facility Programs, and program leader for the Atomic Vapor Laser Isotope Separation Program. He has a doctorate and master's degree in physics from the University of Colorado and a bachelor's degree in physics from the University of California-San Diego. "I am honored to be selected for this position," Warner said in a statement. "We have important work to accomplish, and I look forward to continued teamwork to successfully meet our nation's objectives."

AT LOS ALAMOS DNFSB RAISES MORE CONCERNS ABOUT PLUTONIUM FACILITY

Despite recent upgrades to Los Alamos National Laboratory's Plutonium Facility, potential exposures in the case of an earthquake-induced fire still exceed Department of Energy guidelines, the Defense Nuclear Facilities Safety Board said in a recent letter to the National Nuclear Security Administration. In the sharply worded June 18 letter, DNFSB Chairman Peter Winokur said that the Board had identified "multiple, substantial deficiencies" with estimates by the lab of a potential exposure to the public, suggesting that the lab might need to do more than it has already done to shore up the facility against a massive earthquake followed by a fire. In the most recently revised version of the lab's 2011 Documented Safety Analysis, which is set to go into effect June 25, the lab said that upgrades to the facility, decreases in material at risk and new calculations had lowered the total effective dose equivalent (TEDE) to 23 rem, just under the 25 rem DOE guideline.

safety basis and ensure quality assurance requirements are followed in the development of safety analyses within 30 days. "The Board's estimate of this accident's mitigated dose consequence in excess of 100 rem TEDE accounts for conservatism in the leak path factor and respirable fraction for one material," Winokur wrote. "Additional use of appropriately conservative parameters would further increase the dose consequence for this postulated accident."

The Board, however, suggested that the lab was not conservative enough in its calculations and that its own analysis revealed the potential exposure to be more than four times that level. The Board requested a briefing and report from the NNSA on its plans to revise the facility's

The NNSA completed upgrades to the Plutonium Facility this year that were designed to lower the risk of exposure to below DOE regulations. A structural upgrade involving a new roof beam was completed last October, and the lab this year repaired three mezzanine areas, reinforced ceilings with steel and conducted further analysis on roof joints to reduce the impact of a massive earthquake, which could occur once every 2,000 years in Northern New Mexico. The Safety Board, however, has remained critical of the NNSA and the lab's efforts, suggesting in a meeting last November that the NNSA should not simply strive to reduce risks below the 25 rem threshold, but go even further to protect the public.

AT LOS ALAMOS LAB TO CUT ANOTHER 80 CONTRACTOR JOBS

Los Alamos National Laboratory is cutting another 80 contractor positions from its flexible workforce as it tries to navigate a difficult budgetary environment, LANL Director Charlie McMillan said in a memo to employees this week. The cuts come on the heels of the departure of

557 full-time employees and 55 flexible term contractors from the lab's Operations Directorate (PADOPS) earlier this year. The lab has also instituted controls on procurements to rein in spending. "Combined with the Voluntary Separation Program and PADOPS reductions in its Flexi-

ble Workforce, we have given ourselves much greater financial flexibility,” McMillan told employees, adding: “I am optimistic that this combination of actions is sufficient for this fiscal year.”

He said the most recent round of cuts amounted to about 15 percent of the lab’s flexible workforce costs, and would save the lab about \$20 million a year. The reductions are to master task order positions supporting services in authorization basis, radiation protection, and formality of operations. “These are important functions, but we are identifying different ways to do the work, resulting in more efficient operations,” McMillan said. “At the same time, ‘positions’ means people. We are mindful of the impacts this will have on the community and have attempted to minimize them.” McMillan said he would hold an all-employees meeting to address the workforce cuts and lingering concerns about the Fiscal Year 2013 budget at 2:30 p.m. June 27 in the lab’s NSSB auditorium. “The Laboratory is at a crossroads, but signs are pointing to a clear path forward,” McMillan said. “I appreciate your patience as we put these actions in motion.”

McMillan: Lab Has Addressed Budget Issues

The lab avoided forced layoffs earlier this year when 557 full-time employees left the lab as part of a massive voluntary separation program that lab officials said was

driven by approximately \$300 million in cuts to the lab’s budget in Fiscal Year 2012 and expected budget belt tightening in the future, which includes the deferment of lucrative work on the Chemistry and Metallurgy Research Replacement- Nuclear Facility. When it announced the voluntary separation program, lab officials said they hoped that 400 to 800 employees would accept buyouts. McMillan said in March that there would be no additional layoffs to the lab’s full-time workforce, but the lab continued to study its flexible workforce.

According to the budget figures from the lab and the Department of Energy’s Office of the Chief Financial Officer, FY2012 reductions at the lab include an \$80 million drop in Directed Stockpile Work, a \$30 million drop in Advanced Simulation and Computing, and a \$25 million drop in Readiness in Technical Base and Facilities. This week, McMillan suggested that the lab was making progress addressing its budget problems. “With the help of the entire Laboratory, I believe we have been successful in working the myriad budget issues so that we can more confidently face future challenges while delivering on our mission commitments,” McMillan said. He later added: “I believe our efforts are starting to show encouraging results as we begin the last quarter of FY12. We have instituted procurement controls that should ensure managed spending to appropriate levels during the last quarter.”

AT OAK RIDGE STORAGE FACILITY FOR SNS ON TAP

It’s probably going to be years before Oak Ridge National Laboratory is able to get a second Target Facility for the Spallation Neutron Source because of its high cost (about \$1 billion) and the tight fiscal climate. But something is going to have to be done because the existing Target Facility, where researchers stage their neutron-scattering experiments at different instrument stations, is running out of storage space—for maintenance operations, materials etc.—as more and more of the facility’s research instruments come on line. Robert McGreevy, a top official in the lab’s Neutron Sciences Directorate, said there are plans to construct a \$9 million maintenance facility nearby to store all the equipment as more research instruments are installed at the Target Facility. A dozen research instruments

are already in operation, and a couple of more are currently going through the commissioning stages.

Meanwhile, the SNS was shut down this week for a planned maintenance period that will last until Aug. 16. During the time, there is plan to change the mercury target vessel, which is made of stainless steel and contains 44,000 pounds of mercury that is zapped many times a second with pulses of a proton beam to produce the zillions of neutrons needed for experiments. This reportedly will be the fourth time the vessel has been changed since the accelerator-based neutron source began operations in April 2006. The SNS is currently operating at the one-megawatt power level.

AT OAK RIDGE NEGOTIATIONS ON NEW PRO FORCE CBA GET UNDERWAY

The International Guards Union of America Local 3 and Oak Ridge protective force contractor WSI-Oak Ridge began negotiations this week on a new collective bargaining agreement. IGUA’s CBA with WSI-OR at the Y-12 National Security Complex and Oak Ridge National Laboratory expires Aug. 15, and its CBA at the Federal

Office Building in Oak Ridge expires Sept. 13. The two sides began the talks by dealing with non-economic issues, and hopes among both sides are high that negotiations will be as smooth as other negotiations around the weapons complex earlier this year. Guards at the Savannah River Site, Pantex Plant and Nevada National Security Site

completed new CBAs (or wage negotiations in the case of NNSS) with little difficulty, but guards at those sites don't have defined benefit pension plans like Oak Ridge guards

do. Union officials have suggested that they will not accept a deal that would strip away their pension plans.

AT OAK RIDGE 11 RECEIVE LAYOFF NOTICES AT ORNL

Eleven contractor employees at Oak Ridge National Laboratory received layoff notices this week, continuing the lab's theme of gradual reductions in the payroll in certain areas to meet projected budget needs and to pare costs wherever possible. ORNL spokesman David Keim said the round of job reductions took place in the lab's Physical Sciences Directorate and the Environmental and Energy Sciences Directorate. A similar reduction took place a month ago, with some of those cuts coming at the ORNL medical facility.

The Oak Ridge lab had received early authorization from the Department of Energy to eliminate as many as 350 jobs as part of a program to prepare the lab for tight budgets in FY 2013 and beyond, but so far that hasn't been necessary, lab officials said. About 220 people left the ORNL payroll as part of a voluntary departure program, which was more

than lab management had expected. All told, the number of people who have left the lab involuntarily in FY 2012 has been about 30 to 40, according to some reports. Some of those earlier receiving notices were able to find jobs elsewhere in other divisions at the lab, but that hasn't been the case with the latest reductions, according to Keim.

ORNL Director Thom Mason said through various measures, including changes in the benefits programs, the lab has reduced costs by about \$100 million. "We don't know what's going to happen [with the budget], but whatever it is, that gives us a bit of ability to respond," Mason said. "We've done what we think we need to do based on what we know now." ORNL has an annual budget of about \$1.6 billion, with employment at about 4,400. The payroll a couple of years ago was 4,900.

AT SAVANNAH RIVER MOX CONTRACTOR COMPLETES SUPPORT BUILDING

In a step forward for the Mixed Oxide Fuel Fabrication Facility planned for the Savannah River Site, contractor Shaw AREVA MOX Services this week finished construction of the project's technical support building. The 72,000-square-foot building will be the main entrance to the plant and will contain offices for security, operations and maintenance staff. The building also meets Leadership in Energy and Environmental Design Gold Certification Requirements, and includes an energy efficient roof

containing solar panels as well as a high efficiency heating and cooling system. "The completion of our technical support building signals not only a milestone in the progress of the MOX project, but also our commitment to protecting the environment," Kelly Trice, MOX Services president and chief operating officer, said in a statement. "We are integrating sustainability principles into the design and construction of our facilities for energy efficiency." ■

Wrap Up

IN CONGRESS

Reflecting its continuing concern about the management of the National Nuclear Security Administration, the House Armed Services Strategic Forces Subcommittee will hold a hearing next week to examine the creation of the agency more than a decade ago. Former NNSA Administrator and nonproliferation chief Linton Brooks, former NNSA executive and Los Alamos National Laboratory Director Bob Kuckuck and an official from the Government Accountability Office will testify before the panel at 3:30 p.m. June 27. Led by chairman Michael Turner (R-Ohio), the subcommittee has spearheaded an effort to reform the NNSA, adding language to the Fiscal Year 2013 Defense Authorization Act that would increase

the autonomy of the agency, eliminate DOE Office of Health, Safety and Security oversight of the agency, and streamline directives and regulations governing the agency. The hearing is expected to center on the success of attempts to make NNSA a semi-autonomous agency within DOE when the agency was created in 2000.

IN THE NNSA

The heads of the National Nuclear Security Administration's three nuclear weapons laboratories, defense programs chief Don Cook and nonproliferation chief Anne Harrington visited Russia this week to meet with the directors of Russia's weapons laboratories and tour Russian facilities in an effort to foster cooperation

between the two countries. Details of the trip have been limited, but Cook and Harrington have been accompanied by Los Alamos Director Charlie McMillan, Livermore Director Parney Albright and Sandia Director Paul Hommert in a visit that mirrors a trip by Russian weapons and laboratory officials to the United States last June. Last year's gathering included the first meeting between current U.S. laboratory directors and their Russian counterparts, and included Rosatom First Deputy General Director Ivan Kaminskikh as well as the directors of Russia's Federal Research Center of Experimental Physics, Federal Research Center of Theoretical Physics, Federal Research Center of Automatics, Scientific Research Institute of Measuring Systems, and Afrikantov OKB Mechanical Engineering.

IN THE DNFSB

The Defense Nuclear Facilities Safety Board is changing its site staff at the Y-12 National Security Complex in Oak Ridge. The Board announced this week that Rory Rauch is being assigned to Oak Ridge, effective in July. Rauch joined the defense board in 2002 and most recently served as site representative at the Pantex warhead assembly/disassembly plant in Texas. According to the board, Rauch will join David Kupferer and Wayne Andrews at Oak Ridge—although Kupferer is expected to soon return to Washington, D.C., for a new assignment. “Mr. Rauch will advise the Board on the overall safety conditions of defense nuclear facilities at Y-12 and ORNL and will participate in technical reviews by the Board and its staff related to the design, construction, operation, and decommissioning of defense nuclear facilities,” the Board said in a statement. “He will also act as the Board's liaison with DOE, Y-12, and ORNL management, state and local agencies, the public, and industry officials.” Rauch has degrees in chemical engineering from Northwestern and Princeton.

IN THE INDUSTRY

A round of layoffs to Parsons Infrastructure and Technology's government group has claimed one of the key officials involved in the company's successful bid for the National Nuclear Security Administration's Enterprise Construction Management Blanket Purchase Agreement. Willie Clark, a longtime executive at the company, was let go last week as part of the layoffs. Clark served as a vice president with the company and as the Enterprise Services Manager on the ECMS bid. Parsons declined to comment on the layoffs. Clark's departure, which came as a surprise to many in the industry, comes just as Parsons is beginning to get work under the ECMS contract. It is not clear if Clark's role on the

ECMS contract will be filled. Parsons was recently awarded a combined task order for support service work on site prep work with the Uranium Processing Facility Project and the Savannah River Site's beleaguered Waste Solidification Building project. The NNSA declined to provide further information about the task awards, or other task orders that are believed to have recently been awarded to the company.

Former DOE Under Secretary of Science Steve Koonin has been named to the Board of Governors for the LLCs that run Los Alamos and Lawrence Livermore national laboratories. Koonin left the Department last year and currently heads up New York University's Center for Urban Science and Progress. He'll officially join the Boards of Governors at the labs July 1, and will also head up the Mission Committee of the boards, which “serves in an advisory role to review current and future national security issues and Laboratory initiatives, capabilities and strategic plans to address these issues.” In a statement, Norman Pattiz, the chairman of the Boards of Governors that run the labs, called Koonin an “extraordinary scientist with a long and distinguished history as an adviser on national security matters. He brings distinguished scientific and leadership experience in academia, business and government to the Boards.” Pattiz said Koonin served on several advisory boards for the labs when the University of California ran the institutions. “I have been associated with these laboratories for more than 40 years,” Koonin said in a statement. “I look forward to working in this new role to ensure that they remain vibrant technical enterprises supporting important national missions.”

Professional Project Services Inc. (Pro2Serve) this week announced David Evans as the new vice president and manager of the Oak Ridge-based company's Integrated Physical Security Solutions Division. According to info released by Pro2Serve, Evans retired in March as colonel while serving as squadron commander of the 119th Command and Control Squadron. “His former unit supported the United States Strategic Command and its global command and control mission to provide the joint war fighter global situational awareness throughout a worldwide communications network support and the management of space, air, sea and ground-based operational C2 assets,” the company said. Evans also oversaw development of the first-ever Tennessee Air National Guard Cyber Operations Group, the release said.

ON THE INTERNATIONAL FRONT

Radiation detection equipment installed by the National Nuclear Security Administration at a port in Latvia is now up and running, the agency said in a

statement last week. With the cooperation of the State Border Guard of Latvia, NNSA's Second Line of Defense program installed specialized radiation detection equipment at Latvia's Freeport of Riga, which is one of seven sites where the NNSA is installing detection equipment. The NNSA is also helping to build a training center in Latvia. "We appreciate Latvia's commitment to advancing our shared effort to prevent dangerous nuclear materials from falling into the hands of terrorists, smugglers and

proliferators," NNSA Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement. "By preventing the smuggling of nuclear materials across international borders, we are working together to implement President Obama's nuclear security agenda while promoting peace and security around the world. We look forward to our continued work with our Latvian partners to make the world a safer place." ■

Calendar

June

27 **Hearing: "Increased Autonomy for NNSA," House Armed Services Strategic Forces Subcommittee, with former NNSA Administrator Linton Brooks, former Los Alamos National Laboratory Director Bob Kuckuck, and an official from the Government Accountability Office, Room 2212, Rayburn House Office Building, Washington, D.C., 3:30 p.m.**

27-28 Conference: Project on Nuclear Issues summer conference, Los Alamos National Laboratory, Buffalo Thunder Resort and Casino, 30 Buffalo Thunder Trail, Santa Fe, N.M.

27-29 Conference: State Department hosts P5 (China, France, Russia, United Kingdom and United States) conference on nuclear weapons verification, transparency, and confidence-building measures, Washington, D.C.

28 **Discussion: "A Next Step in Nuclear Arms Control: Securing Fissile Materials," Richard Burt, Global Zero USA; Jan Lodal, Atlantic Council; and Joan Rohlfing, Nuclear Threat Initiative, Brookings Institution, Falk Auditorium, Washington, 10-11:30 a.m.**

28 Speeches: "Next Steps in U.S.-Russian Arms Control," former NNSA Administrator Linton Brooks; "U.S. Nuclear Deterrent Strategy," former National Security Council staffer Frank Miller, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, Washington, D.C., 8 a.m.

29 Speech: "Strategic Perspectives," former Global Strike Command chief Lt. Gen. Frank Klotz (retired), part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

July

4 EM PUBS CLOSED FOR INDEPENDENCE DAY

10 Speech: "Nuclear Proliferation, Nuclear Sustainment," NNSA Defense Programs chief Don Cook, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

11 Speech: "Iran Security Challenges," Barry Blechman, Stimson Center, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

12 Speech: "Nuclear Deterrence, Arms Control, Missile Defense and Defense Policy," StratCom chief Gen. Robert Kehler, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

18 Speech: "Security Challenges for a New Administration," former Principal Deputy Assistant Secretary of Defense for International Security Policy David Trachtenberg, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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MONITOR

NUCLEAR WEAPONS & MATERIALS

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June 29, 2012

— *INSIDE HIGHLIGHTS* —

The Obama Administration’s decision to defer work on Los Alamos’ Chemistry and Metallurgy Research Replacement-Nuclear Facility has divided Congress, pitting Republicans against Democrats and appropriators against authorizers—a debate which some Congressional staff and industry officials say may leave uncertainties about the fate of the project at the start of the fiscal year. . . 2

With financing issues surrounding USEC’s American Centrifuge Project settled for the time being by a DOE program launched earlier this month, questions on developing new enrichment technology are focusing on developing the best long-term strategy for ensuring a supply of enriched uranium with which to produce tritium for the U.S. nuclear weapons program. 4

As a separate entity within DOE, the NNSA never lived up to the vision of its creators, according to two former NNSA officials who suggested this week that the agency should be completely severed from the Department. . . 5

Concerned about reduced oversight across the weapons complex, the House Energy and Commerce Committee wants the Government Accountability Office to study the NNSA’s governance model and evolving contractor assurance systems used by site contractors. 7

The NNSA won’t need Los Alamos to make new plutonium pits until FY2019, according to the latest Quarterly Pit Production Report from the agency that advocates maintaining plutonium capabilities at Los Alamos until pits for the W87 warhead are needed in seven years. 8

DOE security contractor WSI earned “outstanding” and “good” ratings and nearly \$5 million in fee for its work at two DOE sites during the first half of FY2012. 8

A coalition linking arms control liberals with conservative and libertarian-leaning small government groups joined together June 22 to ask the Senate Armed Services Committee to reverse its support for construction of a multi-billion dollar Chemistry and Metallurgy Research Replacement-Nuclear Facility plutonium complex. 9

The Obama Administration expects that two Russian research reactors currently using highly enriched uranium will be converted to use low-enriched uranium by 2014, according to a NNSA statement released this week. 9

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WITH UNCERTAINTY IN CONGRESS ON CMRR, PROJECT FACES MURKY FUTURE

Appropriators and Authorizers Take Different Views on Multi-Billion-Dollar Project, So Who Wins?

The Obama Administration's decision to defer work on Los Alamos' Chemistry and Metallurgy Research Replacement-Nuclear Facility has divided Congress, pitting Republicans against Democrats and appropriators against authorizers—a debate which some Congressional staff and industry officials say may leave uncertainties about the fate of the project at the start of the fiscal year. But in spite of the divergent views on the controversial project, the National Nuclear Security Administration isn't planning to change course any time soon. In an interview with *NW&M Monitor*, NNSA Principal Deputy Administrator Neile Miller said the agency was still on track to wrap up work on the multi-billion-dollar project by the end of September as it follows the lead of House and Senate appropriators, both of which this spring supported the Administration's decision to delay the project for at least five years. "No one gave us any money to do anything differently," Miller told *NW&M Monitor*.

Authorizers, though, in the House and Senate believe they did chart a different path, and competing provisions in Fiscal Year 2013 legislation regarding the multi-billion-dollar facility sets up a battle between the two arms of the legislative branch that control the future of the NNSA. In contrast to appropriators, the House and Senate Armed Services Committees authorized varying levels of funds for the project in FY2013 to keep the project moving. "If push comes to shove, this is prescriptive in statute and it says 'of the funds authorized to be appropriated for NNSA,' " one Congressional aide said, referring to provisions in the Senate version of the Fiscal Year 2013 Defense Authorization Act. "So they would have to obey the law."

Perhaps not surprisingly, not everyone agrees, as has become common in the case of CMRR-NF, which has become a poster child for debate over the Obama Adminis-

tration's plans to modernize the nation's nuclear weapons complex and arsenal. "The fact that there is chaos now suggests there is a pretty reasonable expectation that at the end of the year we're still going to be awfully confused on this matter," one industry official told *NW&M Monitor*.

A Debate Over Priorities

The debate began almost immediately after the Administration announced in February that tightening federal budgets were forcing it to defer work on the facility for at least five years. At an estimated cost between \$3.7 and \$5.8 billion, the Administration said the facility was too expensive to afford—and it had other options. The Administration directed Los Alamos to wrap up the project by the end of FY2012 to save progress on the project and study the Administration's alternative plan: using existing facilities at Lawrence Livermore National Laboratory, the Nevada National Security Site, and at Los Alamos to meet the nation's plutonium needs. Republicans immediately seized on the decision as an example of the Administration renegeing on promises made during debate on the New START Treaty to pour \$88 billion into the weapons complex over the next decade, but conscious of budgetary pressures, appropriators in the GOP-led House and Democrat-led Senate went along with the decision, redirecting money that had been expected to go to the project for work on the alternative plan.

The NNSA, in the meantime, defended the decision to defer the project as a reflection of economic pressure rather than a statement against the project. "We always said we need CMRR. We still need CMRR," Miller said. "We believe given the budget situation the appropriate course right now is to maintain the capability we need, make sure we have the capability we need, and do it in a way that allows us to fund the other stuff we need. If somebody can figure out how to fund things with all of it with less than we said we needed I am looking forward to hearing it."

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Authorizers Offer Competing Approaches

While rule of thumb on Capitol Hill typically gives the edge on funding issues to the lawmakers that actually sign the checks—the appropriators—Congressional aides have suggested that the authorizers also could have a say on the project this time around. Confusing the matter even further, however, is the fact that the two authorizing committees with jurisdiction over the NNSA took different approaches to reviving the project. The Senate Armed Services Committee matched the appropriators' \$7.6 billion funding level for the NNSA's weapons program, but authorized the agency to spend \$150 million on the project in FY2013, ordering the agency in bill language to dip into other accounts to come up with the money. The committee also placed a \$3.7 billion cap on the project.

In contrast, the House-cleared version of the FY2013 Defense Authorization Act authorizes \$7.9 billion for the NNSA's weapons program, including an extra \$100 million for CMRR-NF and gives the agency the authority to use another \$160 million in unspent balances for the project. It also would move the project out of the NNSA and under the control of the Pentagon starting in FY2014, which would also shift the project to the Military Construction/Veterans Affairs Appropriations Subcommittee. Underpinning the decisions by both authorizing committees is a concern that the current alternative won't allow the NNSA to meet Defense Department requirements to have the capability to produce 50 to 80 pits a year. "Both HASC and SASC have, on a bipartisan basis, voted to reverse President Obama's proposal to renege on his promise to build CMRR," one Congressional aide said. "CMRR is a means to an end. CMRR and other key modernization projects are the implementation of a bipartisan policy to build a 'responsive infrastructure'—which, let's not forget, is the President's own policy as described in his 2010 Nuclear Posture Review." The staffer said the policy decision is "lost in the weeds" of the CMRR-NF debate. "This is really about the plutonium-related capacity and capability we need."

So, Who Wins?

Budget experts suggest that the authorizers' position is quite tenuous. Richard Kogan, an expert with the nonpartisan Center on Budgeting and Policy Priorities, said the way House and Senate rules are set up tilts the scales vastly in favor of appropriators. "In general the appropriators win," Kogan said. "And also in general whoever does the final bill wins, and that's almost always the appropriators because they're almost always wrapping up things in an omnibus appropriations bill before Congress adjourns." Kogan suggested that authorizers could succeed by inserting language—as the Senate Armed Services Com-

mittee has done—that in effect "re-decides on the use of that money within the appropriations account" after the appropriation has been enacted. But he said such an approach could run afoul of House and Senate rules if it was deemed to be an attempt to appropriate money in an authorization bill. "So there are lots of reasons to think that the appropriators win," he said.

Bill Hoagland, who was the top budget aide to former Senate Majority Leader Bill Frist (R-Tenn.) and served on the staff of the Senate Budget Committee under Sen. Pete Domenici (R-N.M.) from 1982 to 2003, suggested an attempt to reprogram funds to circumvent appropriations could run into its own hurdles. "The actual request for reprogramming does come back to the appropriators," Hoagland said. "It would all depend on where you're reprogramming from, and whose ox is going to get gored. It could work but you're not taking the appropriators out of the process completely." Some Congressional aides have suggested that because it is in bill language, if it is enacted, approval from appropriators would not be needed. Appropriators could get around the language, however, by inserting language into their version of the bill barring funds from being spent on the project on an annual basis. That language isn't currently in either of the bills, but it could be added during conference negotiations. "That's their trump card," Hoagland said.

Reprogramming, But at What Cost?

One weapons complex observer suggested that the approach favored by Senate authorizers to force NNSA to reprogram money for the project had additional pitfalls. "That means you end up sacrificing a third or a quarter of the lab population to build these things? They're not going to be allowed to do that during an election year. You can't take it out of hide. There isn't the hide there. You can't create money." Such an approach would put the NNSA in a problematic position, the official said. "Which part of the weapons program would you like to break? Each one of them is pretty close to breaking. This budget pressed on every single piece of it," the official said. "They've taken margin out of everywhere because they're in bad shape."

For the NNSA, at least thus far, the direction is clear. "There is no project," Miller said. "The President's budget didn't propose the project for the next five year and the appropriators, who are the ones that actually have the money, have not told us, 'By the way we put that money in for you to do CMRR.' If we had seen any signal like that, I'm sure we would have to be sitting down and thinking how do we handle this."

—Todd Jacobson

USEC DISCUSSION SHIFTS TO LONG-TERM TRITIUM STRATEGY

Basis for Obama Administration's Support For Centrifuge Technology Questioned

With financing issues surrounding USEC's American Centrifuge Project settled for the time being by a Department of Energy program launched earlier this month, questions on developing new enrichment technology are focusing on developing the best long-term strategy for ensuring a supply of enriched uranium with which to produce tritium for the U.S. nuclear weapons program. At a Center for Strategic and International Studies discussion this week, House Armed Services Committee majority staffer Drew Walter likened the need for a domestic uranium enrichment technology to the plutonium pit production capacity that would have been offered by the now deferred Chemical and Metallurgy Research Replacement-Nuclear Facility at Los Alamos. "We on the Armed Services Committee majority see a pattern emerging where we are divesting from capabilities and capacities we need to be a nuclear weapons state in the future, Walter said. "This divestment, whether it's intentional or not—for instance to keep plutonium capabilities, pit production capacity, the ability to make certain key components—is really harmful and dangerous. The ability to enrich uranium domestically is perhaps one of the most fundamental parts of creating nuclear weapons."

National security concerns related to tritium production have been a key argument of the Obama Administration, which is supporting a two-year, \$350 million cost-share program aimed at demonstrating USEC's centrifuge technology on a commercial scale. Administration officials have said that international agreements prohibit the use of low enriched uranium made from foreign technology for tritium production, ruling out USEC's main competitor, foreign-owned URENCO. However, the U.S. company has been plagued by financial uncertainty and the project was funded by a number of stopgap measures this year until DOE earlier this month announced an \$88 million infusion into the research, development and deployment program that will finance it through November. The National Nuclear Security Administration has requested an additional \$150 million for the program in its nonproliferation account for Fiscal Year 2013. As part of the deal, USEC has agreed to invest \$70 million in the program, and will turn equipment and intellectual property rights related to the centrifuge project over to the federal government if it fails commercially.

Should Commercial Facilities be Used for Defense?

But some have questioned DOE's approach, expressing concern with using commercial facilities for military

purposes. "If we encourage domestic enrichment, we should probably have a fence around it and put up a sign here that it is for military purposes," Jonathan Epstein, a majority staffer for the Senate Armed Services Committee, said at the CSIS event. The issue becomes particularly difficult when looking at Iran's nuclear program, he added. "We have this habit of putting one hat on and saying it's military and putting another hat on and saying it's civilian. I think at the end of the day if you get into that mode, if it's a country like Iran ... we should be setting a pretty clear standard here." The nonproliferation arguments for supporting USEC are "rather odd," Nonproliferation Policy Education Center Executive Director Henry Sokolski said, considering efforts to persuade Iran not to use technology for military purposes. "If you were to take that argument seriously, presumably it would lead you to arguing that we shouldn't be subsidizing uneconomic activities like they are," he said.

If a commercial USEC facility fails, the government could use the centrifuge technology to build a facility dedicated to military purposes given the provisions in the RD&D program. But Walter emphasized that the government's focus is currently on using a commercial facility. "I have no issue with pursuing a small defense-centric facility with an enrichment capability. But we've sort of gone beyond that at this point. Whether we can come back, that just remains to be seen," he said. "We did a briefing with NNSA on the cost implications of trying to go that route if USEC were to fail and try and do a national program. It's in the billions of dollars."

Paducah Deal Takes Edge Off Tritium Argument

Critics of the RD&D program have also noted that another recent DOE deal with USEC takes some the urgency off of the national security argument by providing another 15-year supply of tritium. "We are looking for a problem to solve. We don't have one," Sokolski said, adding "I think you really have to wait until there clearly is a military requirement and then go after these things, not back into them." In May the Department finalized a five-party agreement in which USEC will operate the Paducah Gaseous Diffusion Plant for another year, re-enriching a portion of DOE's stockpile of uranium hexafluoride tails. Some of the resulting low enriched uranium will be used by the Tennessee Valley Authority, which can irradiate it in the Watts Bar reactor to produce an estimated 15 additional years of tritium for the NNSA. Existing LEU inventories and contracts are expected to provide tritium until 2021, meaning that the total supply will last until at least 2036, not counting the potential to downblend highly enriched uranium, Congressional Research Service Policy Analyst Mark Holt said at the CSIS discussion.

CRS: DOE's Take on Treaties Needs 'Leaps of Logic'

Additionally, many have questioned the Administration's interpretation of international treaties governing the use of nuclear materials. URENCO, which is jointly owned by the governments of the United Kingdom, Germany and the Netherlands, has proposed providing uranium for tritium production from its enrichment plant in New Mexico. It has been turned down by the Administration, whose official position is that agreements prohibit URENCO's LEU from being used for military purposes and that foreign entities should not be relied upon to provide uranium for defense purposes.

Much of that argument is based on interpretations of the Washington Agreement, which covers production of special nuclear materials between the countries, as well as the Euratom Agreement. CRS has studied both treaties, but was "afraid to make a definitive legal conclusion," Holt said, given that the language is open to interpretation. "The agreement does restrict the use of special nuclear material to peaceful non-explosive purposes. Of course, tritium is not a special nuclear material," he said, adding that it would mainly cover highly enriched uranium and plutonium that could be used to produce a weapon. "It seems to not include tritium, but it could be interpreted that way... But to get there you have to make some leaps of logic that we thought were problematic." While there are "definitely some questions there," Holt said "the official U.S. interpretation is that these peaceful use restrictions do apply, and that's the basis for U.S. policy going forward."

Is Foreign LEU Use 'A Precedent We ... Want to Set?'

However, Walter countered many of the USEC critics' arguments, calling the increased supply from the Paducah deal "only a stopgap." He added, "You still need a domestic source of tritium in the 2030s. We'll still need that unencumbered LEU and these technologies take a fairly long time to develop." Walter also emphasized that a number of administrations have interpreted the Washington Agreement as restricting the use foreign technology for uranium that will produce tritium. "If that isn't clear, I guess my simple engineering brain has a question. Is taking LEU that is produced by a foreign country, or a foreign entity and using it for the production of tritium that we will then use in our nuclear weapons a precedent we really want to set?" he asked. "Is that a good idea? Do we want to be doing this to encourage other countries to take LEU from other countries and make tritium out of it? From my very simplistic standpoint, I don't think that's a good idea."

But given the government's position, URENCO Inc. President and CEO Kirk Schnobelen suggested that other

portions of the fuel cycle should be examined as well. "The fact that you have an enrichment plant in the U.S. doesn't mean you have uranium resources. It just means you have a piece in the nuclear fuel cycle chain," Schnobelen said at the CSIS discussion. "Fuel fabrication is another example. We don't enrich air. Fuel fabrication plants don't fabricate fuel without enriched uranium. As far as relying on foreign companies to supply fuel to produce tritium, Westinghouse manufactures all the fuel that goes to Watts Bar." TVA's Watts Bar reactor is used to produce tritium, and Westinghouse is more than 80 percent owned by Japan's Toshiba, while the Kazakh company Kazatom-prom also owns a stake.

—*Kenneth Fletcher*

FORMER OFFICIALS MAKE PITCH FOR NNSA AUTONOMY TO CONGRESS

As a separate entity within the Department of Energy, the National Nuclear Security Administration never lived up to the vision of its creators, according to two former NNSA officials who suggested this week that the agency should be completely severed from DOE. Testifying this week before the House Armed Services Strategic Forces Subcommittee, former NNSA Administrator Linton Brooks and former Principal Deputy Administrator Bob Kuckuck offered striking critiques of the agency they helped stand up more than a decade ago that suggest current NNSA reform language in the Fiscal Year 2013 Defense Authorization Act won't go far enough to correct the NNSA's management woes. "I believe that we never left DOE," Kuckuck said. "The process of oversight felt the same. I don't think anybody believed we were going to see something different."

Authored by House Armed Services Strategic Forces Chairman Michael Turner (R-Ohio), language in the FY2013 Defense Authorization Act would increase the autonomy of the NNSA, eliminate DOE's Office of Health, Safety and Security from oversight of the agency, move the agency toward performance-based oversight and away from transaction-based oversight, and push the agency to streamline directives and regulations. Turner in the past has expressed frustration with delays to construction and life extension programs and the impact of the agency's management on efficiency and productivity. In addition, a handful of studies have over the last few years have recognized problems at the agency. Most recently, the National Academy of Sciences found that the relationship between the labs and NNSA was "dysfunctional" and "broken." "We must find a way out of this mess," Turner said in a written statement distributed at the June 27 hearing, which lasted only about 30 minutes because of a

tight vote schedule on the House floor. “Our nuclear deterrent requires an effective and efficient steward.”

The ‘Tipping Point’ For Partial Organization Change?

Kuckuck, however, suggested that Turner’s NNSA reform language “feels a little bit like an attempt to legislate the vision that we indeed had back in 2001,” and he said he was skeptical it would have the desired impact. “I think it’s very difficult to legislate the trust, the teamwork, the judgment, the leadership, the balance of risk and mission that is so sorely needed in the endeavor we have today. However, I think it is possible to legislate conditions that will facilitate achieving those ideals.” He said that more than a decade under NNSA had made him “concerned that perhaps we’ve reached or nearly reached a tipping point where the solution by partial organization change won’t be possible.”

Brooks noted that there had been significant improvements in safety and security since the creation of the NNSA, but he said the agency’s relationship with its contractors is still plagued by overly prescriptive oversight that hampers efficiency and productivity. “Security is clearly better. Safety is no worse, but we haven’t removed the burden on the labs,” Brooks said. Gene Aloise, the Government Accountability Office’s Director of Energy and Natural Resources, agreed with Brooks and Kuckuck that the NNSA was never given a chance to work as Congress envisioned and he said reform was needed, but he noted that GAO believes “drastic organizational changes are unnecessary” and might not do much to help NNSA’s problems.

Turner, for his part, has increasingly suggested that the subcommittee may not have gone far enough with its reform efforts and seemed open to moving toward a more drastic move to a standalone agency. “As we said before, our proposals were the start of a dialogue. It’s interesting they’re not being considered radical. They’re being considered not far enough,” Turner told *NW&M Monitor* following the hearing. “But it keeps the discussion going that there is a problem and this needs to be fixed.”

Brooks to Congress: Be Less Reactive

No matter what changes are implemented, Brooks said it was important for Congress not to overreact to incidents within the weapons complex by questioning why the problems weren’t caught ahead of time. The result, he said, is often more audits and more inspections that make it more difficult for the agency’s laboratories and plants to do their jobs. “The pressure ... makes it more difficult for us to preserve the important distinction between the government responsibility to say what is to be done and the

laboratory leadership responsibility to determine how to do it,” Brooks said.

Kuckuck bracketed a stint as the NNSA’s No. 2 official around time at Livermore National Laboratory and Los Alamos National Laboratory, where he was the director from 2005 to 2006. He said when he arrived at Los Alamos in 2005, it was clear that plans to increase efficiency and productivity at the agency through a semi-autonomous NNSA focused on outcomes rather than procedures had not been realized. “I found a working environment there to be at least as burdensome as it was in my experience at Livermore a decade before than, and unfortunately more adversarial,” Kuckuck said. “Tasking was coming from various parts of the federal government and from various levels of government.” Currently serving on advisory boards for all three labs, Kuckuck noted that things had not improved and threatened some of the improvements that have been made in the areas of security and safety. “The oversight is now so oppressive and has passed the limit of good balance,” Kuckuck said. “The attitudes now are turning toward the overseers rather than against safety itself.”

Assessing the Problem

Much of the problem with the startup of NNSA stemmed from unclear lines of authority and opposition to the creation of a semi-autonomous agency, officials testified. Aloise said even after the agency was created, many key positions were occupied by both NNSA and DOE officials, causing “concern about NNSA’s ability to function independently.” Brooks also noted that NNSA and DOE shared a Chief Financial Officer and Inspector General and DOE’s then-Office of Safety and Security Performance Assurance conducted audits and inspections of NNSA facilities.

Brooks said he also regretted utilizing offices like DOE’s Office of Hearings and Appeals and its Equal Employment Opportunity office because while it increased productivity and efficiency, it weakened the autonomy of the agency. “Our broad approach was right then, and I think it’s right now,” Brooks said. “But the effectiveness of a semi-autonomous NNSA is too dependent on the personalities and preferences of officials outside of the organization. Competent, dedicated people can make any organization work. And virtually all NNSA senior officials and all DOE senior officials are both dedicated and competent. But the present arrangement required, at least in my day, constant effort from senior officials, and thus diverted them from focusing on the mission.”

Future of DNFSB Questioned

Kuckuck also suggested that the NNSA could benefit from a change in external oversight. Through DOE, the agency is self-regulated, but the Defense Nuclear Facilities Safety Board maintains an oversight role of the agency, and the relationship between the board and DOE has grown tense over the last few years. Kuckuck said he favored a move to external regulation by the Nuclear Regulatory Commission, which Aloise noted that the GAO has favored for years. Language in the FY2013 Defense Authorization Act would weaken the DNFSB, forcing the nuclear watchdog to consider cost when it makes recommendations. “In the early stages [the board] brought a stronger safety culture to the laboratories’ nuclear facilities,” Kuckuck said. “Our conduct of operations are much more formal, employees are much safer. . . . But I think it is now past its day and has become a point of, when is enough enough? And the balance is gone. And I think that the NRC would look, to me, as a more balanced model to then put our nuclear weapons labs under.”

Rep. Mac Thornberry (R-Texas), who helped create the NNSA, was critical of the DNFSB’s oversight role of the agency. “The board doesn’t have any responsibility to get anything done,” he said. “And so part of the problem that people complain about is, you have somebody who can put up a red card and stop everything, but they have no accountability for making anything happen.” Brooks, however, was not ready to move away from the board just yet. “I agree with that, sir,” he told Thornberry. “And that was frustrating to me. On the other hand, the board was created because the Department was all screwed up. And I’m not sure I want to look you in the eye and say I had made everything all better.”

—Todd Jacobson

HOUSE ENERGY AND COMMERCE RAISES CONCERNS ABOUT NNSA OVERSIGHT

Concerned about reduced oversight across the weapons complex, the House Energy and Commerce Committee wants the Government Accountability Office to study the National Nuclear Security Administration’s governance model and evolving contractor assurance systems used by site contractors. Chairman Fred Upton (R-Mich.) and Ranking Member Henry Waxman (D-Calif.) made the request this week in a letter to Comptroller Gene Dodaro along with Cliff Stearns (R-Fla.), the chairman of the panel’s Oversight and Investigations Subcommittee, and subcommittee Ranking Member Diana DeGette (D-Colo.). The committee, which also promised to hold a hearing next month on the “state of oversight” at the NNSA, in the past

has raised concerns about safety and security problems NNSA sites—specifically at Los Alamos and Lawrence Livermore National Laboratories. The lawmakers suggested that previous GAO reports have called into question the rationale behind an increasing reliance on contractor assurance systems and a shift away from strict oversight across the weapons complex, and questioned whether NNSA was ready to give its contractors more freedom. “These GAO findings call into question the basis for CAS implementation: that contractors conduct self-assessments that provide the objective performance information on which the government should rely to make performance determinations worth hundreds of millions of dollars annually,” the lawmakers wrote. The NNSA first introduced robust CAS systems in 2006 as part of the Kansas City Plant governance model which included an oversight model based on fewer regulations and directives and more trust in the contractor. Sandia National Laboratories is now employing a version of the Kansas City model and a CAS system, and other sites around the complex are implementing similar systems.

The committee’s concerns appear to stand in stark contrast to the stance taken by the House Armed Services Committee this year on NNSA reform. Led by Rep. Michael Turner (R-Ohio), the committee approved language in the House-passed version of the Fiscal Year 2013 Defense Authorization Act that would bring about sweeping changes to the NNSA, increasing its autonomy, eliminating DOE Office of Health, Safety and Security oversight of the agency, streamlining and reducing directives, and reducing the size of the agency’s federal staff. House authorizers viewed the workforce reductions as a forcing function to help the agency move to more of a “hands off, eyes on” approach and reduce burdensome requirements that contractors say has taken away from productivity at the labs, but the Energy and Commerce Committee took the opposite approach.

The NNSA is also studying the composition of its federal workforce, which could recommend further workforce reductions, and Energy and Commerce Committee members said they worried that continued reductions to the NNSA’s federal staff could have a negative impact on oversight. “It is the Committee’s perspective that any planned reduction in force must be supported by thorough analysis of oversight needs and capabilities to ensure that even with a smaller workforce NNSA can adequately assure the performance of its contractors,” the lawmakers wrote.

—Todd Jacobson

NNSA EMPHASIZES NEED TO MAINTAIN PU CAPABILITIES, BUT NO NEW PITS 'TIL 2019

The National Nuclear Security Administration won't need Los Alamos National Laboratory to make new plutonium pits for the nation's stockpile until Fiscal Year 2019, according to the latest Quarterly Pit Production Report from the agency that advocates maintaining plutonium capabilities at Los Alamos until pits for the W87 warhead are needed in seven years. The report, delivered to Congress in April but made public this week by the Union of Concerned Scientists, details Los Alamos' five-year effort to produce pits for the W88 warhead, which resulted in 29 pits for the W88 program: 18 for the nuclear stockpile, seven for "shelf life" testing, two war reserve spares, and two for destructive testing. One additional pit was produced in FY 2012 to replace a pit that had to be scrapped in FY 2011.

The report suggests that the NNSA continue to sustain plutonium efforts at Los Alamos in preparation for building new plutonium pits for the W87 in the "FY 2019-FY2020 timeframe," producing pits that will be used in scaled experiments at the Nevada National Security Site and "several pit-like objects per year" to "expand the manufacturing knowledge base of pit types in the active stockpile other than the W88, including the W87." The report appears to confirm that W87 pits will be used in the NNSA's combined life extension for the W78 and W88 warheads, which is currently being studied now. Stephen Young, a senior analyst with the Union of Concerned Scientists, said significant questions remain about the life extension program. "One, how much confidence is there in the reliability of such 'mix and match' warheads? Second, will Congress support the plan? They have taken a dim view of efforts to move away from existing warhead designs in recent years," Young said.

If new W87 pits are needed, the NNSA said it would be important to maintain its capability to produce them. It took the NNSA 15 years to complete production of pits for the W88, including nine years before a pit of war-reserve quality was produced, and the agency said it was important not to lose the knowledge and capability that has been gained. "The current situation is a tenuous one in which a lapse in commitment could easily translate to an unrecoverable loss of critical-skilled precision technicians and engineers, the irretrievable (non-repairable) loss of aged equipment, as well as the departure of dedicated leaders and managers with an understanding of the history and evolution of pit manufacturing," the NNSA said in the report. "A lapse in commitment resulting in shutdown of manufacturing will demand unnecessary and expensive future expenditures to again reconstitute the base capabil-

ity when such expenditures would be better invested to increase capacity beyond the base capability."

—*Todd Jacobson*

WSI EARNS CLOSE TO \$5 MILLION FOR PROTECTIVE FORCE WORK AT Y-12, SAVANNAH RIVER

Department of Energy security contractor WSI earned "outstanding" and "good" ratings and nearly \$5 million in fee for its work at two DOE sites during the first half of Fiscal Year 2012. The company earned its highest rating for its work managing protective force activities at the Savannah River Site, according to recently released details of the contractor's performance evaluation. WSI-SRS earned an outstanding rating and 96 percent of its available fee, collecting \$2.497 million out of \$2.602 million in available fee for work between Oct. 1, 2011 and March 31, 2012, while the company's Oak Ridge counterpart earned a "good" rating and a performance score of 94 for its work at the Y-12 National Security Complex. The performance at Y-12 earned WSI \$1.437 million out of \$1.545 million available (93 percent), which combined with base fee earned at the site gave the company \$2.449 million in fee for its work at Y-12. WSI is graded every six months at sites like Y-12 and Savannah River, while protective force performance evaluations are conducted once a year at the Nevada National Security Site.

At Savannah River, SRS federal Manager Dave Moody lauded WSI-SRS for meeting or exceeding a "majority" of performance goals and objectives during the period, including strike contingency planning in advance of negotiations on a new collective bargaining agreement with Savannah River's guards union, preparation for the 2012 Security Protection Officer Competition, and increased training and planning in advance of a force-on-force exercise at the site's H Area. Moody said that WSI's performance during the period demonstrated "an intact, robust comprehensive security services program." He did, however, suggest that there were still "opportunities for performance improvement," noting that there were instances during the fiscal year where WSI personnel failed to "follow established company and safety procedures." WSI-SRS earned 94 percent of its available fee on its most recent evaluation (for the last six months of FY2011).

A letter detailing WSI's fee at Y-12 was considerably less forthcoming and provided no details regarding the company's performance beyond its score and fee. NNSA spokesman Steven Wyatt said that the actual Performance Evaluation Review was not releasable. WSI's performance was consistent with previous evaluation periods. WSI

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Registration opens at 3:00 p.m. Monday, Oct. 15 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary is at 8:00 a.m., Tuesday, Oct. 16 The Forum ends at noon, Thursday, Oct. 18.

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earned a “good” rating and \$2.7 million for its work at Y-12 during the last half of FY2011, and \$2.9 million for its work at Y-12 during the first half of FY2011.

—Todd Jacobson

LEFT-RIGHT COALITION JOINS TO VOICE OPPOSITION TO CMRR-NF

A coalition linking arms control liberals with conservative and libertarian-leaning small government groups joined together June 22 to ask the Senate Armed Services Committee to reverse its support for construction of a multi-billion dollar Chemistry and Metallurgy Research Replacement-Nuclear Facility plutonium complex at Los Alamos National Laboratory. “The Administration, the Appropriators, and the Los Alamos National Laboratory itself believe that this nearly \$6 billion proposed facility is not needed at this time,” the letter said. “We would go further and say the facility is not needed at all; it is a waste of taxpayer money and should be canceled.”

Signed by 11 groups, the letter suggests the complicated politics surrounding the project. Signatories from the arms control left included the Friends Committee on National Legislation and the Los Alamos Study Group. From the small-government community, signatories included Taxpayers for Common Sense and the New Mexico-based libertarian-leaning Rio Grande Foundation. The unusual political alliance echos the split in Congress on the issue, with appropriators in the Republican House and Democratic Senate voting to zero out funding for CMRR-NF, while authorizing committee members in the Republican House and Democratic Senate are pushing to put the money back (*see related story*).

Groups Favor Plutonium ‘Plan B’

In their letter, the groups challenged committee Chairman Carl Levin (D-Mich.) and ranking Republican John McCain (R-Ariz.) to ask to see the “Plan B” produced by the National Nuclear Security Administration for pursuing plutonium work in the absence of CMRR-NF. “It is our understanding that Los Alamos recently released a 60-day study that determined that the Laboratory can maintain its plutonium pit manufacturing and sustainment needs without CMRR-NF. You have a ‘need to know’ this vital information—which is not available to the public—and we urge you and other Members of the Senate Armed Services Committee to review it before deciding to fund this unnecessary facility,” the letter said.

Release of the letter also echoed back in New Mexico, where the executive director of the Rio Grande Foundation

used it to criticize both candidates for the state’s U.S. Senate seat, Republican Heather Wilson and Democrat Martin Heinrich. Each has said they support building CMRR-NF (*NW&M Monitor*, Vol. 16 No. 27). “Unfortunately (albeit not surprisingly), both Heather Wilson and Martin Heinrich who are running for New Mexico’s open US Senate seat are trying to ‘one-up’ each other in supporting the costly boondoggle,” the group’s president, Paul Gessing, wrote in a blog post announcing release of the letter.

—From staff reports

RUSSIA COMMITS TO CONVERTING SOME RESEARCH REACTORS TO LEU

The Obama Administration expects that two Russian research reactors currently using highly enriched uranium will be converted to use low-enriched uranium by 2014, according to a statement released this week by the National Nuclear Security Administration. In a joint statement, the U.S. and Russia said that joint studies by the Department of Energy and Rosatom on converting four Russian reactors (the Argus, IRT-MEPHl, OR, and IR-8 reactors) indicated that it was feasible to convert the reactors to use LEU fuel, and two more studies will be wrapped up this summer. Work to convert two of those reactors is expected to be completed by 2014, the NNSA said. “The conversion of Russian research reactors from highly-enriched uranium to lightly-enriched uranium directly supports the president’s goal to reduce the dangers of nuclear material terrorism and weapons proliferation,” Deputy Secretary of Energy Daniel Poneman said. “We look forward to continuing cooperation with the Russian Federation on this important project as part of fulfilling commitments made at the 2012 Nuclear Security Summit in Seoul, South Korea.” Rosatom Director Sergei Kiriyenko told reporters in Moscow after meeting with Poneman that it would cost approximately \$12.5 million to convert the four research reactors.

While converting research reactors to use LEU fuel has been a priority in the United States to help keep nuclear material secure, Russia has long been hesitant to consider converting its own HEU-fueled research reactors and critical assemblies to use low-enriched uranium, though Russia has worked with the U.S. to convert reactors in other countries and clean out fresh and spent HEU fuel from reactor sites outside of Russia’s border. Some reactors are more difficult than others to convert—seven U.S. reactors still haven’t made the transition because suitable LEU fuel remains in development—but a 2010 agreement that allowed the feasibility studies represented a breakthrough in relations between the U.S. and Russia.

At a Senate Armed Services Emerging Threats and Capabilities Subcommittee hearing earlier this month, NNSA nonproliferation chief Anne Harrington called the news that Russia would begin converting some of its research reactors a “breakthrough.” “After a number of years of trying to move forward on this, we are extremely excited that we are seeing some concrete progress,” she said.

—*Todd Jacobson*

GOVERNMENT ACCOUNTABILITY OFFICE CRITICAL OF DOE ISOTOPE PROGRAM

The Department of Energy’s Isotope Program could be leaving money on the table, according to a Government Accountability Office report released last week that suggests the program has been lax in analyzing how it sets prices for the more than 300 different isotopes it supplies, including 10 provided by the National Nuclear Security Administration. The program sets prices for commercial markets to at least recover full costs, but the GAO said that the program has not assessed the value of isotopes to customers or defined the factors it should consider when setting the prices for commercial isotopes. Isotope prices for research efforts are priced differently. “As a result, the program does not know if its full-cost-recovery prices are

set at appropriate levels so as not to distort the market, and it may be forgoing revenue that could further support its mission,” the GAO wrote.

The bulk of the radioactive isotopes for the program are produced at linear particle accelerators at Brookhaven National Laboratory and Los Alamos National Laboratory as well as at the High Flux Isotope Reactor at Oak Ridge National Laboratory, while some are produced in Idaho and Washington state, according to the report. DOE Office of Science Director Bill Brinkman acknowledged that the program is continuing to address challenges it has faced since it was transferred from the Office of Nuclear Energy in 2008, but he took issue with the suggestions that the program hasn’t fully analyzed its pricing policies and noted that the program is in the process of finalizing an update to its 1990 Pricing Policy Memo. “The Isotope Program expends considerable effort in establishing prices, including full bottom-up activity-based costing for isotope production, interactions with the isotope user community, and negotiations with isotope customers,” Brinkman wrote in a response to the report. “Likewise, the ‘value of isotopes to customers’ has always been considered in pricing development.”

—*Todd Jacobson*

At the Weapons Labs/DOE Sites

AT LIVERMORE . . . IBM, LAB TO COLLABORATE ON NEW SUPERCOMPUTING INITIATIVE

Lawrence Livermore National Laboratory and IBM are joining forces on a new high performance computing initiative aimed at helping industry in the United States increase productivity, innovation, and competitiveness. Dubbed Deep Computing Solutions, the lab and IBM will deploy officials at Livermore’s High Performance Computing Innovation Center with the goal of accelerating the development of new technologies, products and services in fields that could include applied energy, green energy, biology, materials science, fabrication, manufacturing, data management, and informatics. Livermore has purchased a five-petaflop supercomputer called Vulcan from IBM to support the effort, as well as unclassified National Nuclear

Security Administration research programs, academic alliances and other science and technology work at the lab.

The 24-rack IBM Blue Gene/Q system is expected to be delivered this summer. “Maintaining a technological edge over the competition in the global marketplace is vital to both national security and the country’s economic prosperity,” Frederick Streitz, the director of Livermore’s HPCIC, said in a statement. “Deep Computing Solutions will be an important ingredient of the HPC Innovation Center, building on IBM and LLNL’s mutual experience in applying HPC to complex technical problems. Together we will help equip U.S. industry with the tools for technological innovation needed to stay ahead of the global competition.”

AT OAK RIDGE ORNL REACTOR TO BEGIN PU-238 PRODUCTION

About 17 small targets of neptunium-237 will be loaded in Oak Ridge National Laboratory’s High Flux Isotope Reactor for its next fuel cycle, No. 444, which is set to begin on July 30. This will be first in-reactor work in a

two-year, \$20 million project to demonstrate the Oak Ridge lab’s capabilities for producing, processing and purifying plutonium-238 for the space program. The Department of Energy is carrying out the work, although

the funding for the project is reportedly coming from NASA. The intent is to re-establish the plutonium-238 capability within the DOE complex by using existing infrastructure and not having to construct or sanction new facilities in a difficult budget environment.

Ron Crone, ORNL's reactor chief, and Jeff Binder, the interim associate lab director for nuclear science and engineering, confirmed the plans to load the target following the next outage for maintenance and refueling. ORNL officials have previously said their intent is to start small and gradually growing the production effort during the test program. Over time, some of the targets will be withdrawn

for evaluation, while others will be left in the reactor core for longer irradiation periods, they said. Ultimately, DOE wants to produce 1 1/2 to 2 kilograms of plutonium-238 per year. The plutonium would be used for space power sources known as RTGs or Radioisotope Thermoelectric Generators. In addition to the High Flux Isotope Reactor, the Oak Ridge project will take advantage of two hot cell facilities for processing work—the Radiochemical Engineering Development Center and the Irradiated Fuels Examination Lab. The Advanced Test Reactor at Idaho National Laboratory also will be called upon for plutonium production, at least during the trial phases, and ORNL and Idaho will be sharing information on best practices.

AT OAK RIDGE LOCK OUT/TAG OUT WORK RESUMES AT Y-12

A spokeswoman for B&W Y-12, the National Nuclear Security Administration's managing contractor at the Y-12 National Security Complex, said the company had resumed all lock out/tag out jobs at the Oak Ridge plant. However, Ellen Boatner emphasized that resumption included "compensatory measures" in place for the work, including additional management and technical oversight of the work.

In late May, Y-12 suspended all lock out/tag out activities at the plant for all plant employees—including subcontractors—because of continuing incidents at the plant. While no one was apparently injured during the various incidents, the order was put into play to underscore the significance and ongoing nature of safety issues at the Oak Ridge plant. Lock out/tag out procedures are set up to disable equipment and machinery in order to help protect service and maintenance employees from electrical and other hazards. The plant's lack of adherence to proper lock out/tag out procedures has reportedly been a problem for years. Earlier this year, the Defense Nuclear Facilities Safety Board addressed the concerns and said there have

been continuing issues with lock out/tag out at Y-12 since at least 2007.

Boatner said one of the changes is the addition of management oversight of jobs, even though the procedures themselves have not changed for lock out/tag out. She said the resumption of work had taken place gradually over the past month as issues were addressed. Boatner said one of the tenets of the site's Voluntary Protection Program is the ability to stop work if necessary, but with a priority on determining what needs to be changed. "What they did was determine they need to have more management oversight (of lock out/tag out)," she said. There also needed to be additional layers of expertise, she said. Last month, B&W Y-12 said the suspension was its own call. "This voluntary, self-imposed suspension is effective immediately and will continue until corrective actions are in place," the contractor said. "This action was taken as a result of a series of incidents involving poor LO/TO performance. No employees have been injured as a result of these incidents. B&W Y-12 is committed to maintaining the safety of all workers at Y-12 and to ensure the protection of the public and the environment."

AT OAK RIDGE UPF BASELINE NOT EXPECTED UNTIL SEPTEMBER 2013

John Eschenberg, the National Nuclear Security Administration's federal project manager for the Uranium Processing Facility at Y-12, said even though project officials are expected to reach the 90 percent design milestone this fall, the project's baseline and actual cost estimate likely won't come for another year—sometime around September 2013. "By September 2013, we will have a baseline for the UPF established," he said. The UPF, which is one of the largest federal projects underway—with an estimated cost range of \$4.2 billion to \$6.5 billion—is also being touted as the largest construction project in Tennessee history, and

Eschenberg doesn't discourage those who push the economic importance of the project.

Eschenberg reiterated that the plan is to break the project into phases to better manage the project. The first phase is preparing the site, a \$30 to \$35 million project. Much of this early work (about \$20 million) will be done under the management of the U.S. Army Corps of Engineers Huntington District, including the relocation of a section of Bear Creek Road. However, B&W Y-12, the current M&O contractor at Y-12, will do some of the work—including

the first piece of the site work, the demolition of Building 9107. The second phase of the project is the \$30 to \$45 million West End Protected Area, which includes the relocation of the Perimeter Intrusion Detection and Assessment System to prepare for significant reduction in the plant's high-security footprint. Site Preparation, a \$180 to \$200 million project, includes large-scale evacuation and backfill prep for the massive building, while the nuclear portion of the project makes up the bulk of the effort and is expected to cost between \$4.1 and \$5 billion. The nu-

clear portion includes construction of the main facility and the installation of new equipment.

Y-12 contractor B&W Y-12 said that there are a variety of upcoming procurements scheduled for Fiscal Year 2012 and FY2013, including initial site electrical work, wet spoils, early site prep electrical work, civil site preparation, construction of a concrete batch plant, the demolition of building 9107, chemical processing evaporators, electric tube conversion furnace, and site construction trailers. ■

Wrap Up

IN CONGRESS

James Windle, a former staffer for the Democratic majority on the House Energy and Water Appropriations Subcommittee, is running for Congress in his home state of Washington. Windle, who left the committee in 2010 to take a position at the National Defense University, is running as an independent in Central Washington's heavily Republican 8th Congressional District. Windle focused on environmental management and nuclear nonproliferation issues while on the committee, and previously worked at the Office of Management and Budget, NNSA and DOE. He is trying to unseat Rep. Dave Reichert (R), who has served in Congress for eight years. Washington's primary election is Aug. 7, and the top two vote-getters, regardless of party affiliation, will advance to the Nov. 6 general elections. "I am a political independent with the knowledge and experience to turn ideas into action," Windle said in a statement on his campaign website. "A two-year term in Congress means you must hit the ground running which requires a demonstrated ability to navigate through the partisan gridlock in Congress. I am fully prepared and eager to do so."

IN THE INDUSTRY

Harkcon, Inc., a Fredericksburg, Va.-based small business, has been awarded a \$15.4 million small contract to provide support services to the National Nuclear Security Administration's Emergency Operations Training Academy. The small business set-aside contract was awarded based on best value, the NNSA said, and runs two years, with three one-year options potentially stretching the contract to a total of five years. A one-month transition will begin July 1 and the contract will formally take effect Aug. 1. Based in Albuquerque, the Emergency Operations Training Academy provides professional development training to the NNSA's federal staff, both at its Albuquerque headquarters and across the weapons complex. Bidders requesting a debrief are asked to submit

requests by 4 p.m. Mountain Standard Time July 1 to Ruth Cushman at ruth.cushman@nnsa.doe.gov.

Huntington Ingalls Industries has tapped Peter Diakun to serve as its new vice president of energy programs. Diakun, who currently serves as vice president and chief technology officer of HII's Newport News Shipbuilding Division, will replace Doug Stitzel, who is set to retire on June 30, according to a company release. Explaining Diakun's new role, the release says that he will assume responsibility for energy programs while "maintaining certain aspects" of his current position. "In addition to leading NNS' Department of Energy programs, he will continue to oversee Virginia Advanced Shipbuilding and Carrier Integration Center (VASCIC) operations, including operational concepts and modeling and simulation work. In this new role, Diakun will also become the general manager of Newport News Nuclear, Inc. (NNN) as well as president of Newport News Industrial Corp. (NNI) and Newport News Energy (NNE), all HII subsidiaries."

Tetra Tech has parted ways yesterday with senior executive Bob Milazzo. Tetra Tech Senior Vice President Bill Brownlie, the company's chief engineer and the leader of its Haselwood Enterprises division, this week confirmed Milazzo's departure but declined to provide any additional details. He said that Milazzo, who had headed up Tetra Tech's DOE Services Group but was shifted to a senior program manager role last year, would not be replaced. "It's a marketing position we're not going to be replacing," Brownlie told *NW&M Monitor*. "There's not much more I can say than that." Milazzo has worked at Tetra Tech in a variety of roles since Tetra Tech purchased Brown and Root Environmental in 1998.

Tom Wantland has been promoted to director of environment, safety and health at Oak Ridge Associated Universities. He previously was manager of safety and environmental management. According to the ORAU announcement, Wantland will "now oversee the daily

operations of this program and assume the role of ORAU's corporate safety director." Wantland has degrees in

business administration and occupational health and safety from the University of Tennessee. ■

Calendar

July

- 4 EM PUBS CLOSED FOR INDEPENDENCE DAY
- 9-11 **Conference: DOE/NNSA Regional Small Business Summit; Energy Technology and Environmental Business Association (ETEBA); Knoxville Convention Center, Knoxville, Tenn.; Info: register.ornl.gov/2012/DOE_SBR_Summit/index.shtml**
- 10 Speech: "Nuclear Proliferation, Nuclear Sustainment," NNSA Defense Programs chief Don Cook, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.
- 12 Speech: "Nuclear Deterrence, Arms Control, Missile Defense and Defense Policy," StratCom chief Gen. Robert Kehler, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.
- 18 Speech: "Security Challenges for a New Administration," former Principal Deputy Assistant Secretary of Defense for International Security Policy David Trachtenberg, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.
- 18 Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, Nev.
- 19 **Speech: "Iran Security Challenges," Barry Blechman, Stimson Center, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.**
- 26 **Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.**

August

- 1 **Speech: "Nuclear Deterrence and Nuclear Defense," Steve Henry, Deputy Assistant Secretary of Defense for Nuclear Matters, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.**

September

- 3 EM PUBS CLOSED FOR LABOR DAY

4-7

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- Amanda Smith**, *Executive Director, Utah DEQ*

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- 19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.

(Changes from previous Calendar in Bold)

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NUCLEAR WEAPONS & MATERIALS

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Volume 16 No. 29

July 6, 2012

— *INSIDE HIGHLIGHTS* —

Lawrence Livermore National Laboratory’s National Ignition Facility has missed a major milestone on its quest to achieve ignition, and NNSA spokesman Josh McConaha conceded that it is “unlikely” that the multi-billion-dollar laser facility will achieve the overall goal of ignition by the end of the fiscal year. 2

The NNSA this week provided strong indications that it won’t award the combined Y-12/Pantex management and operating contract before the November elections. 3

The transportation bill passed by Congress late last week failed to grant DOE transfer authority for a program supporting USEC’s American Centrifuge technology, leading to uncertainty in how to make up a \$42 million funding gap for the program. 4

The United States had approximately 95.4 metric tons of plutonium under its control as of 2009, according to a report released this week by the NNSA. 5

***Procurement Tracker* 6**

The NNSA needs to invest more in its fleet of nuclear weapons and materials transportation trucks, and faces problems with rising overtime among the fleet’s couriers as a result of a rising workload, according to a report released this week by DOE’s Inspector General. 8

In a move recognized as a necessary preliminary step to multi-lateral talks on nuclear reductions, the P5 said late last week that China would lead a working group on coming up with common definitions of nuclear terms. 8

The House late last week passed the “Nuclear Terrorism Conventions Implementation and Safety of Maritime Navigation Act of 2012,” a bill necessary for U.S. implementation of amendments to two international treaties aimed at curbing nuclear terrorism. 9

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NIF MISSES MAJOR MILESTONE, IGNITION 'UNLIKELY' BY END OF SEPTEMBER

Lawrence Livermore National Laboratory's National Ignition Facility has missed a major milestone on its quest to achieve ignition, and National Nuclear Security Administration spokesman Josh McConaha conceded that it is "unlikely" that the multi-billion-dollar laser facility will achieve the overall goal of ignition by the end of the fiscal year. McConaha confirmed that the facility did not meet its June 30 milestone to achieve "alpha heating," which is an essential step on the path to achieving ignition that the agency has described as "lighting the match" to spark a reaction that leads to ignition. "NIF did not meet our Alpha Heating milestone goal of Q3 FY12," McConaha told *NW&M Monitor* in response to questions this week. "With only one quarter remaining, it is unlikely that ignition will be achieved by the end of the fiscal year."

Eventually, the \$3.5 billion facility is expected to train the energy of its 192 lasers on a tiny cylinder the size of a pencil eraser filled with deuterium and tritium, compressing the fuel until it reaches temperatures of more than 200 million degrees Fahrenheit and pressures billions of times greater than Earth's atmospheric pressure. The rapid compression of the capsule would force the hydrogen nuclei to fuse and release much more energy than the energy required to start the reaction. The facility's primary mission is to aid in the understanding of nuclear weapons, but it has made more headlines for creating the potential for scientific breakthroughs in the search for alternative energy sources and in the study of the cosmos.

Implosion Physics Puzzle Officials

Since last fall, though, NIF officials have struggled to understand important aspects of the performance of the facility's targets as experimental results have not matched up with computer predictions. The NNSA did not provide details about why the project did not meet the alpha

heating milestone, but according to one laboratory official, the crux of the problem is that implosion velocities are too low—the capsule is not being compressed fast enough—which has resulted in less-than-expected neutron yields that are needed to fuel ignition. "It has to get a combination of a certain area of density and temperature in the fuel that promotes the capture of the alphas that are created in the DT [deuterium-tritium] reaction to bootstrap the reaction and ignite the fuel," the official said. "You have to get alpha heating to get to ignition. Well, we're not getting to that point because we're not getting enough energy into the central hot spot. Nobody really knows why that's the case. There are all kinds of hypotheses. At this point we can only speculate." The official added that there was very low confidence at the lab that the problems could be overcome in time to meet this September's ignition milestone. "It's pretty clear that short of divine intervention, which I wouldn't count on, that there is no way to meet that deadline," the official said.

McConaha said that upcoming experiments at the facility will continue through December and will "take advantage of increased laser energy by allowing the shell of the capsule to be thickened," and he emphasized that the facility has already paid dividends even without achieving ignition. "NIF has been an important and valuable part of the Stockpile Stewardship program, even without Alpha Heating," McConaha said. "It's important to understand that ignition is a unique and challenging technical goal, even on the world's largest laser. The NIF laser, target fabrication capabilities and diagnostics have performed excellently, and have the precision to explore the optimization of implosions to attempt ignition in multiple experimental series."

Milestones Already Delayed

However, ignition has been the central goal of the facility since it was built, though this is not the first time a major milestone has been missed. The facility was originally projected to achieve ignition by the end of FY2010, but

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Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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that milestone was pushed back two years. In recognition of the challenges facing the program, the NNSA delayed several milestones earlier this year as well. The alpha heating milestone was initially expected to be achieved by March 30, but that was delayed to June 30, and a milestone to demonstrate ignition where the fusion energy output is greater than or equal to the laser energy delivered to the target was delayed from June 30 to Sept. 30. At the same time, the NNSA abandoned plans to achieve ignition with significant gain, a five megajoule output, by the end of the fiscal year.

In an April report to Congress on the facility's progress, the NNSA recognized the challenges facing the ignition effort, which were also highlighted in a fall review by former Under Secretary of Energy Steve Koonin. "Differences between data and prediction are revealing gaps in our codes, models and understanding of the physics of ignition capsules," the NNSA said in the report. "There is increasing agreement that investigating and resolving these gaps is important to improving our predictive capabilities for stockpile stewardship and ICF [inertial confinement fusion]." Recognizing that ignition was "not assured," Koonin suggested that work should begin on a 'Plan B' in case the ignition campaign fails, and the NNSA said in its April report that the NNSA and national ICF program leadership had begun to develop such a plan. The NNSA did not provide any details of the "Plan B" in response to questions this week, but according to officials, there is a sense that Congress could force a shift away from ignition and toward work more directly related to stockpile stewardship.

Congressional Concern Expected

Concern from Congress was evident during a March Senate Energy and Water Appropriations Subcommittee hearing with NNSA Administrator Tom D'Agostino. D'Agostino acknowledged that ignition was a challenging goal, but he told the panel that there is a "likelihood" that the agency would achieve ignition. "We've learned a lot, particularly in the last year, on how good our codes are, our simulation codes in actually predicting what the experimental data," D'Agostino said. "And we've realized—and this is actually very good news in a way—that there are some gaps, and so we're going to focus our effort to try to understand why did our codes predict one thing and the experiments give some different data. It's very important that we solve that particular piece of problem. We will be doing credible shots on the NIF, credible meaning that our codes predicted it, that we should achieve ignition. Whether we do or not will have to stand the test of time. We'll know soon enough whether we can do it or not."

Sen. Dianne Feinstein (D-Calif.), the chair of the subcommittee, expressed skepticism about the goal and said she was concerned about the progress on ignition. "I just hate to see all the money put in not able to achieve the goal," Feinstein said. "And what you've said today doesn't give me a lot of belief that it's just a question of time. What you've said is something new has happened and you need a solution to it."

A Strategic Mistake?

According to one laboratory official, there is a sense that ignition can be achieved—but not necessarily on the timescale promised. The official also said there is a worry among laboratory workers that the laboratory could be punished for over-promising on ignition. "It was a strategic mistake by lab management to stake so much on this one roll of the dice and to make a promise like this when all of the physics hadn't yet been worked out," the official said. "There are a lot of smart people here working this problem. I have some confidence that folks here will eventually figure it out. But because our management put us in this box basically we may not get the time required to sort out these problems and really do the research that is necessary. There is a lot of worry that this place could get hit hard because of the failure to make this milestone and there could be great damage done not only to the program itself but the lab as a whole. There is a lot of worry about that."

Roger Logan, who was the leader of the lab's Directed Stockpile Work and the chief scientist for weaponization before leaving the lab in 2008, has been a longtime critic of the project and the ignition campaign, suggesting that it would be hard to extrapolate the data for use in the nuclear weapons program. He said he was worried that the missed milestone would only lead to more money spent on the project, and he suggested that the government should stop funding the ignition effort, shifting the goal to the shoulders of the lab's private contractors. "If you just go by history, what happens every time they miss a milestone it offsets the schedule a couple years and roughly a billion dollars," Logan said. "This has happened time and time again. Why would I expect a different outcome this time?"

—Todd Jacobson

PRO FORCE ACQUISITION TIMELINE SUGGESTS DEC. AWARD FOR Y-12/PX M&O

The National Nuclear Security Administration this week provided strong indications that it won't award the combined Y-12/Pantex management and operating contract before the November general elections. In a tentative acquisition timeline released this week for the agency's

parallel Pantex/Y-12/Oak Ridge protective force procurement, the agency said it does not plan to award the combined security contract until December, with an effective start date of the contract scheduled for February of 2013. The agency has previously said it planned to award the security contract at the same time that it awards the combined M&O contract, and the new protective force acquisition timeline is affirming speculation among bidders that the Administration is likely to wait until after the election to award the contracts—due in part to election-year politics and the complexity of the combined procurements.

NNSA spokesman Josh McConaha declined to comment on the new protective force acquisition timeline and its impact on the M&O procurement, telling *NW&M Monitor* that it is still the agency's plan to not award the contract before September. In late May, the agency offered the most clear outline of its procurement plans, offering up a statement that confirmed speculation that the M&O contract would not be awarded before September and linking its procurement schedule with the protective force contract. "The acquisition process for the Y-12 National Security Complex, Pantex Plant, with an option for Savannah River Tritium Operations Management and Operating Contract Competition is ongoing," NNSA spokesman Robert Middaugh said in the May statement. "NNSA will not disclose any details before the contract is awarded. The contract will be awarded no sooner than September. It is the intent of NNSA to award the Pantex/Y-12 National Security Complex and DOE Oak Ridge Office Consolidated Protective Force Services contract concurrently."

Could Election Results Further Change Plans?

Industry officials said that a post-election December award for both contracts makes more sense than awarding the contracts in the hyper-sensitive lead-up to the election, but such an approach has its own pitfalls. One industry official suggested that the agency might want to get the procurement out before the election because drastic changes could be in store for NNSA leadership if Mitt Romney beats out President Barack Obama for the White House. "It's hard to see how they could plan to award this in December when you could have a lame duck situation," one industry official said. However, another industry official suggested that such an approach would stagger the start dates of the protective force and M&O contracts enough to give the incumbent contractors time to iron out any problems with the combined protective force contract before the new M&O contractor officially takes over. A two-month transition is planned for the protective force contract, but a six-month transition is planned for the M&O procurement. "Maybe you'd rather have the incumbent dealing

with the new pro force guys and get that out of the way. I guess that could be logical," another industry official said. "The M&O has to deal with a lot of stuff for six months including the final decision on who they keep and who they let go and you would have the pro force working separately with the incumbent M&O contractors."

Three teams have submitted bids for the contract and participated in oral presentations earlier this month. The teams include a group led by Y-12 and Pantex incumbent Babcock & Wilcox and including URS, Northrop Grumman, Honeywell (and Shaw and EnergySolutions as subcontractors), a Fluor-led team that includes Jacobs and Pro2Serve, and a Bechtel-led bid that includes Lockheed Martin and ATK as well as Booz Allen Hamilton and General Atomics as subcontractors.

B&W, WSI Planning to Team for Pro Force Contract

B&W is also expected to play a large role in the protective force procurement. *NW&M Monitor* has learned that B&W—which currently manages protective force work at the Pantex Plant as part of its M&O contract—is planning to team with Oak Ridge and Y-12 incumbent WSI for the combined protective force contract. Other companies that have shown an interest in the contract include Los Alamos National Laboratory pro force contractor SOC Los Alamos, Secure Transportation support services contractor Innovative Technology Partnerships, Securigard, Inc., Paragon Systems, PAI Corp., Tetra Tech, Innovative Technology Partnerships, Netgain Corp., Triple Canopy Inc., and Golden Services. The final RFP released this week included no major changes from a draft RFP that was published in April. The 10-year contract includes a five-year base period and options that would make up the second half of the contract's term. Bids are due for the contract on Aug. 10, and the NNSA said it will conduct oral presentations in August as well.

—Todd Jacobson

AMERICAN CENTRIFUGE R&D PROGRAM STILL NEEDS TO FILL \$42M FUNDING GAP

The transportation bill passed by Congress late last week failed to grant the Department of Energy transfer authority for a program supporting USEC's American Centrifuge technology, leading to uncertainty in how to make up a \$42 million funding gap for the program. The two-year research, development and deployment cost-share program is currently funded by \$88 million DOE agreed to provide last month, as well as an additional \$22 million from USEC. DOE's total share for the program comes to \$280 million, leaving a balance of \$192 million. However, the

Administration's budget request for Fiscal Year 2013 only included \$150 million for the program, and the \$42 million gap has not yet been accounted for.

DOE first announced that it was pursuing and RD&D program to demonstrate the project on a commercial scale last fall, and requested \$150 million in transfer authority from Congress to fund the first year. After several months passed with no action by Congress, supporters of the program saw the transportation bill as one of the few possible vehicles for that provision. The version passed by the Senate in March included the authority, but the House version did not. The bill that finally passed Congress late last week largely did away with non-transportation related provisions and other controversial material in order to facilitate final approval. Passage of a USEC provision was also complicated by the fact that the conference committee for the bill included ardent USEC critic Rep. Ed Markey (D-Mass.), and did not include any vocal American Centrifuge supporters.

Could Approps Bill Provide Extra?

With few additional pieces of legislation expected to pass between now and the next fiscal year, Hill staff are wondering whether DOE will look to the FY2013 Energy and Water Appropriations Act to provide the extra \$42 million on top of what was already requested. "Without the transfer authority in FY12 that leaves the FY13 bill as the only means of providing the remainder," one Hill staffer said, adding "It also raises issues about how long the \$88 million will carry them and timing of resolution of FY13." The Department expects the funding, which was provided by taking on additional uranium tails liability from USEC in exchange for rights to project technology and equipment, to fund the project until the end of November.

USEC officials are still hoping for Congress to grant some form of transfer authority to both make up the shortfall and carry the project past November in the likely event of a Continuing Resolution. "There's been some language around providing options for budget transfer authority in FY 2012. I think that's probably where people will be looking at right now," USEC spokesman Paul Jacobson told *NW&M Monitor*. "There are usually two or three different venues that can be explored, and that's probably the phase we're operating in right now, looking at what transfer authority or other options beyond the tails transfer that was announced on it a couple of weeks ago." Lacking that or additional funding in the FY13 spending bill, another option that may be proposed would be additional reprogramming of Department funds. DOE did not respond to request for comment this week.

—Kenneth Fletcher

NNSA REPORT: NATION'S STOCKPILE OF Pu DECREASED 4.1 MTS SINCE 1994

The United States had approximately 95.4 metric tons of plutonium under its control as of 2009, according to a report released this week by the National Nuclear Security Administration. An update to a 1996 plutonium inventory report, "The United States Plutonium Balance, 1944-2009" reveals that current estimates of the nation's plutonium stores have decreased 4.1 metric tons since 1994, the last year in which estimates of the country's plutonium inventory was tabulated. According to the report, the difference is largely the result of 3.5 metric tons in process residues from Rocky Flats that was originally set aside for recovery but has been categorized as waste and has been sent to the Waste Isolation Pilot Plant for permanent disposal. Of the inventory, 81.3 metric tons is considered weapons grade (less than 7 percent Pu-240), down from 85.0 metric tons in 1994, while 12.7 metric tons is fuel grade and 1.4 metric tons is power reactor grade.

Of the 95.4 metric tons, 43.4 metric tons is considered excess to defense needs, an increase of 5.2 metric tons from 1994. The total reflects the 2007 pledge by then-Energy Secretary Samuel Bodman to set-aside an additional nine metric tons of plutonium and 3.8 metric tons of excess plutonium waste that was shipped to WIPP from 1994 to 2009. The U.S. has committed to dispose of 34 metric tons of surplus plutonium by converting it to mixed oxide fuel at the Mixed Oxide Fuel Fabrication Facility being built at the Savannah River Site. "The public release of the U.S. plutonium inventory is a demonstration of our commitment to transparency whenever possible," NNSA Administrator Tom D'Agostino said in a statement. "As the United States moved into the 21st Century, our nuclear security footprint changed, and our nonproliferation goals evolved. The updated inventory is a reflection of that transition and an important gesture of openness to the international community."

Savannah River Adds 10 MTs of Plutonium

The Savannah River Site saw the biggest jump in its plutonium stockpile, which reflects its mission to store surplus plutonium from around the weapons complex, convert surplus plutonium to mixed oxide fuel and store irradiated nuclear fuel elements from foreign and domestic power and research reactors. Since 1994, the Savannah River Site has added 10 metric tons of plutonium, going from two metric tons to 12 metric tons in 15 years. Stocks at Department of Defense sites and the NNSA's Pantex Plant, where the bulk of the country's plutonium is housed, changed little, increasing 1.6 metric tons from 66.1 metric tons in 1994 to 67.7 metric tons in 2009, as did plutonium

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|---|---|--|---------------------------------|----------------|--|---|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Reopen | Contract with CH2M-WG Idaho to expire in 2012. | Sources sought notice issued June 24, 2010. | Undetermined/ Up to 10 years | Undetermined | Environmental Remediation, D&D, Waste Management | DOE still in negotiations with CWI on three-year extension. |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2012. | DOE has authorized a five-year extension for Battelle to stretch its contract through 2017. | Undetermined | Unrestricted | Laboratory Management | Negotiations between DOE and Battelle are ongoing. |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | One-year extension authorized Dec. 16 to allow time for contract competition to take place. | Undetermined | Unrestricted | Laboratory Management | |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2012. | Energy Secretary Steven Chu has authorized a five year extension. | Undetermined | Unrestricted | Laboratory Management | Negotiations on contract details ongoing. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Sept. 30, 2012, with two three-month options; SRS tritium currently part of Savannah River Nuclear Solutions contract. | Three teams submitted proposals by March 13; orals conducted May 1-3. | Undetermined | Full and Open | Management and Operation | |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expires March 28, 2012. | Final Request for Quotes issued May 3. Approximately nine teams submitted bids June 13. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |

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David G. Huizenga, *Senior Advisor for Environmental Management, Environmental Management Programs, U.S. Dept. of Energy*

Mark Lesinski, *Chief Operating Officer, Nuclear Decommissioning Authority, United Kingdom*

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| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|--|------------------------------------|---------------------------------|-----------------------|--|
| NNSA (Continued) Y-12, Pantex and Oak Ridge Security | Y-12 and Oak Ridge contracts held by WSI extended through end of November 2012. Pantex security currently provided by B&W Pantex. | Final RFP issued July 2. | More than \$1 billion a year | Full and Open | Security Services | Bids due Aug. 10. NNSA says award expected in December. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | DOE considering cancelling project. |
| MISC. SITES/PROJECTS Hanford Occupational Medical Services | Contract held by CSC Hanford Occupational Health Services set to expire in 2014. | New contract awarded to HPM Corp. June 8, 2012. | 6 years/ \$99 million | Small Business Set-Aside | Support Services | |
| Legacy Management Support Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | |
| Portsmouth Environmental Technical Services | Contract held by Restoration Services, Inc. set to expire by Sept. 30, 2013. | Draft Request for Proposals issued June 19, 2012. | 5 years/ \$65 million | Small Business Set-Aside | Support Services | |
| WIPP Mobile Loading Unit Support Services | Contract held by S.M. Stoller set to expire by April 30, 2013. | Request for Proposals issued April 10, 2012. Bids due by May 17, 2012. | N/A | N/A | Support Services | |

at Los Alamos (2.7 metric tons in 1994, 4.0 metric tons in 2009) and Lawrence Livermore National Laboratories (.3 metric tons in 1994 and 2009). Stocks at the Hanford Site decreased 4.4 metric tons, from 11.0 metric tons to 6.6 metric tons, while stocks at Idaho National Laboratory remained largely stagnant, going from 4.5 metric tons in 1994 to 4.6 metric tons in 2009.

—Todd Jacobson

IG: MORE INVESTMENT NEEDED FOR NNSA OFFICE OF SECURE TRANSPORTATION

The National Nuclear Security Administration needs to invest more in its fleet of nuclear weapons and materials transportation trucks, and faces problems with rising overtime among the fleet's couriers as a result of a rising workload, according to a report released this week by the Department of Energy's Inspector General. The transport unit has continued to successfully meet its shipping requirements, but the Inspector General's office raised questions about whether that would continue in the face of what are expected to be rising workloads.

Headquartered in Albuquerque with centralized operations hubs in Amarillo and Oak Ridge, the NNSA's Office of Secure Transportation operates 43 tractor-trailer rigs that appear to look like ordinary trucks on the highway but are outfitted with classified security features that protect their cargos of nuclear weapons and nuclear materials being shipped among the NNSA's nuclear weapon sites as well as, in some cases, Defense Department weapon depots. According to the IG's analysis, the rigs have a useful life of 10 years or 500,000 miles—whichever comes first—and the entire fleet is "beyond its operational life."

Replacement Trucks Scheduled For 2014

The agency's current plans call for extending the life of current vehicles for three to five years through the Armored Tractor Life Extension Program. The first upgrade, begun in 2011, came with a \$60,000 price tag, according to the IG's report. The Inspector General called the upgrades "critical to the future reliability of the tractor fleet" because of repeated delays in the agency's plans for purchase of replacement vehicles. The OST had planned to begin pursuit of new vehicles back in 2008, but the effort has been repeatedly delayed "due to competing management priorities and classification issues," the IG concluded. The current schedule calls for the first replacement vehicles to enter the fleet in 2014.

The IG's analysis also raised questions about the level of overtime incurred by the couriers who guard the nuclear

shipments. In Fiscal Year 2010, the group as a whole averaged 712 hours of overtime, with a significant fraction working substantially more than that. With increased workload expected in coming years connected with stockpile life extension and plutonium disposition programs, "the overtime levels currently experienced by OST agents raises concerns about their ability to safely and securely meet the expected increase in workload over the next 7 years," the report noted.

NNSA: Solicitation For New Trucks Coming This Year

In a written response to the Inspector General, NNSA budget chief Cynthia Lersten acknowledged the issues raised. A solicitation for new trucks will go out this year, she wrote, and in the meantime upgrades to extend the life of old trucks will continue. In addition, once future workloads are clarified, the courier force will be "right-sized" to meet the long term requirements. But in her letter, Lersten cautioned that ever-present budget constraints loom. The transportation group faces "significant challenges as a result of the existing fiscal environment," she wrote.

—From staff reports

P5 MOVES TO SET FOUNDATION FOR MULTI-LATER NUCLEAR DISCUSSIONS

China to Lead Working Group of Nuclear Terms Necessary for Arms Control Talks

In a move recognized as a necessary preliminary step to multi-lateral talks on nuclear reductions, the five countries that possessed nuclear weapons when the Nuclear Nonproliferation Treaty was signed said late last week that China would lead a working group on coming up with common definitions of nuclear terms. The P5, made up of the United States, Russia, China, France and the United Kingdom, would begin talks on the definitions this summer in an effort to "increase P5 mutual understanding and facilitate further P5 discussions on nuclear matters," the countries said in a joint statement Friday after a three-day meeting in Washington. Administration officials have previously noted that the United States and Russia have a long history of arms control negotiations that has created a familiarity and comfort between the two sides, but no such history exists between the P5, and China in particular, which is the most secretive about its own nuclear stockpile. "It's a very good step," acting Under Secretary of State for Arms Control and International Security told Reuters. "The fact that they are shouldering the responsibilities for this working group, I think, is a good sign of their interest of developing more mutual cooperation of this kind, leading to greater predictability and greater mutual confidence."

In its wide-ranging statement, the P5 also reaffirmed its commitment to a host of nuclear security issues, including eventual nuclear disarmament, the entry into force of the Comprehensive Test-Ban Treaty, strengthening the International Atomic Energy Agency's ability to safeguard against nuclear proliferation, a nuclear weapons-free zone in the Middle East, and the restart of negotiations on a Fissile Material Cutoff Treaty at the Conference of Disarmament, where Pakistan has blocked progress for several years. The countries also addressed one of the NPT's major shortcomings: the lack of penalties for countries that withdraw from the treaty to pursue nuclear weapons, as North Korea did nearly a decade ago. "The discussion included modalities under which NPT states party could respond collectively and individually to a notification of withdrawal, including through arrangements regarding the disposition of equipment and materials acquired or derived under safeguards during NPT membership," the P5 said, adding that "states remain responsible under international law for violations of the treaty committed prior to withdrawal." Additionally, the countries were briefed on activities at the Nevada National Security Site "to demonstrate ideas for additional approaches to transparency" and toured the State Department's Nuclear Risk Reduction Center.

—Todd Jacobson

HOUSE PASSES BILL AIMED AT NUCLEAR TERRORISM AGREEMENTS

The House late last week passed the "Nuclear Terrorism Conventions Implementation and Safety of Maritime Navigation Act of 2012," a bill necessary for U.S. implementation of amendments to two international treaties aimed at curbing nuclear terrorism. Addressing some acts not covered by current anti-terrorism laws, the bill addresses possessing radioactive or nuclear material with the intent to use it for harmful purposes as well as acts involv-

ing damage to a nuclear facility, filling in holes between U.S. law and the guidelines set by the 2005 International Convention on the Suppression of Acts of Nuclear Terrorism and the 2005 amendment to the Convention on the Physical Protection of Nuclear Material. The treaties were approved by the Senate in 2008. The International Convention on the Suppression of Acts of Nuclear Terrorism went into effect in 2007; the amendment to the Convention on the Physical Protection of Nuclear Material has been approved by 56 of 145 of the agreement's signatories.

To enter force, 97 countries must adopt the agreement, and the Center for Arms Control and Non-Proliferation said U.S. action is essential to getting other countries to act. "Many other countries have indicated that they are waiting for the United States to complete ratification of the two treaties before moving ahead with their own ratification processes," Kingston Reif, the center's director of Nuclear Non-Proliferation, said in a statement. "If the United States, the country generally perceived as most threatened by nuclear terrorism doesn't care enough to act, other countries are unlikely to do so." The Senate must still approve the legislation before President Obama can deposit the articles of ratification for the two pacts, Reif said.

In a statement before last week's House passage of the legislation, the Congressional Budget Office said a review of the bill had concluded that it would not add significant costs to the government. The bill, which it suggested would result in a "relatively small number" of additional cases, "would establish new federal crimes relating to acts of violence committed on or against ships or maritime fixed platforms and criminal acts involving the use of nuclear materials," the CBO said. "As a result, the government might be able to pursue cases that it otherwise would not be able to prosecute." It might also be able to collect a small number of additional fines under the legislation, the CBO said.

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT LOS ALAMOS LAB ANNOUNCES PLANS FOR JOINT FIRE CENTER

The federal agencies that manage the land in and around Los Alamos marked the one-year anniversary of the Las Conchas wildfire with the announcement of a \$3 million joint fire center to be built on lab property. The new center will be a joint fire operations and coordination center among the lab, National Nuclear Security Administration, the U.S. Forest Service and the National Park Service.

The agencies manage a patchwork of forested federal land in the Jemez Mountains of northern New Mexico that has

been the site of repeated and increasingly severe wildfires since the mid-1990s. "On the one year anniversary of the Las Conchas fire, I'm extremely pleased to see the federal agencies come together and make this Joint Fire Center for northern New Mexico a reality," NNSA Los Alamos site office manager Kevin Smith said in a statement announcing the partnership. "Having a permanent facility dedicated to fighting wildland fires is a huge asset for the entire region, where response time matters. NNSA is proud to be part of this joint effort."

AT OAK RIDGE HFIR MOVES AHEAD WITH PLUTONIUM PROJECT

Oak Ridge National Laboratory is moving ahead with plans for a \$20 million plutonium pilot project, with plans to load targets into the High Flux Isotope Reactor in the next fuel cycle. The goal of the year project is to demonstrate capabilities to produce and process plutonium-238 for the nation's space program. ORNL reactor chief Ron Crone, and Jeff Binder, the interim associate lab director for nuclear science and engineering, said 17 small targets of neptunium-237 targets will be loaded into the reactor in time for the next startup that's scheduled for July 30 following a maintenance and refueling outage. Ultimately, the Department of Energy wants to produce 1 ½ to 2

kilograms of Pu-238 per year, using existing infrastructure within the DOE complex. The plutonium would be used for space power sources known as RTGs or Radioisotope Thermoelectric Generators. In addition to the High Flux Isotope Reactor, the Oak Ridge lab plans to use the Radiochemical Engineering Development Center and the Irradiated Fuels Examination Lab in the project. Idaho National Laboratory's Advanced Test Reactor also will be called upon for plutonium production, at least during the trial phases, and ORNL and Idaho will be sharing information on best practices, officials said.

AT OAK RIDGE WSI RECEIVES 'GOOD' RATING FOR ORNL, DOE SECURITY WORK

Department of Energy security contractor WSI received another "good" rating for its protective force work around the weapons complex, earning the performance evaluation for its work at Oak Ridge National Laboratory and other Department facilities during the first part of Fiscal Year 2012. WSI-Oak Ridge earned \$1.07 million in fee for its work in Oak Ridge: \$621,709 in award fee and \$445,670 in base fee. The fee represented 96 percent of the \$1.11 million in total available fee, DOE spokesman Mike Koentop said, but just 93 percent of the \$668,504 in available award fee. Koentop did not provide details about

the basis for the fee, and a June 28 letter from acting DOE Oak Ridge Office Manager Larry Kelly also did not provide information about what the contractor did right or wrong during the evaluation period.

In recent years, WSI-Oak Ridge has performed similarly. In the second half of FY2011, WSI earned 96 percent of its award fee (\$989,806) and an "outstanding" rating, while it earned 97 percent of its award fee in the first half of FY2011 and a total of \$918,725.

AT OAK RIDGE Y-12 A LEADER IN COOL ROOFS

According to the triannual Y-12 Report, the Oak Ridge nuclear manufacturing plant has installed more than six acres—or 258,000 square feet—of cool roofs during the past four years. The plant reportedly started the effort in 2008, two years before Energy Secretary Steven Chu made it a policy of emphasis for federal facilities. "In the past decade, more than 20 acres of old roofing at Y-12 have been replaced with new roofing," the Y-12 report said. "Of

that number, six acres, or 258,000 square feet, are white roofs." The light-colored roofs reflect heat and have save energy during hot times—such as the heat wave that East Tennessee and much of the rest of the country currently is experiencing. The National Nuclear Security Administration is emphasizing white roofs as part of its Roof Asset Management Program. A plant official said about 90 percent of Y-12's roofs will eventually become cool roofs.

AT OAK RIDGE OFFICIALS OFFERS DEFENSE OF ORNL SUPERCOMPUTING

Lawrence Livermore's IBM "Sequoia" machine last month acquired the top spot on the TOP500 list of the world's fastest supercomputers, but Oak Ridge National Laboratory Deputy Director Thomas Zacharia defended his lab, suggesting that ORNL remains the No. 1 place to do scientific computing. ORNL's Cray "Jaguar" system, which was the world's fastest machine a couple of years ago, dropped to No. 6 on the latest ranking, but Zacharia said that's not a big deal for Oak Ridge. "It's not as critical for us today because there is nobody on this planet who does not believe that Oak Ridge is the preeminent place to do computation and it's not dependent on one factoid," he

said. "ORNL is best because of its programs, its people and the plans for the future."

Jaguar is currently being upgraded at the Oak Ridge computing center to incorporate a hybrid architecture. After the next-generation Nvidia GPUs are introduced at the machine later this summer the supercomputer will be renamed "Titan" and have a capability of 20 petaflops or more. That also could result in ORNL returning to the top spot on the Top500 List. Zacharia offered a mixed response when asked if ORNL would put extra effort to regain the No. 1 spot in time for the next rankings in

November. “Do I care? I always care. That’s who I am,” he said. “You wouldn’t believe me if I said I didn’t care about being No. 1. But it’s only a metric, and I think if you ask me do I care more about being the machine that everybody wants to run their science on, then the answer is the latter.”

Zacharia said ORNL wouldn’t “completely torque” the current ramp up plans for transition of Jaguar to Titan, but

he acknowledged that if there is a “window of opportunity” to regain the No. 1 spot that some effort might be made to get the new computer certified in time. “The reality is every six months this [list] comes in. In the old days, it was very important [to ORNL],” he said. “In the early days, when we started and all we had was an empty room and a four-cabinet system, then [being No. 1 on the list] was more important.”

AT SAVANNAH RIVER NNSA SEEKING NEW MOX FEDERAL PROJECT DIRECTOR

In the face of the upcoming retirement of project chief Clay Ramsey in late August, the National Nuclear Security Administration is seeking a new federal project director for the Mixed Oxide Fuel Fabrication Facility under construction at the Savannah River Site. The NNSA has posted a job opening announcement seeking candidates to manage the plant under construction at the Savannah River Site, which is a critical piece of the agency’s plans to dispose of 34 metric tons of surplus plutonium by converting it to commercial nuclear fuel. Ramsey, who has worked at MOX since 2006, is retiring after a “very successful career with NNSA,” spokeswoman Courtney Greenwald said in a written response. “We are conducting a full and open search and are working to fill the position expeditiously as the project is an important part of NNSA’s nonproliferation mission.”

The job opening comes as the MOX facility is undergoing a baseline change. While the most recent estimate puts the total project cost at \$4.86 billion and gives a startup date in 2016, the cost is expected to increase significantly. A number of factors have contributed to the increase, including hiring and retention issues, a large jump in the cost of diesel fuel, a lack of qualified vendors and subcontractors and problems with obtaining specialty components from the long-dormant nuclear industry. “The program scope is extensive, encompassing new and emerging technologies. Project phases are affected by emerging technical and design issues, changing stakeholder interests, difficulties in forecasting resource requirements, and complex technical factors often lacking precedents,” the job posting states. Responses for the job posting in Aiken, S.C., are due July 17.

AT SAVANNAH RIVER HSS REVIEWS PROCEDURES AT TRITIUM FACILITIES

A recent Department of Energy Office of Health, Safety and Security oversight review of implementation verification methods of the Savannah River Site’s tritium facilities noted several opportunities for improvement. The facilities, which are run by contractor Savannah River Nuclear Solutions, extract tritium and maintain a stockpile for the National Nuclear Security Administration’s nuclear weapons program. The HSS review completed in April focused on the implementation verification review (IVR) processes, which are used to evaluate new and revised safety basis hazard controls. The review found that SRNS completed a readiness assessment on revisions to its Documented Safety Analysis (DSA) and Technical Safety Requirement (TSA), but did not complete an IVR, according to a report released in late June. “The readiness assessment independently addressed most but not all of the changes to the safety basis hazard controls,” the report states.

While the HSS report found that the readiness assessment and implementation plan overall were conducted well, it also noted several opportunities for improvement. “For example, the requirement for installation and annual inspections of pipe penetrations in accordance with site procedures was not identified in the assessments. Additionally, Independent Oversight review of the safety basis hazard controls that were not included in the scope of the readiness assessment revealed that the implementation process does not include a review of changes to the DSA and TSR to ensure the Fire Hazards Analysis is updated,” the report states. HSS praised the Department’s Savannah River Site Office procedures for implementation verification. “Notably, the process addresses re-verification of facility safety basis controls every three years through the Safety System Oversight and Facility Representative programs. The IVR process is supplemented by a readiness review process that adequately addresses the review process, appropriately allowing for a graded approach for readiness assessments,” the report states. ■

Wrap Up

IN THE NNSA

More than 20 countries sent representatives to a World Institute for Nuclear Security (WINS) workshop held the last week in June at the Y-12 National Security Complex in Oak Ridge. According to the National Nuclear Security Administration, the countries represented at the workshop included Argentina, Australia, Brazil, Canada, Indonesia, Jordan, Kazakhstan, Lithuania, Malaysia, Mexico, Morocco, Nigeria, Pakistan, South Africa, Spain, Taiwan, The Netherlands, Ukraine, United Arab Emirates, United Kingdom and the United States. It was the first ever workshop in the U.S. for WINS. It was cosponsored by NNSA and the Defense Department. A statement said the week's work involved sharing best security practices for nuclear power plants, as well as other types of major nuclear facilities—including weapons sites. Participants at the Y-12 workshop also got to view a "validation force-on-force exercise" and discussed the use

of advanced tools and simulators for the preparation of security exercises, NNSA said.

IN THE INDUSTRY

Robert McGreevy, who came to Oak Ridge National Laboratory last year as a deputy associate lab director for neutron sciences, will be returning to England as director of the ISIS Facility at Rutherford Appleton Laboratory—where he worked previously. According to the internal announcement at ORNL, McGreevy will leave in September. "I am pleased because Robert will remain a strong partner and friend in the neutron sciences community but saddened that we will no longer have the benefit of his experience available to us on a daily basis," Associate Lab Director for Neutron Sciences Kelly Beierschmitt said in the announcement. "Robert has played a major role in developing the neutron sciences strategy and leading the organization through the changes that have taken place since our reorganization in October. We will be forever grateful for his hard work, long hours, and dedication." ■

Calendar

July

- 9-11 Conference: DOE/NNSA Regional Small Business Summit; Energy Technology and Environmental Business Association (ETEBA); Knoxville Convention Center, Knoxville, Tenn.; Info: register.ornl.gov/2012/DOE_SBR_Summit/index.shtml
- 10 Speech: "Nuclear Proliferation, Nuclear Sustainment," NNSA Defense Programs chief Don Cook, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

- 12 Speech: "Nuclear Deterrence, Arms Control, Missile Defense and Defense Policy," StratCom chief Gen. Robert Kehler, part of the Congressional Breakfast Seminar Series, at the Reserve Officers Club, One Constitution Ave., NE, Washington, D.C., 8 a.m.
- 18 Speech: "Security Challenges for a New Administration," former Principal Deputy Assistant Secretary of Defense for International Security Policy David Trachtenberg, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 30

July 13, 2012

— *INSIDE HIGHLIGHTS* —

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| <p>Frustrated by the time and effort it takes to ramp up for hugely expensive life extension work across the weapons complex, NNSA weapons chief Don Cook this week offered up an alternative. 2</p> <p>Paul Hommert, who has served as the director of Sandia National Laboratories for the past two years, will head up Lockheed Martin’s bid to retain management of the lucrative laboratory contract. 3</p> <p>Lawrence Livermore National Laboratory Director Parney Albright defended the laboratory’s quest to achieve fusion ignition in a memo to senior laboratory officials this week, suggesting that the lab should get more time to pursue the challenging scientific feat. 4</p> <p>Gen. Robert Kehler, the head of U.S. Strategic Command, this week continued to back the Obama Administration’s plan to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility while expressing concern about the nation’s future efforts to modernize the weapons complex. 5</p> <p>The Obama Administration may disagree with the National Nuclear Security Administration reform approach taken by House authorizers, but NNSA Defense Programs chief Don Cook suggested this week that it is nonetheless time to look at how the NNSA oversees its contractors. 6</p> | <p>The weapons complex is likely headed for another round of budgeting-by-Continuing Resolution when Fiscal Year 2013 begins in October. 7</p> <p>With Y-12 National Security Complex workers facing uncertainty regarding the NNSA’s upcoming award of the combined Y-12/Pantex contract, B&W Y-12 Deputy General Manager Bill Klemm said it has been an “enormous challenge” to keep workers at the plant focused. 8</p> <p>A former member of the Defense Nuclear Facilities Safety Board this week criticized the Board for its inability so far to obtain the services of an inspector general. 9</p> <p>Contractors at four DOE sites aren’t properly handling and storing explosives used in research experiments, the DOE’s Inspector General said in an inspection report released this week. 10</p> <p>At the Weapons Laboratories/DOE Sites 11</p> <p>Wrap Up 12</p> <p>Calendar 13</p> |
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NNSA WEAPONS CHIEF SUGGESTS MORE FREQUENT APPROACH TO LEPS

Frustrated by the time and effort it takes to ramp up for hugely expensive life extension work across the weapons complex, National Nuclear Security Administration weapons chief Don Cook this week offered up an alternative. Speaking at a Capitol Hill Club breakfast event, Cook suggested that as the size of the nation's nuclear arsenal continues to shrink and the nation continues to modernize the weapons complex, officials could move to more frequent warhead refurbishment work. Instead of working on weapons systems every 30 years, the agency would open up the weapons every 15 years, helping to stabilize the workforce of the weapons complex, adding more frequent technological advances, and possibly saving money. The concept is similar to how the United Kingdom manages its nuclear stockpile, though the UK has only one warhead and one delivery system. "It may be possible now to regularize the workload across the NNSA sites so that the safety, security and reliability of the U.S. systems can be improved more regularly than once every 30 years," said Cook, who headed up the UK's Atomic Weapons Establishment before joining NNSA.

A Broader Approach to Refurbishment

Currently, the process of refurbishing warheads in the nation's nuclear stockpile is a complex and drawn-out process that can take more than a decade and is dependent upon strict requirements from the Department of Defense. The NNSA is now refurbishing the W76 warhead, while refurbishment studies are being performed to consolidate four families of the B61 bomb and on the W78/W88 warheads. The Administration recently delayed the expected completion of the W76 and the expected start of production on the B61 and W78/W88, in part due to budget tightness and technological hiccups as well as the complicated approval process from Congress. "Getting concurrence on these things is not simple," Cook said.

"And so frequently, it will take one or two years to do that. And for some reason, in the past we didn't plan that one or two years in our schedules."

But the dates for First Production Units did not change, Cook said—at least not significantly. That often forced the agency to "freeze" the design before it would like to. When the effort is completed, the design team is "whittled away, is reduced, and it kind of decays for a period of time 'til the next life-extension program comes along." That's not good for the health of the nation's workforce, Cook suggested. "With my own team, I've said we will never again think of one LEP at a time," Cook said. "We'll think about the entire stockpile. The numbers are smaller. The build lots are going to be smaller. We're going to use more modern technologies. Those technologies are lighter. They're smaller. We can fit them into the existing aeroshells, bomb bodies."

Made Possible by Modernization

Cook said the effort would be made possible by a shift to a capability-based weapons complex that has slowly been modernized over the last decade. Cook noted that though the Uranium Processing Facility and Chemistry and Metallurgy Research Replacement-Nuclear Facility remain more than a decade from starting up (and perhaps much more in the case of CMRR-NF), other upgrades have been made around the complex. That includes the new Kansas City Plant that is under construction, a new High Explosives Pressing Plant under construction at Pantex, and the completion of the Mesa facility at Sandia National Laboratories, the Highly Enriched Uranium Materials Facility at Y-12, the Tritium Extraction Facility at the Savannah River Site, and experimental facilities like the Dual Axis Radiographic Hydrotesting Facility at Los Alamos and Sandia's Z Machine. "This is doable, but to get there, we need to have a regularized workforce, regularized capability, design at the labs and manufacturing at the plants and technology maturation," Cook said. "And it actually all has to work together because we have a capability framework,

ExchangeMonitor Publications' Nuclear Team
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not a capacity framework. And what that means is, if you've got an assembly line, you need one of every tool. When something breaks, the whole assembly line stops, unless you make up more bits and pieces on the front end, but you can't make up more bits and pieces from the back end, something we've seen at Pantex. And so finding effective ways to regularize the system is deeply important for the future."

Workforce Benefit Touted

The benefit would be most noticeable on the workforce, Cook said, which would avoid the pitfalls of ramping up and down for various life extension efforts. In contrast, life extension work would almost be constant. It could also have a significant impact on the ability of the NNSA to add security features to weapons as technological advances are made. For instance, the NNSA would have liked to have added insensitive high explosives to the refurbished W76 warheads, as it plans to do with the B61 bomb. However, they were unable to add the feature in the W76 warhead, and won't get another crack at the warhead for another 30 years, according to current schedules. "While it would be too large a step to state that a different approach to life extension program planning and execution would certainly reduce technology obsolescence, would reduce the ramp up and the ramp down of design and production teams and reduce the cost, duration and scope of the design and certification process; while it's too large a step to say it would certainly do that, there is a reasonable expectation that a more consistent flow of work through the NNSA enterprise, of relevant work utilizing and refreshing essential critical skills, could maintain the workforce at a higher state of capability and of performance," Cook said.

Cook said the workforce was his primary concern. "Within all of the elements of the nuclear deterrent, and all things that are important for nuclear sustainment, the most important piece is still the workforce," he said. "In the end, it all comes down to the people. That hasn't changed."

—Todd Jacobson

HOMMERT TO HEAD UP LOCKHEED MARTIN BID TO RETAIN SANDIA M&O CONTRACT

Paul Hommert, who has served as the director of Sandia National Laboratories for the past two years, will head up Lockheed Martin's bid to retain management of the lucrative laboratory contract, the defense contracting giant said in a statement announcing its intent to pursue the opportunity. The announcement came as no surprise to industry officials that have expected Lockheed Martin to

defend its turf at Sandia, which it has managed since 1993, but it establishes a marker for the company as it prepares to compete for the contract. Lockheed Martin has been gearing up for the bid for several months, and in late March, it tapped longtime business development executive Michael Gaughan to serve as the capture manager for the effort. A relative newcomer to the DOE and NNSA marketplace, Gaughan is an executive in Lockheed's Global Training and Logistics business unit.

In the March announcement, Sandia Corporation Board of Directors chair Marillyn Hewson called the Sandia contract a "top priority" for the company. "During our nearly two decades of oversight, we've helped position Sandia for the global security challenges of the 21st century, expanding its core nuclear security mission into adjacent areas such as non-proliferation, energy and infrastructure security, cyber technology and more," Hewson, who is the executive vice president of Lockheed Martin's Electronic Systems business area, said this week in a statement. "Given increasingly constrained budgets, our team's demonstrated performance and leadership will ensure affordable stewardship for this premier national lab for years to come."

A Crowded Field?

There is expected to be no shortage of companies interested in bidding for the Sandia contract, though only two companies have publicly announced their intentions to compete: Lockheed Martin and Fluor. Fluor did so with Boeing more than a year ago, and when Boeing backed out of the competition earlier this year, Fluor said it still planned to seek the contract. Bechtel, URS, Babcock & Wilcox, Northrop Grumman, Battelle, Jacobs Engineering, and SAIC are also expected to pursue the contract.

NNSA has provided little public information about its intentions on Sandia, signaling that it planned to compete the contract as part of a December notice that it was extending Lockheed Martin's contract to run the lab through September of 2013 with the potential for two three-month options. But more than six months later, the agency has released few other details. Though it has formed an acquisition strategy team for the procurement led by NNSA official Ike White, it is unclear when the agency plans to release a draft Request for Proposals.

Lockheed Stresses Stability

Lockheed Martin's Sandia Corp. has been one of NNSA's top performing contractors, and its most consistent laboratory contractor, though its performance dipped in its most recent Performance Evaluation Review. It received 85.3 percent of its at-risk fee (\$8.5 million out of \$9.9 million) and a total of \$27.0 million for managing Sandia National

Laboratories. Lockheed Martin also failed to earn one of its award-term extensions in the 2000s, though the NNSA extended its contract at Sandia to run through September of 2013 with the potential for two three-month options in order to allow a contract competition to take place.

Lockheed Martin pushed hard for a longer extension, using its solid performance at the lab as a basis, and while NNSA chose not to extend the company's contract for a significant length of time, it appears that Lockheed will use its own performance as the basis for its current bid. Hommert's selection as the laboratory director appears to be a reflection of that strategy, according to industry officials. He has steadily led the lab since taking over for Tom Hunter in 2000 and brings 35 years of national security experience and service to the job. In a statement, he emphasized Lockheed Martin's solid track record at the lab. "Sandia is entering an era of extraordinary responsibilities critical to the future of the nation's nuclear stockpile, our roles in design and production activities associated with the modernization program as well as continued assessment of the current stockpile are essential to the sustained reliability and safety of our nation's nuclear deterrent," Hommert said. "Sandia Corporation understands the magnitude and breadth of the Laboratory's national security mission, and the importance of continuity in mission delivery and our demonstrated commitment to continually improve operational effectiveness and cost performance especially given the fiscal challenges faced by the nation."

—Todd Jacobson

LLNL URGES CONTINUED IGNITION WORK DESPITE MISSED NIF MILESTONE

Lawrence Livermore National Laboratory Director Parney Albright defended the laboratory's quest to achieve fusion ignition in a memo to senior laboratory officials this week, suggesting that the lab should get more time to pursue the challenging scientific feat. Albright's memo comes on the heels of revelations last week that the National Ignition Facility missed a key ignition milestone and the National Nuclear Security Administration's admission that the facility was "unlikely" to achieve ignition by the expected target date of Sept. 30. Suggesting that lab officials had made significant progress in the three-year ignition campaign, Albright estimated that the lab was 75 percent of the way to achieving ignition, but conceded that it might be another two years before that goal is reached. "A year ago, most external reviewers of NIF believed that it would take up to three years of high quality experiments to either achieve ignition or fully explore the ignition regime offered by the NIF laser as currently configured," Albright

said in the memo. "We have regularly been doing these high quality experiments for only about a year. So, the data and progress to date show that we should continue the current vigorous investigation of ignition before making any decision about next steps."

One Milestone Achieved, But Not 'Alpha Heating'

Albright noted the NIF laser operated on July 5 at 1.85 mega million joules and 500 trillion watts for the first time, setting world records and continuing to distance itself as the world's most powerful laser. Later in the week, the lab publicly announced the milestone. "NIF is becoming everything scientists planned when it was conceived over two decades ago," NIF Director Edward Moses said in a statement. "It is fully operational, and scientists are taking important steps toward achieving ignition and providing experimental access to user communities for national security, basic science and the quest for clean fusion energy." The milestone was touted as a validation of the facility's power, which was in question more than a decade ago when it was unclear whether project officials would be able to develop optics that could withstand the intensity of the NIF laser.

The lab overcame those problems, and the recent milestone shot represents the power needed to achieve ignition, but laboratory officials have thus far been flummoxed by inconsistencies between predictions of how the capsule will implode and the actual results of experiments. Albright said additional experiments this summer will focus on meeting the June "alpha heating" milestone, which the lab has described as the match that ignites the fusion reaction and is viewed as a necessary stepping stone to achieving ignition. "We have already produced alpha particles from fusion reactions and have fuel that is dense enough to have the energy deposited in the fuel," Albright said. "Experiments planned for this summer will be looking at the most likely aspects of implosion performance to achieve alpha heating."

Eventually, the \$3.5 billion facility is expected to train the energy of its 192 lasers on a tiny cylinder the size of a pencil eraser filled with deuterium and tritium, compressing the fuel until it reaches temperatures of more than 200 million degrees Fahrenheit and pressures billions of times greater than Earth's atmospheric pressure. The rapid compression of the capsule would force the hydrogen nuclei to fuse and release much more energy than the energy required to start the reaction. The facility's primary mission is to aid in the understanding of nuclear weapons, but it has made more headlines for creating the potential for scientific breakthroughs in the search for alternative energy sources and in the study of the cosmos.

A Project at a Crossroads

The project is now at a crossroads. For the last two years, officials have focused on achieving ignition at the facility while balancing the needs of the Stockpile Stewardship Program. Don Cook, the head of the NNSA's Office of Defense Programs, this week lauded the facility and noted that it had already helped address several pressing issues facing the stockpile. "Is NIF useful for the stewardship program? The answer is absolutely, extraordinarily useful, and not just for ignition," he said. Cook also suggested that the problems achieving ignition were not necessary a "terrible" thing and that it would help bolster the codes used in simulating and modeling nuclear explosions. "The experimental capabilities advance and we see something, we learn something we didn't understand," Cook said. "Then we move the predictive capabilities forward and get better prediction, not cat and mouse, but step by step and in a scientific method is where we're going. ... I think ignition's possible on NIF if you can find the way. But I don't think we've found the full extent of the way yet or we'd know kind of when we're going to achieve that."

But the program's focus on ignition is set to change in Fiscal Year 2013 with the formal end of the National Ignition Campaign in September. Instead of a shot schedule focused on ignition, the balance of shots will be tilted in favor of Stockpile Stewardship and the NNSA said in a April report to Congress that laboratory and federal officials are beginning to look at a "Plan B" for achieving ignition. The NNSA hasn't commented on what a Plan B approach might entail, but the alternatives are believed to include a more fundamentals-based approach to achieving ignition, which could take much longer to achieve, as well as a polar direct drive approach to heating the target, which would mean more direct laser light hitting the target. NIF currently uses an indirect drive approach, and a move toward direct drive would likely mean that the facility would have to be shut down for a significant amount of time for costly modifications.

Albright, however, appeared to make the case for maintaining the current path. "Based on all the data taken to date, we are tantalizingly close and have found no fundamental reasons that would preclude us from achieving ignition. We could have major successes in the next few months or it might be longer. In either case, the timescale is short compared to the 50-year journey we have been on," he said in the memo to employees.

Calif. Lawmaker Urges Patience

Rep. John Garamendi (D-Calif.), whose 10th District includes Lawrence Livermore National Laboratory, also urged patience in regard to the facility. "Science doesn't

always follow the timelines of mankind, but we would be centuries behind if we gave up after every scientific hiccup," Garamendi said in a statement provided to *NW&M Monitor*. "America may still lead the world in scientific advances, but every day we are reminded that other countries are nipping at our heels---and chipping away at the economic windfalls that occur in countries that embrace public research."

Garamendi added: "The experiments done at the National Ignition Facility and similar research facilities are complex and require an investment of time, effort, and patience, but they pay off in the end. NIF conducts work that is crucial to our national defense and energy security. The NIF facility is more than just a fusion energy research, it is a critical element in maintaining safe, secure, and reliable weapon systems. Just think, 'Where would our economy be today if we gutted the public research that led to the Internet?'"

Sen. Dianne Feinstein (D-Calif.) did not respond to a request for comment on the project, but the Senate Energy and Water Appropriations Subcommittee that she chairs has previously raised concerns about the project. In the report accompanying the Senate version of the FY2013 Energy and Water Appropriations Act, the panel directed NNSA to create an independent advisory committee "as soon as possible to help set a strategic direction for inertial confinement fusion and high-energy density physics research and determine how best to use current facilities to advance this scientific field." If ignition is not achieved by Sept. 30, Senate appropriators directed the NNSA to report to Congress by Nov. 30 explaining the scientific and technical barriers to ignition, a revised schedule and path forward for the project, and the impact on the Stockpile Stewardship Program.

—Todd Jacobson

STRATCOM CHIEF BACKS MODERNIZATION PLAN FOR COMPLEX DESPITE CONCERNS

Gen. Robert Kehler, the head of U.S. Strategic Command, this week continued to back the Obama Administration's plan to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility while expressing concern about the nation's future efforts to modernize the weapons complex. Due to budgetary pressure, the Administration said in February that it would defer CMRR-NF for at least five years while accelerating work on the other multi-billion-dollar weapons complex construction project: the Uranium Processing Facility planned for the Y-12 National Security Complex. "I agreed with that sequencing," Kehler said in response to questions after a breakfast

speech at the Reserve Officers Association. “I did so because, again, we are under budget pressures, and nothing was immune. I believe that we could do that with some increased risk but acceptable risk. I believe we can manage that risk.”

House Republicans have criticized the Administration for delaying work on CMRR-NF and slowing work on three key warhead refurbishment efforts—the W76, the B61 and the W78/W88—while suggesting that the Administration is backing away from promises made during debate on the New START Treaty. At the time, the Administration said it would spend \$88 billion over 10 years on the National Nuclear Security Administration’s weapons program, but when the Administration rolled out its Fiscal Year 2013 request for the agency, it said that budget belt tightening—and Congressional cuts to its FY2012 weapons program budget—had forced a change of plans.

Beyond ‘13 Still a Concern

For his part, Kehler has suggested that he won’t feel completely comfortable about the modernization plan until there is more known about the future: what will happen in FY2014 and beyond. Kehler testified this spring that he was concerned with the lack of a plan. “What is still pending is what happens beyond ‘13,” Kehler said. “And both the Secretary of Defense and the Secretary of Energy have written a letter to the congressional committees that describe that we do not yet have a plan in place for ‘14 and beyond for the weapons complex, and that that is work in progress. And we will close that work here as we reach the end of the summer, and we’ll be prepared then to talk about ‘14 and beyond as we come in next cycle.”

Kehler said it was a priority of his to ensure that the weapons complex continues to receive the attention it needs. “Our weapons are aging. And we face issues in the physical industrial plant and the possibility of erosion of our intellectual capital,” he said. “We must protect the important investments for stockpile certification, warhead life extension and infrastructure recapitalization. To that end, StratCom is working with the Office of the Secretary of Defense and others to finalize plans for fiscal year ‘14 and beyond.”

Kehler: Modernization Could Lead to Stockpile Cuts

He suggested that once the weapons complex was modernized, he might be able to support further reductions to the nuclear stockpile below the 1,550-warhead cap established on strategic deployed nuclear weapons in the New START Treaty with Russia. “The Nuclear Posture Review, I think, did a pretty good job in describing that what we want to do here is we want to transition from maintaining weapons in

a stockpile as a hedge against technical or geopolitical issues, we want to transition to a responsive infrastructure in order to do that,” Kehler said. “And then when you do that—and I believe this is true—I believe that we can manage the existing stockpile a different way, perhaps with fewer weapons.”

Whether a responsive infrastructure would change the Pentagon’s requirements for 50 to 80 pits a year, which has been called into question with the deferment of work on CMRR-NF, remains unclear. Kehler said a pit production capability would still be needed in case the nation were to decide to produce a new weapon, or a replacement weapon like the Reliable Replacement Warhead, for stockpile refurbishment, or to hedge against problems with current pits in the stockpile. But he hinted that the requirements could be adjusted, perhaps in the Administration’s forthcoming Nuclear Posture Review implementation study that is expected to outline further reductions to the stockpile. “Those [pit] requirements come from not just one place, but a multiple of different sources, and ultimately those requirements are under review,” Kehler said.

—*Todd Jacobson*

SR. NNSA OFFICIAL SUGGESTS TIME IS RIGHT TO EXAMINE NNSA OVERSIGHT

The Obama Administration may disagree with the National Nuclear Security Administration reform approach taken by House authorizers, but NNSA Defense Programs chief Don Cook suggested this week that it is nonetheless time to look at how the NNSA oversees its contractors. Speaking at the Capitol Hill Club on July 10, Cook said he favored a “partnership” approach between the NNSA and its contractors based on the government-owned, contractor-operated model that has been in place for decades. “Getting to the point where we have oversight of these which is eyes-on, hands-off oversight has been my aspiration for several years, and it remains so,” Cook said, later noting that progress in safety and security issues over the last three to six years make now a prime time to examine the NNSA’s relationship with its contractors and how it conducts oversight. “The kinds of problems that are occurring are much smaller than the kinds of problems that occurred 20 years ago,” Cook said. “So what that suggests to me is it’s a reasonable time to think about how we should from the federal side, the federal entity, provide the appropriate oversight and governance of the labs and plants.”

In an effort to increase efficiency and productivity at the agency, language in the House-passed version of the Fiscal Year 2013 Defense Authorization Act would increase the

autonomy of the agency, eliminate DOE Office of Health, Safety and Security oversight of the weapons complex, and move the agency toward more performance-based oversight. The NNSA reform language was authored by Rep. Mike Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee in response to reports over the last decade that have raised questions about the efficiency of the NNSA's management structure and called its relationship with its laboratories "broken" and "dysfunctional." It has been met with opposition on a number of fronts, including labor unions, watchdog groups, and the Administration itself, which said it "strongly opposes" the NNSA reform language in the bill. The language would "fundamentally alter the relationship between DOE and NNSA by restricting the authority of the Secretary of Energy and transferring responsibilities from DOE to NNSA," the Administration said in response to parts of the bill that would increase the autonomy of the NNSA. On language that would eliminate HSS oversight of the NNSA and move the agency to a performance-based oversight model and away from a transaction-based approach, the Administration suggested the bill would lower safety standards, echoing concerns raised by labor unions. "By lowering safety standards for the nuclear weapons complex and reducing requested funding for health, safety, and security, these provisions would weaken protections for workers and the general public," the Administration said.

Cook, however, suggested that NNSA was not in as drastic a need for reform as House authorizers have proposed. "Things are, in my opinion, much improved in the way that the M&Os are running the places for us, as the government," Cook said. "I'm not dissatisfied with the way that's going."

—*Todd Jacobson*

SENATE MAJORITY LEADER OFFERS GRIM VIEW OF APPROPRIATIONS SCHEDULE

The weapons complex is likely headed for another round of budgeting-by-Continuing Resolution when Fiscal Year 2013 begins in October. Senate Majority Leader Harry Reid (D-Nev.) made it clear this week that the Senate doesn't plan to take up any appropriations bills before the end of the year due to a partisan rift over spending policies, drawing an immediate rebuke—and a government shutdown threat—from House Appropriations Chairman Hal Rogers (R-Ky.). The House has passed six appropriations bills, including the FY2013 Energy and Water Appropriations Act; the Senate has not completed work on any of its spending bills. However, the FY2013 Energy and Water Appropriations Act was cleared by the Senate Appropria-

tions Committee in May. "The 12 annual Appropriations bills cannot be swept under the rug and ignored until a more convenient political time," Rogers said in a floor speech yesterday. "They can, and must, be dealt with in a judicious and responsible manner—else the nation will once again face the economic danger and instability of threats of a government shutdown."

On Tuesday, Reid suggested that because House Republicans had marked up appropriations bill to levels below the caps set by last year's budget deal, striking a balance between the bills would be tough. "Until the Republicans get real, we can't do that, because they have refused to adhere to the law that guides this country," Reid said. Rogers, however, called that suggestion "absurd" in his response to Reid. "The House and the Senate are free to disagree, and frequently do, but that should not give cause for one whole legislative branch to act like impudent children, effectively 'taking their ball and going home,'" Rogers said.

Sorting Out the Differences

While the House and Senate versions of the FY2013 Energy and Water Appropriations legislation include different top line budget figures, appropriators in both chambers matched the Administration's \$7.58 billion request for NNSA's weapons program, largely supporting the Administration's plan to defer work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility. They also largely backed the Administration's plans for life extension work, though they weren't in complete lockstep. Senate appropriators cut \$30 million from the Administration's \$369 million request for work on the B61 life extension program and directed that no funding be used until a validated cost, schedule and scope baseline is submitted to Congress. While the House fully funded the B61 request, it said it was "deeply concerned" with the NNSA's ability to meet its production requirements.

Both committees boosted funding for the W76 life extension program, but by different amounts, with House appropriators adding \$45.1 million to the Administration's \$174.9 million request and Senate appropriators adding \$30 million. Appropriators differed significantly on nonproliferation spending, with the House cutting \$175.6 million from the Administration's \$2.46 billion request for nonproliferation work largely through reductions in non-construction funding for the Mixed Oxide Fuel Fabrication Facility and a \$50 million cut to the Administration's \$150 million request for a Department of Energy research, development and deployment program for USEC's American Centrifuge Project. The Senate matched the Administration's overall nonproliferation request, and Senate Energy and Water Appropriations Subcommittee Diane Feinstein

called the nonproliferation work one of her panel's top priorities. A Continuing Resolution would fund the NNSA at FY2011 levels: \$7.2 billion for the weapons program, and \$2.3 billion for nonproliferation work.

Def. Authorization Also in Doubt

Reid also suggested that it would be difficult—but not necessarily impossible—for the Senate to complete work on the FY2013 Defense Authorization Act before the end of the fiscal year. “It’s something we have to do before this year is out, and when I mean ‘year,’ I mean before the election,” Reid said. “I just don’t know when we can do it. Everyone knows how much we have to do, and so, procedurally, because of all the obstacles that I have to jump through as the leader, it makes it very, very difficult.”

—*Todd Jacobson*

CONTRACT UNCERTAINTY CREATES 'ENORMOUS CHALLENGE' FOR B&W Y-12

Contractor Rallies Workers Around Safety

KNOXVILLE, TENN.—With Y-12 National Security Complex workers facing uncertainty regarding the National Nuclear Security Administration's upcoming award of the combined Y-12/Pantex contract, B&W Y-12 Deputy General Manager Bill Klemm said it has been an “enormous challenge” to keep workers at the plant focused. “It’s a bigger challenge because B&W Y-12 is a corporate partnership of Babcock and Wilcox and Bechtel National. In the recompete we are each heading our own team,” Klemm told *NW&M Monitor* on the sidelines of the Department of Energy Regional Small Business Conference here. “B&W and Bechtel and Fluor are the competitors, so there are senior managers in the plant representing all of those contractors. So when they are all distracted by the process it’s a real challenge.”

Some of the current contractor's top officials are involved in the competition. Current B&W Y-12 General Manager Darrel Kohlhorst is part of the management team for the B&W-led bid. Meanwhile, Bechtel executive and current Y-12 Deputy General Manager Jim Haynes is heading up the Bechtel-led bid for the contract. Bids for the Y-12/Pantex contract were submitted in March, and the NNSA has said that it does not plan to award the contract before September, and plan to award the M&O contract at the same time as it awards a contract for combined Oak Ridge/Pantex protective force management. Oral presentations have been completed and deliberations are ongoing, according to NNSA officials.

Klemm: Focus On Safety Has Avoided 'Death Spiral'

As the procurement goes on, workers at the Y-12 site continue to question “what’s going to happen next week or next month or next year,” Klemm said. The concern reflects issues raised by union officials at Y-12 and Pantex, which for the last two years have pressured NNSA to include better protections for existing workers under the new contract. The contract will not contain provisions requiring contractors to hire the existing workforce, but the NNSA said in the final Request for Proposals that the winning contractor must give a “right of first refusal ... for every position identified by the Contractor as necessary for completing the requirements of the contract.” Klemm said the uncertainty among the workforce was a “demotivator,” adding that it worries workers who are not sure if they will even remain at the plant when a new contractor takes over. “The words in this contract are not conducive to stability. So people are truly worried about whether they are going to have a job when this thing is announced,” Klemm said. “So the consequence of that is that you’ve got to give them something to think about that aligns with what our business is, or we are going to go in a death spiral.”

Despite the upheaval, in the last year the contractor has been successful in meeting both safety and production goals. Focusing on safety during a period of potential change has been a “very effective tool,” Klemm said, resulting in the recent achievement of DOE's Voluntary Protection Program “star” status. “We have to continue to beat that drum now to keep people’s minds focused on the business we are in. This is a dangerous business,” he said. “It is a hazardous work environment and people have to keep their head in the game or they get injured.” Klemm said it was a “significant accomplishment” to achieve VPP status in a time of uncertainty. “But more importantly it kept our people focused on their own personal safety and the safety of the folks around them,” he said, noting that safety statistics have continued to improve from 2011 to 2012. “That’s a big marker. I attribute that to the fact that we kept people focused in the midst of a tornado on being safe.”

—*Kenneth Fletcher*

SMALL BUSINESSES URGED TO START TALKS ON UPF PROCUREMENTS

KNOXVILLE, TENN.—With awards related to construction of the Uranium Processing Facility expected to ramp up in Fiscal Year 2013, a UPF procurement official here urged small businesses to initiate discussions with site contractor B&W Y-12 on those opportunities. The procurement process started this year with preparations in

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM



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Dr. Peter Winokur, *Chairman
Defense Nuclear Facilities Safety Board*
David G. Huizenga, *Senior Advisor for Environmental Management, Environmental Management Programs, U.S. Dept. of Energy*
Mark Lesinski, *Chief Operating Officer, Nuclear Decommissioning Authority, United Kingdom*

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Matt Moury, *Deputy Assistant Secretary for Safety, Security & Quality, Environmental Management, U.S. DOE*
Ken Picha, *acting Deputy Assistant Secretary for Tank Waste & Nuclear Material, Environmental Management, U.S. DOE*
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Alice Williams, *Associate Principal Deputy Assistant Secretary, Environmental Management, U.S. DOE*
Paul Bosco, *Director, Office of Acquisition and Project Management, U.S. DOE*
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John Owsley, *Director, Division of DOE Oversight, Tennessee Dept. of Environment and Conservation*
Carol Johnson, *President, Washington Closure Hanford*
Mike Johnson, *President, Washington River Protection Solutions*
Steve Jones, *President, Oak Ridge Atomic Trades and Labor Council*
John Lehew, *President, CH2M Hill Plateau Remediation Co.*
Dave Olson, *President, Savannah River Remediation*
Herman Potter, *President, United Steelworkers Local 689, Piketon, Ohio*
Leo Sain, *President, URS-CH2M Oak Ridge*
Beth Bilson, *Vice President, Business Services, Savannah River Nuclear Solutions*
Jim Key, *Vice President, United Steelworkers Local 550, Paducah, Ky.; Vice President Atomic Energy Workers Council*
Ron Slottke, *Vice President/CFO, CH2M Hill Nuclear Group*
Sandra Fairchild, *Business Mgr., Savannah River Remediation LLC*
John Robinson, *Procurement Mgr., Washington River Protection Solutions*
Frank Sheppard, *Business Mgr., Parsons-Salt Waste Processing Facility*
Carl Strock, *Manager of Functions, Bechtel National*
Ward Sproat, *Safety Culture Lead, Hanford Waste Treatment Plant*
Doug Clapp, *Majority Clerk, Energy & Water Development Appropriations Subcommittee, U.S. Senate*
Leonor Tomero, *Minority Counsel, Armed Services Strategic Forces Subcommittee, U.S. House of Representatives*

— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

**REFRESHMENTS AT
REGISTRATION**

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

Tom D'Agostino, Under Secretary
Nuclear Security, U.S. DOE

OPEN DISCUSSION

8:45 **DNFSB, DOE and the Contractors:
Roles, Responsibilities and the Road
Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety
Board

OPEN DISCUSSION

9:20 **Safety Challenges and Opportunities for
the Future Workforce**

(National Labor Speaker TBD)

OPEN DISCUSSION

9:50 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:20 **COFFEE BREAK**

10:40 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

11:15 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**,
Editor-in-Chief and Vice President,
EM Publications & Forums

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager-U.S.
Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

David Pethick, General Manager
Global Management and Operations
Services, URS

Bruce Stanski, President
Fluor Government Group

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **State Regulators: Priorities for Future
Cleanup**

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

(Additional Speakers TBD)

OPEN DISCUSSION

2:15 **Union Concerns Across the DOE
Complex**

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Safety Culture Lead
Hanford Waste Treatment Plant

(Additional Speakers TBD)

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

John Lehew, President
CH2M Hill Plateau Remediation Co.

Carol Johnson, President
Washington Closure Hanford

Leo Sain, President
URS-CH2M Oak Ridge, LLC

(Additional Speakers TBD)

OPEN DISCUSSION

5:45 **ADJOURN**

6:00 **COCKTAIL RECEPTION**

Wednesday, October 17

7:00 **CONTINENTAL BREAKFAST**

8:00 **The Path for Forward for Nuclear
Cleanup in the UK**

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

OPEN DISCUSSION

8:30 **Managing Risk in the DOE Complex:
What Changes in Risk-Sharing Will
Mean for DOE and its Contractors**

Paul Bosco, Director
Office of Acquisition and Project
Management, U.S. DOE

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

Ron Slotke, Vice President and CFO
CH2M Hill Nuclear Group

Carl Stroock, Manager of Functions
Bechtel National

Frank Sheppard, Business Manager
Parsons-Salt Waste Processing Facility

OPEN DISCUSSION

9:45 **EM Technology Development Priorities**

(DOE Speaker TBD)

— *Raising the Bar on Project Performance to Address Long-Term Challenges* —

| | | |
|---|---|--|
| OPEN DISCUSSION | Dave Huizenga , Senior Advisor Environmental Management, U.S. Department of Energy | 9:30 Lessons Learned from Portsmouth, Paducah Cleanup |
| 10:15 COFFEE BREAK | | William Murphie , Manager Portsmouth-Paducah Project Office, U.S. DOE-EM |
| 10:35 Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION | OPEN DISCUSSION | (Additional Speakers TBD) |
| MODERATOR: Martin Schneider , Editor-in-Chief and Vice President, EM Publications & Forums | 8:00 COCKTAIL RECEPTION | |
| John Robinson , Procurement Manager Washington River Protection Solutions | 8:30 DINNER | |
| Sandra Fairchild , Business Manager Savannah River Remediation LLC | Thursday, October 18 | 10:30 COFFEE BREAK |
| Beth Bilson , Vice President Business Services, Savannah River Nuclear Solutions | 7:00 CONTINENTAL BREAKFAST | 10:45 Upcoming Procurement Opportunities and Acquisition Process Changes |
| (Additional Speakers TBD) | 8:00 Implementing EM's New Organization and Institutionalizing Changes for the Long-Term | Jack Surash , Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM |
| OPEN DISCUSSION | Alice Williams , Associate Principal Deputy Assistant Secretary, U.S. DOE- EM | OPEN DISCUSSION |
| 11:50 Contracting and Procurement Lessons Learned: Analysis from WC Monitor | 8:30 ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects | 11:15 Congressional Staff: Perspectives on the Future of DOE Cleanup |
| MODERATOR: Martin Schneider , CEO ExchangeMonitor Publications & Forums | Ken Picha , acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM | MODERATOR: Mike Nartker , Associate Editor, <i>Weapons Complex Monitor</i> |
| OPEN DISCUSSION | Mike Johnson , President Washington River Protection Solutions | Doug Clapp , Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate |
| 12:15 BOX LUNCH | Dave Olson , President Savannah River Remediation, LLC | Leonor Tomero , Minority Counsel Armed Services Strategic Forces Subcommittee, U.S. House of Representatives |
| 12:30 WORKSHOP | (Additional Speakers TBD) | (Additional Speakers TBD) |
| 7:00 SPECIAL EVENING SESSION | OPEN DISCUSSION | OPEN DISCUSSION |
| MODERATOR: Edward L. Helminski , President, EM Publications & Forums | | 12:00 FORUM ADJOURNS |

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advance of a large number of Requests for Proposals expected later this year and in FY2013, when awards are scheduled for early site preparation work and some equipment. "Now is the time to be talking to us about what your capabilities are to help us line you up with the package and the needs that we have coming up," B&W Y-12 UPF Project Procurement Manager Richard Brown said this week at the Department of Energy Regional Small Business Summit here.

Cost estimates are still being finalized for the facility to be constructed at the Y-12 National Security Complex, but current estimates have indicated that it could run up to \$6.5 billion. Federal Project Director John Eschenberg last month outlined a contracting strategy for the facility in which the project will be broken up into several pieces over the next decade to ease management (*NW&M Monitor*, Vol. 16, No. 25). The first phase will be to begin work on relocating Bear Creek Road, the main thoroughfare at the Y-12 National Security Complex, in order to make room for UPF. The first of about eight pieces of the project, the road relocation will be managed by the Army Corps of Engineers. Other pieces include site preparation, the structure of the building, the installation of process equipment, and the completion of the facility. The Administration has asked Congress for \$340 million in FY2013 to accelerate the project, which is expected to be completed by 2019 and up and running by 2023. Construction of the 350,000 square foot building will use 150,000 cubic yards of concrete, 8,000 tons of structural steel and 2.4 million feet of wiring and cable, according to a presentation by Brown.

Officials Plan to Release 'A Lot of Big Packages'

This week Brown emphasized the need to get started in developing procurements for the large amount of upcoming work, much of it related to site preparation. "We have a lot of procurement packages coming out over the next three years and the best time to line up suppliers for these packages and for us to scope them properly is now," he said. "We're looking at something right now just shy of \$2 billion in purchase orders and subcontracts over about 300 packages. That's an average cost of about \$6 million. That's a lot of big packages." Brown added that the contractor had "barely started" on the multi-step process for most of those contracts. B&W Y-12 plans to start a detailed process with formal expressions of interest with a number of qualification questions, which will be followed up with further analyses. "It's really the very beginning," he said.

Three major requests for proposals are scheduled for the third quarter of FY2012, with awards expected in the first quarter of FY2013. That includes contracts for civil site

preparation and a concrete batch plant, each estimated to come in at \$25 million to \$50 million, as well as electrical site preparation, which is estimated at between \$1 million and \$5 million. Also scheduled for FY2013 awards are 16 awards related to process engineering equipment and two facility engineering awards. And in FY2014, the contractor plans to finalize Basic Ordering Agreements for gloveboxes totaling between \$10 million and \$25 million. It is unclear if those plans will change given the uncertainty in the award of the combined Y-12/Pantex management and operating contract, which is expected to take place later this year.

Contracting Strategy to Restore Confidence In Project

Last month Eschenberg detailed a number of advantages in the strategy of breaking the project up into numerous smaller chunks for contracting. "The wisdom there is it's very small, it's very discreet," Eschenberg said. "The owner has a high level of visibility in what's being expensed and you can't shuffle costs forward. ... The other advantage is it allows the owner to use different means of contracting." He also said the strategy should help build confidence in the project, which has jumped in cost over the last decade. Eschenberg said this week that the project has reached 76 percent design maturity, and will reach 90 percent by the fall. "It also allows us to over time begin to restore confidence in fed building," Eschenberg said. "That's more paramount to our success. What that means is that now that we've got a number of small victories and we're proving along the way we can deliver such that when the project's funding needs hit a peak of \$750 million, which is going to tax the system, we can show a track record of success."

—Kenneth Fletcher

FORMER DNFSB MEMBER CRITICIZES BOARD FOR FAILURE TO OBTAIN IG

A former member of the Defense Nuclear Facilities Safety Board this week criticized the Board for its inability so far to obtain the services of an inspector general. While the DNFSB had been directed by lawmakers to enter into an agreement with another federal agency for inspector general services beginning this fiscal year, the Board has notified Congress that it has been unable to do so, though with little explanation as to why. "I don't understand why an MOU [memorandum of understanding] for IG services is so difficult. I don't understand why they have not followed Congressional direction," Larry Brown, who proposed last year that the DNFSB have an inspector general, told *NW&M Monitor*. "If the Board is so focused on avoiding oversight that it won't implement simple

declarative legislation, then how can it be relied upon to implement the complex nuclear safety rules and regulations?" Brown said.

Brown served on the DNFSB from September 2006 until he resigned in early 2011, in part because of a disagreement with how the Board conducted an investigation into safety culture concerns at the Department of Energy's Hanford Waste Treatment Plant project. Last spring, Brown sent a letter to both the DNFSB and DOE recommending that the Board obtain an inspector general to help provide transparency into its operations. "If the Board had the independent oversight of an IG, then concerns could be resolved in a way that both assure competency and avoids the hint of conflict of interest," Brown wrote. In the 2012 Consolidated Appropriations Act, lawmakers included a provision directing the DNFSB to enter into an agreement for inspector general services with the Nuclear Regulatory Commission's IG Office for Fiscal Years 2012 and 2013, and to then procure inspector general services on an annual basis thereafter.

'Extensive Discussions' Unsuccessful, Board Says

Last week, though, DNFSB Chairman Peter Winokur sent a one-page letter to the heads of the Senate Energy and Water Appropriations Subcommittee saying the Board had engaged in "extensive discussions" with the NRC's IG Office, as well with the IG offices of 10 other agencies and the Council of Inspectors General for Government Integrity, all to no avail. "To date these efforts by the Board to enter into an agreement for inspector general services appropriate to the Board's operation and size have been unsuccessful," Winokur wrote in the July 3 letter, Winokur declined to provide additional comment this week. The NRC Inspector General's Office was unable to be reached for comment this week.

In his letter, Winokur noted that the House and Senate versions of the FY 2013 Energy and Water Appropriations bills contain differing provisions on the DNFSB obtaining inspector general services. The House version of the bill includes \$200,000 for the Board to procure inspector general services from the NRC, and directs the Board to examine inspector general agreements that other advisory bodies of similar size have entered into to develop alternatives for the Board to obtain such services. The Senate version of the bill, though, would direct the NRC's IG Office to also serve as the IG Office for the DNFSB. "As these differences are resolved, the Board will work to obtain inspector general services consistent with congressional direction," Winokur wrote.

Some Lawmakers Want More Drastic Changes

The DNFSB's inability to obtain an IG comes as some lawmakers are pushing for more drastic changes in how the Board operates and interacts with DOE. The House-approved version of the FY 2013 Defense Authorization Act includes language that would require the DNFSB to "specifically assess" the technical and economic feasibility, the costs and benefits and the "practicability" of implementing its recommended measures; and would direct the Board to provide draft copies of its formal recommendations to DOE for a 45-day comment period before a final version could be issued. The measure also appears to seek to reduce the level of authority the DNFSB Chairman has in the operation of Board, such as by requiring all Board members to have "full and simultaneous access" to all information and to have the ability to propose individuals for senior staff positions for which a determination would have to be made. A quorum of Board members would also be needed for some Board activities and each Board member would be given funds to employ at least one technical advisor that would not be subject to the direction or supervision of the DNFSB Chairman.

—Mike Nartker

DOE IG RAISES ISSUES WITH EXPLOSIVES HANDLING AT FOUR SITES

Contractors at four Department of Energy sites aren't properly handling and storing explosives used in research experiments, the DOE's Inspector General said in an inspection report released this week. The DOE watchdog examined explosives handling procedures at four sites—Los Alamos National Laboratory, Sandia National Laboratories, the Savannah River Site, and Idaho National Laboratory—and found that DOE procedures were not always being followed. Among the problems the IG found, it said that the Savannah River Site and Idaho National Laboratory conducted inspections of explosives shipments during the busiest times of the day and in populated areas, against DOE policies, and it said that procedures at both sites allow for unsafe explosives shipments to be returned to public highways "possibly exposing the general public to hazardous conditions." The IG also said that Sandia officials created an "unacceptable safety risk" when they did not analyze the hazards involved in storing the remains of explosives that had undergone testing with other active explosives.

In addition, the IG said that excess material was being kept in storage bunkers at the four sites, some bunkers were mislabeled, and excess explosives waste was not disposed of quickly. "These actions could have resulted in injury to

employees and members of the public from unanticipated explosives events,” the IG said, noting that the issues were resolved at each of the sites after they were identified. “We found that Department management had not focused the attention needed to ensure that the responsible facilities contractors properly implemented Department policies for

handling and storing explosives, as required.” Headquarters and site officials generally agreed with the report’s findings, according to the IG, and the Office of Health, Safety and Security said it would raise awareness about the problems and update technical standards during the next meeting of the Explosives Safety Committee.

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT NEVADA TEST SITE PICKED FOR ELECTRICAL VEHICLE PILOT PROGRAM

Federal and contractor officials at the Nevada National Security Site will use 11 Chevy Volt electric cars as part of a demonstration project for plug-in electric vehicle technology across the government. The site is the only DOE site that was picked to be part of the pilot project, and it is one of five government locations around the country testing the cars. The purpose of the project is to assess the viability of the cars for wider use in federal vehicle fleets around the country. “We’re very pleased to have been selected for this project,” National Security Technologies President Ray Juzaitis said in a statement. “We were able to convince the GSA that the NNSS could provide a wide variety of testing environments in which to evaluate this emerging technology.” The 1,360-square-mile site is larger

than the state of Rhode Island and provides a wide variety of terrains and temperatures, ranging from rugged terrain in mountains 65 miles northwest of Las Vegas to city-like conditions around the Nevada Site Office in North Las Vegas. The cars will be used by federal and contractor employees for their daily work activities, and their usage will be tracked to assess potential cost savings, emissions reductions, and vehicle performance over an extended period of time. “It is an ideal testing location because it will challenge the vehicles in wide variety of driving conditions: hot and cold, flat and mountainous, rural and city,” Nevada Site Office Manager Steven Mellington said in a statement.

AT LOS ALAMOS LAB CAPTURES NEUTRON RECORD

A team using Los Alamos National Laboratory’s TRIDENT laser has created the largest neutron beam ever created using a short pulse laser, with scientists involved saying the work demonstrates a unique new capability for both basic physics and the use of neutrons to probe the properties of various materials. TRIDENT, which serves primarily as a nuclear weapons research and development facility but also is used in non-defense work and as a user facility, is smaller than its major Department of Energy cousins, such as the National Ignition Facility and OMEGA at the University of Rochester. But while it cannot compete with the big lasers, it is an ideal facility for the development of diagnostic systems that can then be used on the large machines, scientists say.

Its record-setting neutron pulse was created with a laser blast at a plastic target that created a plasma that accelerated deuterons into a beryllium target, creating a neutron beam from the deuterons. It is the first successful demonstration of the method of creating high-energy neutrons, according to Markus Roth from the Technical University of Darmstadt, the 2012 Rosen Scholar at Los Alamos and one of the leaders of the experiment. Among the possible applications for the new technique are neutron radiography and diagnostics for fusion research. The technique also opens options for other smaller short pulse lasers at universities and laboratories to create similar neutron beams, scientists say.

AT OAK RIDGE ORNL CONTINUES TO PREPARE FOR BUDGET TIGHTENING

Oak Ridge National Laboratory has invested hundreds of millions of dollars in capital improvements over the past decade—far more than that if counting construction of the Spallation Neutron Source and a new Leadership Computing Facility—and ORNL Director Thom Mason said the modernization efforts aren’t done yet. However, Mason said some of the infrastructure is being scaled down because of the current budget climate in order to help

makes things work as smoothly as planned. Slowing down the infrastructure investments is a temporary thing, he said. “Eventually, that’ll have to come back,” he said, “but at least for the time being we’ve scaled back to the tune of about \$100 million a year [including overall cost reductions]. We don’t know what’s going to happen, but whatever it is, that gives us a little bit of ability to respond. Maybe a little ahead of the curve without overreacting.”

Mason and other lab officials have been watching the Fiscal Year 2013 budget numbers coming out of the House and the Senate, and he indicated the general trend is “flattish.” But, he noted, that there are still contentious areas and obvious potential for change. “The big wild card is not so much what the House and Senate have marked up. It’s probably other stuff that’s going to have to be worked out before the end of December, with sequestration, which

obviously could have dramatic effect.” The ORNL director acknowledged he has “no idea” what’s going to come out of some of those decisions. “So, what we’re trying to do is everything we can to position ourselves for uncertainty,” he said. That’s why there’s been a workforce restructuring at the lab, changes in the benefit plans, and anything else to reduce the operating costs, he said. “We’re trying to position ourselves for trouble waters,” he said.

AT OAK RIDGE Y-12 COMPLETES WIRELESS UPGRADE

The Y-12 National Security Complex has completed installation of “ultra-secure” wireless at two of the plant’s major facilities: the Jack Case Center, which is its largest office complex and administrative hub, and the New Hope Center, which includes the visitor center and history museum. “These networks are fully operational and working as intended to allow the use of personal devices in a secure environment,” National Nuclear Security Administration spokesman Steven Wyatt said. “The wireless systems at Y-12 are completely separate from the classified computing network at Y-12. Over the next few years, we will continue to expand wireless capability into other areas and eventually plan to cover the entire site. This effort is

expected to result in significant cost savings and enhanced communication capabilities.”

Wyatt said Y-12 was the first NNSA site to install ultra secure wireless capability, and the wireless was first installed at the New Hope Center. According to a recent employee newsletter, Y-12 workers were reminded to not use a personal or government-furnished device to connect to the plant’s unclassified sensitive network (USN), not use any Bluetooth device, not store Y-12 data on a personal device, and to not connect a personal device to any government-furnished device.

AT SAVANNAH RIVER LAYOFFS UNDERWAY AT MOX

With construction progressing at the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site, contractor Shaw AREVA MOX Services is reducing the number of workers at the site. The staff reductions for both MOX Services and subcontractor employees affected at least 100 workers. They were primarily on the evening shift and took place with the cooperation of local union officials, according to MOX Services spokesman Bryan Wilkes. There will be more changes in staffing levels over the coming months as more construction milestones are met,

he said, adding, “Our employment numbers always fluctuate based on construction needs.” Last month the contractor announced the completion of construction of the project’s 72,000-square-foot technical support building, and the plant’s main process building exterior will also be completed this year. The total number of workers on site will stand at about 2,700 at the end of the week compared to an average of about 2,800 last week. Once operational the facility will have about 1,000 operations workers. ■

Wrap Up

IN THE WHITE HOUSE

Contractors at Department of Energy sites are set to soon see more rapid payments under a new Obama Administration policy unveiled this week. While federal agencies typically have 30 days to pay prime contractors, DOE and other agencies have been directed to accelerate such payments to within 15 days of receiving proper documentation, with the aim of prime contractors also accelerating payments to their small business subcontractors. “The acceleration of payments to all prime contractors is a one year, temporary, transitional policy that provides for immediate assistance to small businesses, while

affording agencies and prime contractors time to insert contract clauses ... or take other appropriate steps to ensure that prime contractors provide prompt payment to their small business subcontractors,” says a July 11 memo from the White House Office of Management and Budget. OMB also plans to ask the Federal Acquisition Regulatory Council to help develop standard wording for a clause to be included in an agency’s contract with a prime contractor to provide for prompt payment from the prime contractor to small business subcontractors, according to the memo. Federal agencies will be required within six months, and then again within one year, to prepare a report on their progress in making accelerated payments to prime contractors and the progress of their 25 largest prime contractors

in incorporating prompt payment clauses in the subcontracts with small businesses.

IN CONGRESS

Legislation to establish a new Manhattan Project national park took a step forward this week, with the House Natural Resources Committee approving the measure by unanimous consent. The bill would require the Manhattan Project National Historical Park to be set up within one year and specifies the facilities and areas at Hanford, Los Alamos National Laboratory and Oak Ridge to be included in the national park. The bill would also require the Park Service and the Department of Energy to work together to ensure safe and secure access to the included locations. “The goal of this bill is to officially declare the importance of preserving this history of the Manhattan Project, provide access to the public, and involve the unique abilities of the Park Service to help tell this story. By establishing this Park, we seek to fully open the doors to the American people, as well as the world, to provide enhanced public access to these facilities where history unfolded,” House Natural Resources Committee Chairman Doc Hastings (R-Wash.), one of the sponsors of the bill, said in a release. A companion bill has been introduced in the Senate.

IN THE INDUSTRY

The Shaw Group reported third quarter revenues of \$1.6 billion this week, up \$100 million from the same

quarter last year, crediting the increase in part to work performed as part of Mixed Oxide Fuel Fabrication Facility by construction contractor Shaw AREVA MOX Services. Gross profit for the third quarter came to \$56.5 million, a significant increase over the \$10.1 million profit reported in the third quarter of Fiscal Year 2011. “Our Environmental & Infrastructure group also continues to perform extremely well. Their results are driven by the MOX project or the mixed oxide project for the Department of Energy in Savannah River, South Carolina. That project is going extremely well,” Shaw Chief Financial Officer Brian Ferraioli said in a call with investors this week.

B&W Pantex has gone more than five million man work hours without a lost-time injury, the plant announced this week. The plant has not had a lost-time accident since September of last year, according to plant officials. “Safety is integrated into every action we take at Pantex,” B&W Pantex General Manager John Woolery said in a statement. “This achievement validates what we know about Pantexans—that they are dedicated to performing their duties in a safe, secure and high-quality environment.” The plant celebrated the milestone with a plant-wide barbeque July 10. “The awards and milestones are significant, but the real reward for our safety effort comes when our employees go home every day just as healthy as they were when they arrived,” Environment, Safety and Health Division Manager Bill Mairson said in a statement. ■

Calendar

July

- 17 **Discussion: “Recent Developments in Laser-Isotope Separation (SILEX) for Uranium Enrichment: Program Update and Nonproliferation Aspects,”** with GE Hitachi’s Ruth Ravitz Smith, Carnegie’s James Acton, and Georgetown University’s Francis Slakey, sponsored by the Center for Science, Technology and Security Policy, Room B369 Rayburn House Office Building, Washington, D.C., noon-1:30 p.m.
- 18 **Speech: “Security Challenges for a New Administration,”** former Principal Deputy Assistant Secretary of Defense for International Security Policy David Trachtenberg, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.
- 18 **Speech: “The Role of National Laboratories in U.S. National Security and Technological Innovation,”** Lawrence Livermore National Laboratory Director Parney Albright, sponsored by the University of California Institute on Global Conflict and Cooperation, Robinson Auditorium, UC San Diego, 9500 Gilman Dr., La Jolla, Calif., 3:30-5 p.m.

- 18 **Meeting: Nevada Site-Specific Advisory Board; DOE Nevada Support Facility 232 Energy Way (Sedan Room), Las Vegas, Nev.**
- 19 **Speech: “Iran Security Challenges,”** Barry Blechman, Stimson Center, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.
- 19 **Hearing: House Science, Space and Technology Committee, “The Science Supporting the Development of Threat Detection Technologies,”** with Richard Cavanagh, National Institute of Standards and Technology; Huban Gowadia, Domestic Nuclear Detection Office; Anthony Peurrung, Pacific Northwest National Laboratory; and Thomas Peterson, National Science Foundation, Room 2318 Rayburn House Office Building, Washington, D.C., 10 a.m.
- 20 **Hearing: House Armed Services Strategic Forces Subcommittee, “Nonproliferation and Disarmament: What’s the Connection and What Does That Mean for U.S. Security and Obama Administration Policy?”** with former Assistant Secretary of State Stephen Rademaker,

Kori Schake of the Hudson Institution, and Stanford University's Scott Sagan, Room 2118 Rayburn House Office Building, 10 a.m.

20 Speech: "The Trident and Its Contribution to Deterrence," Rear Adm. Terry Benedict, Director of the Navy's Strategic Systems Programs, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

26 Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

August

1 Speech: "Nuclear Deterrence and Nuclear Defense," Steve Henry, Deputy Assistant Secretary of Defense for Nuclear Matters, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

September

3 EM PUBLS CLOSED FOR LABOR DAY

4-7

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19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.

October

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November

22-23 EM PUBLS CLOSED FOR THANKSGIVING

December

24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

January

2013

21 EM PUBLS CLOSED FOR MLK DAY

February

18 EM PUBLS CLOSED FOR PRESIDENT'S DAY

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

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...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 31

July 20, 2012

— *INSIDE HIGHLIGHTS* —

Republican lawmakers in the House endorsed legislation this week that would prevent the Obama Administration from further reducing the size of its nuclear stockpile, taking a hard stance against expected plans that could cut the size of the nation’s deployed stockpile to 1,000 or below. 2

The NNSA is poised to break out protective force management at Los Alamos National Laboratory as a prime contract, ending a subcontracting arrangement that is unique to the laboratory. 3

The NNSA has changed its plan to have deputy managers for its new NNSA Production Office stationed at the Y-12 National Security Complex and the Pantex Plant, and instead will locate a single deputy manager at Y-12. . . 3

The Government Accountability Office has dismissed a pair of protests by MELE Associates of a task order awarded under the NNSA’s technical services blanket purchase agreement, just days after the company amended its protest with another complaint this week. 4

The NNSA may have its share of governance issues, but they’re not affecting the quality of science and engineering at the agency’s laboratories, according to NNSA Defense Programs chief Don Cook. 4

A bipartisan group of eight Senators wants the Obama Administration to reverse course on the deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility, and they are appealing to the Department of Defense to lead the effort. 6

Facing the prospect of losing approximately \$12 million in fee for its work overseeing the construction of the Waste Solidification Building being built at the Savannah River Site, site contractor Savannah River Nuclear Solutions has changed leadership atop the troubled project. 7

Shaw Environment and Infrastructure is parting ways with Federal Division President Bill Winkler, whose last day at the company is today. 7

A slight adjustment to the due date for proposals on the NNSA’s combined Oak Ridge/Y-12/Pantex protective force contract was among very minor changes outlined in an amendment to the final Request for Proposals released late last week. 8

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Calendar 10

HOUSE-PASSED LANGUAGE WOULD LIMIT ADMIN. FROM FUTURE NUCLEAR CUTS

Republican lawmakers in the House endorsed legislation this week that would prevent the Obama Administration from further reducing the size of its nuclear stockpile, taking a hard stance against expected plans that could cut the size of the nation's deployed stockpile to 1,000 or below. An amendment to the House version of the Fiscal Year 2013 Defense Appropriations Act authored by Reps. Michael Turner (R-Ohio), Buck McKeon (R-Calif.), Mac Thornberry (R-Texas) would prohibit the Administration from funding the implementation of any new reductions, and would require that the Administration seek the approval of Congress for any reductions made with a foreign country as required by the 1961 Arms Control and Disarmament Act. The House passed its version of the FY 2013 Defense Appropriations Act by a vote of 326-90.

Press reports have suggested that the long-delayed Nuclear Posture Review implementation study has considered a wide range of reductions below the 1,550-warhead ceiling established by the New START Treaty, including as few as 400 nuclear weapons. A more likely target, however, is a move to somewhere around 1,000 nuclear weapons, though it appears increasingly likely that President Obama will not make any decisions in regards to the study until after the November general elections. "The President is now considering nuclear reductions that could be as high as 80 percent of the US nuclear arsenal and has broken the promises he made during the last round of reductions: the New START Treaty," Turner said in a statement.

Turner Opposes 'Hurling ... to Nuclear Zero'

Republicans have blasted the Administration for backing away from promises it made to modernize the nation's nuclear weapons complex as part of the debate on the New START Treaty. Faced with tightening budgets, the Administration scaled back its modernization plans in February,

requesting \$7.6 billion for the National Nuclear Security Administration's weapons program, well short of the \$7.9 billion it said it expected to spend in FY2013 during debate on the New START Treaty, and deferring construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility for at least five years.

The amendment is similar to language authored by Turner in the House-passed version of the FY2013 Defense Authorization Act that would link progress on modernization to implementing reductions under the New START Treaty, but Turner emphasized in a July 19 letter to other House lawmakers that the amendment to the Defense Appropriations bill was aimed at future reductions. He said that the deferment of the CMRR-NF "leaves the U.S. with virtually no militarily significant plutonium pit production capacity, which every other nuclear weapons state can do. Taken together, the President seems intent on hurtling the United States alone down the road to Nuclear Zero. Any further nuclear reductions must be met with ample justification for how U.S. security will be enhanced. That is why this amendment is so important to the national security of our nation, and that of our allies."

Markey Lashes Out at Nuclear Spending

The amendment passed by a 235-178 vote, and was opposed by a large number of Democrats. That included Rep. Ed Markey, who has pushed to drastically cut spending on nuclear weapons. "Republicans in the House have stuffed the defense bill with billions of dollars worth of unneeded nuclear weapons programs designed to defeat the Soviet Union. Apparently, Republicans want to retroactively re-fight the Cold War," Markey said in a statement. "The doomsday that Americans fear in the 21st century isn't being vaporized by a nuclear bomb, it's the doomsday diagnosis of Alzheimer's or cancer; it's the doomsday fear of job loss or inability to put food on the table or cool your home during this record-breaking heat. It is time to stop funding unneeded nuclear weapons programs that perpetuate the Cold War that we won more than 20 years ago. I

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will continue to fight against this wasteful nuclear weapons spending that no longer reflects America's 21st century security needs.”

—*Todd Jacobson*

NNSA MOVING TO BREAK OUT PRO FORCE MGMT. AT LANL AS PRIME CONTRACT

The National Nuclear Security Administration is poised to break out protective force management at Los Alamos National Laboratory as a prime contract, ending a subcontracting arrangement that is unique to the laboratory, *NW&M Monitor* has learned. An agency team earlier this year recommended competing the Los Alamos protective force contract when current contractor SOC Los Alamos' three-year base term expires on Sept. 30, 2013, shifting to a cost-plus-award fee contract beginning in Fiscal Year 2014 and away from a firm fixed price contract. Such a decision would mean not exercising any of the company's two one-year options, and while no final decision has been made, the agency is believed to be deciding on the timing of a new procurement, according to officials with knowledge of the process. SOC has managed the lab's protective forces since 1992, but until 2008 the Day and Zimmerman subsidiary was known as Protection Technology Los Alamos. The NNSA and Los Alamos National Laboratory declined to comment this week on its plans.

However, documents obtained by *NW&M Monitor* describe the agency's deliberations. According to the documents, an agency team completed a “deep dive” of Los Alamos' Office of Security and Safeguards earlier this year and determined that the existing firm fixed price subcontract arrangement was “not ‘optimal’ during a period of constant scope change and budget fluctuations.” Los Alamos is the only site in the weapons complex that procures protective force management through a subcontract; protective force work at the Savannah River Site, Y-12 National Security Complex and Nevada National Security Site is procured through prime contracts with the NNSA, and the Pantex Plant will soon join that list as the NNSA is competing a combined protective force management contract at Y-12 and Pantex. Protective force work at Sandia National Laboratories, Lawrence Livermore National Laboratory and the Kansas City Plant is handled through existing management and operating contracts.

According to the NNSA study, the firm fixed price subcontract with SOC Los Alamos limits the lab's ability to accommodate fluctuations in the safeguards and security budget, is time-consuming to manage, and is viewed as an expensive alternative to existing prime contract arrangements. The study noted that the Y-12 protective force

contract transitioned to a prime contract with the Y-12 Site Office more than eight years ago with few problems. The “initial feedback is that it is working well,” documents said. According to the documents, a cost-benefit analysis has not been conducted on the plans, and the study suggested that more federal staff could be needed to compete the contract and oversee its implementation.

—*Todd Jacobson*

IN SHIFT, NNSA TO HAVE JUST ONE DEP. MANAGER FOR NNSA PRODUCTION OFFICE

Former Acting Y-12 Manager Dan Hoag To Fill No. 2 Federal Slot in New Office; Will Be Stationed at Y-12

The National Nuclear Security Administration has changed its plan to have deputy managers for its new NNSA Production Office stationed at the Y-12 National Security Complex and the Pantex Plant, and instead will locate a single deputy manager at Y-12. The NNSA said this week that former acting Y-12 Site Office Manager Dan Hoag, who had been slated to serve as the production office's Y-12 deputy manager, will serve as the lone deputy for the production office in a move that appears to consolidate leadership of the new office in Oak Ridge. The NNSA had spread out functional leadership of the new office between Y-12 and Pantex, and NNSA Production Office Manager Steve Erhart had previously said the agency was planning to have two full-time deputy managers—one for Y-12 and one for Pantex. Deb Monette had been the acting deputy manager at Pantex when the office began operations last month. “Dan is a highly respected and proven leader who has a wealth of experience in the oversight of nuclear production operations and major construction projects,” Erhart said in a statement. “He will play a key role in the day to day management of operations at both Pantex and Y-12.”

Hoag will remain in Oak Ridge, but he will “be spending a lot more time in Amarillo getting up to speed on nuclear production operations at Pantex in his new role as the Federal Chief Operating Officer for both sites,” according to NNSA spokesman Steven Wyatt.

Erhart: Transition ‘Going Pretty Well’

For the last few months, the NNSA team has been preparing for the start of operations under the new consolidated contract, and in an interview after formally arriving in Oak Ridge this week, Erhart said he felt like some things had already been accomplished. “It's very important that we get our federal office in place and start working with the current contractors so that we can be in a position to know our relative roles, to have performed them for a while, to

work out any of the kinds and to start to learn the sites a little more,” he said. “It’s actually going pretty well.”

Erhart said all the employees at the Y-12 and the Pantex federal offices have been “recoded,” which means they are no longer a Y-12 or Pantex employee but part of the consolidated NPO. In some cases, the federal employees have new supervisors, he said. As part of his move, he said with a laugh, he had to report to himself. Much has been made of the expected cost savings from combining the management contracts at the Tennessee and Texas production sites. Asked if the federal consolidation in oversight would also save money, Erhart said he did expect that to occur. It appears that some of the savings may come from reducing the federal staff, which collectively was 161 when the Y-12 and Pantex offices were combined. But Erhart did not confirm if there was a target for staff reductions. He indicated that each position as it becomes vacant will be considered as to the need to be refilled. He noted there were some vacancies at the time of the consolidation that are still being considered on whether to fill or not.

—From staff reports

MELE PROTEST OF NNSA TECHNICAL SERVICES TASK ORDER DISMISSED

The Government Accountability Office has dismissed a pair of protests by MELE Associates of a task order awarded under the National Nuclear Security Administration’s technical services blanket purchase agreement, just days after the company amended its protest with another complaint this week. The decision to dismiss the protests because of a “failure to state a basis of protest” was reached by the GAO July 19, but it remains under a protective order and won’t be made public until next week at the earliest, *NW&M Monitor* has learned. In its protests, MELE Associates said that Navarro Research and Engineering had proposed personnel that it did not eventually use on a contract to provide technical and expert support services to the NNSA’s Office of Fissile Materials Disposition, according to Ken Martin, a lawyer representing MELE. Martin said that MELE’s amended protest, which was filed July 16, was “not significantly different” than its May 9 filing. “It’s just kind of a bait and switch argument,” Martin told *NW&M Monitor*.

The task order in question involves the analysis of project schedules, cost profiles, performance data, technical evaluation, site facilities assessment, working with Russian officials on technical work, as well as assisting with independent reviews of national lab management and operating contracts and planning and logistical support for

meetings in the U.S. and abroad. The exact value of the contract is unclear. MELE previously won the only other task order for the Office of Fissile Materials Disposition under the contract, a \$25.9 million task order to provide strategic plan support to the office. David Cohen, an attorney representing Navarro, called MELE’s protests “a baseless attempt for MELE to try to get a second bite at the apple. There was no bait and switch at this case. Navarro is delivering exactly the solution it proposed. We think both of the protests are totally without merit.”

The previous BPA expired in April, but the NNSA issued the Request for Proposals for the contract in question Feb. 28. The NNSA is currently competing a follow-on to the technical services BPA, which expired last month. Previously, the agency selected five Team Leads for the contract, and MELE Associates has by far been the most successful in winning task orders. According to procurement documents, \$224.1 million in tasks had been doled out since the contract was awarded in 2007, including 20 task orders to MELE worth \$121.3 million. A team led by Time Solutions won seven task orders worth \$46.9 million, while a team led by SMS won five worth \$19.4 million and Navarro won five worth \$36.4 million. A team led by Northrop Grumman did not win any task orders. The totals do not include the task order that is being protested by MELE.

—Todd Jacobson

NNSA WEAPONS CHIEF TELLS NAS PANEL SCIENCE, ENGINEERING HEALTHY

The National Nuclear Security Administration may have its share of governance issues, but they’re not affecting the quality of science and engineering at the agency’s laboratories, according to NNSA Defense Programs chief Don Cook. Speaking on the sidelines of a public meeting of a National Academy of Sciences panel examining the quality of science and engineering at the labs this week, Cook said he was generally pleased with the work coming out of the labs and noted that the institutions had largely been able to overcome what has been described as burdensome and overly prescriptive directives and regulations. “I really am quite pleased with the quality of science and engineering I’ve seen in so many different ways,” Cook told *NW&M Monitor*. “Good people do good work if you don’t mess with them.”

A previous NAS report helmed by the same chairs of the current study—Charles Shank and Kumar Patel—suggested that the relationship between the NNSA and its laboratories was “broken” and “dysfunctional.” But Cook suggested that most of the criticism of the agency

has been centered on oversight. The current study will evaluate the actual quality of science and engineering at the labs, and is expected to be completed next summer. “You usually don’t hear comments that NNSA is trying to tell the labs what to do in detail,” he said. “Usually the criticism is NNSA has too many constraints or too many budget reporting codes, or something else. But there isn’t usually a concern that we’re micromanaging the details of the science and engineering effort. If there is a concern we’ll hear about it in the future but so far it’s more a sense of if we adjust our oversight to get it better then we’d improve.” But Cook said he did favor a move away from micromanaging details that has been the source of Congressional concern over the last few months, offering the most supportive comments of a move to performance-based oversight that is one of the hallmarks of House-passed legislation seeking to reform oversight of the agency. “I have said publicly I want to see a strong partnership between NNSA and labs and plants,” Cook said. “I would rather we have performance based oversight and that we gauged how well we’re doing on the outcomes, not on the details of the processes or on transactional oversight. There are many people with different views.”

Chief Scientist Worried About Research ‘Headroom’

In an address to the panel, NNSA chief scientist Dimitri Kusnezov echoed Cook’s healthy take on the quality of science and engineering at the labs, but he suggested that rigorous deliverable schedules were limiting the freedom of scientists to explore new frontiers. Both Kusnezov and Cook said that if anything, more emphasis could be placed on Laboratory Directed Research and Development funding, which is funding doled out at the discretion of laboratory directors for promising research outside of specific mission areas. “It’s the vibrancy,” Kusnezov said in response to a question about his biggest concern about the labs. “I worry that headroom has eroded over the years. I think the biggest thing I worry about is not having enough space to think. We put the labs under a tremendous amount of pressure to deliver things and we perhaps account for everything maybe too finely in some cases and there isn’t enough latitude to explore things ... that aren’t crisply related to an ultimate product.” Currently, the labs are allowed to direct 8 percent of spending on LDRD. Cook suggested that should grow. “If I had one hope it would be that LDRD would increase to a number something maybe like 10 percent, not decrease,” Cook said. “I think we’ve gotten some very valuable things out of LDRD.”

Kusnezov said an interagency agreement between the Departments of Defense, Department of Homeland Security and the intelligence community has the potential to

help broaden research at the labs. One of the main conclusions of the initial NAS study was to broaden the strategic view of the laboratories. “We’re looking to connect the labs longer term to other agencies in a way that brings in mission relevance to a broader set of national security issues that can help cross-fertilize ideas, science and so forth at the labs,” Kusnezov said. “With the four-agency charter we had signed at the cabinet level back in 2010 ... we tried to rethink federally how we look at the laboratories.”

As Mission Expands, Who Pays for Investments?

One lingering problem, however, is what agency must make investments in the nuclear weapons complex, which has thus far still fallen on the NNSA, and the panel members keyed on that issue during the meeting this week. “The transactional nature is paying off the shelf but who is investing in the seed corn?” asked Washington State University physics and astronomy professor Yogi Gupta. “That’s one of the real concerns of our transition from nuclear weapons to national security labs. Is somebody paying for the seed corn or is all the seed corn being pad for by Don Cook and other people are eating just the food?” Kathy Alexander, the Director of Interagency Work Programs in the Office of Defense Programs, said that is a very active discussion among cabinet level departments right now. “We recognize as we make that step [to national security labs], where is that investment held, and a lot of that comes down to risk, because you’re holding that investment,” she said. Rhys Williams, the Assistant Deputy Administrator for Nonproliferation Research & Development, said the trends are moving toward more commitment from other agencies, but it wasn’t there yet. “I can tell you based on some of the work that we’re moving from other agencies paying not by the glass, but by the bottle, and hopefully by the case,” he said. “I don’t think we’ll ever get to the point where DHS [the Department of Homeland Security] will buy part of the vineyard, that’s my personal view, but we’re moving definitely in that direction. The key, though, is to stick with the long-term capability for the other agencies. We have to make sure there is continuity across administrations and across political appointees. So what we do at a tactical level is we bind our programs in my area to those other agencies and make those long-term interpersonal commitments that are there.”

Cook Says Integration of Capabilities Key

Cook, however, suggested that the future health of science and technology at the labs was also dependent largely on integrating the numerous experimental tools that the nation has invested in over the last two decades along with its vast modeling and simulation capabilities. That includes

facilities like the National Ignition Facility at Lawrence Livermore National Laboratory, the refurbishment of the Z Machine at Sandia, and the Dual Axis Radiographic Hydrotest Facility at Los Alamos National Laboratory. “We spent a lot of that money and we were developing simulations in parallel. Now we actually have the experiments. We have some really fine computational capabilities and platforms,” Cook said. “Now is the time for the simulations to really predict the directions the experiments should go and the experiments will tell us what Mother Nature says about all of this.” He suggested that the agency wasn’t far off on integrating its experimental and computational capabilities. “It’s different for different programs, but getting the integration is only a year or two in each of the major program efforts,” Cook said.

—Todd Jacobson

SENATORS APPEAL TO PENTAGON TO PUSH FOR REVIVAL OF CMRR-NF PROJECT

A bipartisan group of eight Senators wants the Obama Administration to reverse course on the deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility, and they are appealing to the Department of Defense to lead the effort. In a June 29 letter to Defense Secretary Leon Panetta obtained by *NW&M Monitor*, Sens. Jon Kyl (R-Ariz.), Ben Nelson (D-Neb.), John McCain (R-Ariz.), Joe Lieberman (I-Conn.), Bob Corker (R-Tenn.), Johnny Isakson (R-Ga.), James Inhofe (R-Okla.), and Kelly Ayotte (R-N.H.) urged Panetta to keep the multi-billion-dollar project on pace to begin operating in 2024, taking their fight outside the National Nuclear Security Administration and to the agency’s primary nuclear weapons customer. “The current NNSA alternative strategy does not meet critical national defense mission requirements,” the Senators wrote, noting that authorizers in the House and Senate had provided funding for the project in their versions of the Fiscal Year 2013 Defense Authorization Act. “Given the recent action by the House and the Senate Armed Services Committees, there is clear support for funding and for the administration’s plan, as stated in the 1251 report, to build CMRR-NF and ‘ensure the United States can maintain a safe, secure and effective arsenal over the long-term.’ ”

In February, the Administration decided to defer work on the project for at least five years as it pursues an alternative plan to meet the nation’s plutonium needs, but the move triggered backlash in Congress, especially among Republicans in the House and Senate. Some, like Corker, have suggested that the Administration’s pullback on modernization promises made during debate on the New START Treaty endangered support of future treaties, and the

Senators reiterated that stance again in the letter to Panetta. “We believe that the administration should begin the necessary planning and include in the FY14 budget and beyond funding for CMRR-NF’s completion. The Department of Defense and NNSA are collectively responsible for maintaining the nuclear deterrent. We therefore urge you to work with the administration and NNSA to continue CMRR-NF design activities this year and build an out-year budget to support construction and operation by 2024,” the Senators wrote, noting that language in the final version of the Fiscal Year 2013 Defense Authorization Act was likely to require the completion of the project under that timeline.

Senators Identify Funding Possibilities

Congressional appropriators supported the Administration’s plan to defer CMRR-NF and pursue an alternative plutonium strategy, but authorizers in the House and Senate provided funding to keep the project alive in FY2013—though they differed on how that should be done, and the amount of money authorized—while prohibiting money from being spent on the Administration’s alternative plutonium plans. The Senators suggested that action should spur the Pentagon to push to revive the project, which according to previous budget projections was expected to need \$300 million in FY2013, and they suggested that leftover FY2012 money and \$125 million in Pentagon transfer authority included in last year’s authorization bill combined with new authorization language would provide enough money in FY2013 to revive the project.

Because project officials are wrapping up the project, about \$160 million in previous appropriations remain, and the House and Senate Armed Services Committees authorized that money to be spent in FY2013 on the project. The House authorized an additional \$100 million for the project, while the Senate Armed Services Committee directed the NNSA to shift \$150 million in funding for the effort. In their letter, the Senators suggested that FY2012 authorization language allowing the Pentagon to move \$125 million in budget authority to the NNSA would additionally help to “close the gap” in finding funding for the project. “The Senate and House Armed Services Committees have shown that, despite the challenging fiscal environment, the national security imperative for CMRR-NF justifies the prioritization of this key modernization project,” the Senators wrote. “Both the SASC and the HASC direct construction of CMRR-NF while prohibiting the expenditure of funds for the hastily conceived alternative approach, which could cost in excess of \$1 billion and does not meet DoD mission requirements.”

—Todd Jacobson

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM



October 15 - 18, 2012
Omni Amelia Island Plantation Resort
Amelia Island, Florida

Keynote Speakers...

Thomas P. D'Agostino, *Under Secretary for Nuclear Security, National Nuclear Security Administration*
Dr. Peter Winokur, *Chairman
Defense Nuclear Facilities Safety Board*
David G. Huizenga, *Senior Advisor for Environmental Management, U.S. Dept. of Energy*
Mark Lesinski, *Chief Operating Officer, Nuclear Decommissioning Authority, United Kingdom*

Also Featuring...

Matt Moury, *Deputy Assistant Secretary for Safety, Security & Quality, Environmental Management, U.S. DOE*
Ken Picha, *acting Deputy Assistant Secretary for Tank Waste & Nuclear Material, Environmental Management, U.S. DOE*
Jack Surash, *Deputy Assistant Secretary for Acquisition & Project Management, Environmental Management, U.S. DOE*
Terry Tyborowski, *Deputy Assistant Secretary for Program Planning Budget, Environmental Management, U.S. DOE*
Alice Williams, *Associate Principal Deputy Assistant Secretary, Environmental Management, U.S. DOE*
Paul Bosco, *Director, Office of Acquisition and Project Management, U.S. DOE*
Rod Baltzer, *President, Waste Control Specialists*
George Dudich, *President, B&W Technical Services Group*
Mark Fallon, *President, Nuclear Group, CH2M Hill*
Michael Graham, *Mgr., U.S. Environmental, Bechtel National*
Tara Neider, *President, AREVA Federal Services*
David Pethick, *Gen. Mgr., Global M&O Services, URS*
Bruce Stanski, *President, Fluor Government Group*

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Additional Speakers...

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John Owsley, *Director, Division of DOE Oversight, Tennessee Dept. of Environment and Conservation*
Carol Johnson, *President, Washington Closure Hanford*
Mike Johnson, *President, Washington River Protection Solutions*
Steve Jones, *President, Oak Ridge Atomic Trades and Labor Council*
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Dave Olson, *President, Savannah River Remediation*
Herman Potter, *President, United Steelworkers Local 689, Piketon, Ohio*
Leo Sain, *President, URS-CH2M Oak Ridge*
Beth Bilson, *Vice President, Business Services, Savannah River Nuclear Solutions*
Jim Key, *Vice President, United Steelworkers Local 550, Paducah, Ky.; Vice President Atomic Energy Workers Council*
Ron Slottke, *Vice President/CFO, CH2M Hill Nuclear Group*
Sandra Fairchild, *Business Mgr., Savannah River Remediation LLC*
John Robinson, *Procurement Mgr., Washington River Protection Solutions*
Frank Sheppard, *Business Mgr., Parsons-Salt Waste Processing Facility*
Carl Strock, *Manager of Functions, Bechtel National*
Ward Sproat, *Safety Culture Lead, Hanford Waste Treatment Plant*
Doug Clapp, *Majority Clerk, Energy & Water Development Appropriations Subcommittee, U.S. Senate*
Leonor Tomero, *Minority Counsel, Armed Services Strategic Forces Subcommittee, U.S. House of Representatives*

— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

**REFRESHMENTS AT
REGISTRATION**

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

Tom D'Agostino, Under Secretary
Nuclear Security, U.S. DOE

OPEN DISCUSSION

8:45 **DNFSB, DOE and the Contractors:
Roles, Responsibilities and the Road
Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety
Board

OPEN DISCUSSION

9:20 **Safety Challenges and Opportunities for
the Future Workforce**

(National Labor Speaker TBD)

OPEN DISCUSSION

9:50 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:20 **COFFEE BREAK**

10:40 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

11:15 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**,
Editor-in-Chief and Vice President,
EM Publications & Forums

George Dudich, President, B&W
Technical Services Group

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager-U.S.
Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

David Pethick, General Manager
Global Management and Operations
Services, URS

Bruce Stanski, President
Fluor Government Group

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **State Regulators: Priorities for Future
Cleanup**

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson
South Carolina Department of Health and
Environmental Control

(Additional Speakers TBD)

OPEN DISCUSSION

2:15 **Union Concerns Across the DOE
Complex**

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Safety Culture Lead
Hanford Waste Treatment Plant

(Additional Speakers TBD)

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

John Lehew, President
CH2M Hill Plateau Remediation Co.

Carol Johnson, President
Washington Closure Hanford

Leo Sain, President
URS-CH2M Oak Ridge, LLC

Dennis Carr, Deputy Project Manager,
Fluor-B&W Portsmouth

OPEN DISCUSSION

5:45 **ADJOURN**

6:00 **COCKTAIL RECEPTION**

Wednesday, October 17

7:00 **CONTINENTAL BREAKFAST**

8:00 **The Path for Forward for Nuclear
Cleanup in the UK**

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

OPEN DISCUSSION

8:30 **Managing Risk in the DOE Complex:
What Changes in Risk-Sharing Will
Mean for DOE and its Contractors**

Paul Bosco, Director
Office of Acquisition and Project
Management, U.S. DOE

Robert Raines, Associate Administrator
for Acquisition and Project Management,
National Nuclear Security Administration

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

Ron Slottke, Vice President and CFO

— Raising the Bar on Project Performance to Address Long-Term Challenges —

| | | |
|---|---|--|
| CH2M Hill Nuclear Group | OPEN DISCUSSION | (Additional Speakers TBD) |
| Carl Strock , Manager of Functions Bechtel National | 12:15 BOX LUNCH | OPEN DISCUSSION |
| Frank Sheppard , Business Manager Parsons-Salt Waste Processing Facility | 12:30 WORKSHOP | 9:30 Lessons Learned from Portsmouth, Paducah Cleanup |
| OPEN DISCUSSION | 7:00 SPECIAL EVENING SESSION | William Murphie , Manager Portsmouth-Paducah Project Office, U.S. DOE-EM |
| 9:45 EM Technology Development Priorities (DOE Speaker TBD) | MODERATOR: Edward L. Helminski , President, EM Publications & Forums | (Additional Speakers TBD) |
| OPEN DISCUSSION | Dave Huizenga , Senior Advisor Environmental Management, U.S. Department of Energy | 10:30 COFFEE BREAK |
| 10:15 COFFEE BREAK | OPEN DISCUSSION | 10:45 Upcoming Procurement Opportunities and Acquisition Process Changes |
| 10:35 Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION | 8:00 COCKTAIL RECEPTION | Jack Surash , Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM |
| MODERATOR: Martin Schneider , Editor-in-Chief and Vice President, EM Publications & Forums | 8:30 DINNER | OPEN DISCUSSION |
| John Robinson , Procurement Manager Washington River Protection Solutions | Thursday, October 18 | |
| Sandra Fairchild , Business Manager Savannah River Remediation LLC | 7:00 CONTINENTAL BREAKFAST | 11:15 Congressional Staff: Perspectives on the Future of DOE Cleanup |
| Beth Bilson , Vice President Business Services, Savannah River Nuclear Solutions | 8:00 Implementing EM's New Organization and Institutionalizing Changes for the Long-Term | MODERATOR: Mike Nartker , Associate Editor, <i>Weapons Complex Monitor</i> |
| (Additional Speakers TBD) | Alice Williams , Associate Principal Deputy Assistant Secretary, U.S. DOE- EM | Doug Clapp , Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate |
| OPEN DISCUSSION | 8:30 ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects | Leonor Tomero , Minority Counsel Armed Services Strategic Forces Subcommittee, U.S. House of Representatives |
| 11:50 Contracting and Procurement Lessons Learned: Analysis from WC Monitor | Ken Picha , acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM | Taunja Berquam , Minority Staff House Energy and Water Appropriations Subcommittee |
| Martin Schneider , CEO ExchangeMonitor Publications & Forums | Mike Johnson , President Washington River Protection Solutions | 12:00 FORUM ADJOURNS |
| | Dave Olson , President Savannah River Remediation, LLC | |

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Siempelkamp Nuclear Services
SOC
Southern Ohio Diversification Initiative
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SRS Community Reuse Organization
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 U.S. House of Representatives
 U.S. Nuclear Regulatory Commission
 Underwater Construction Corporation
 United States Enrichment Corporation (USEC)
 Uranium Disposition Services
 URS Corporation
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Registration opens at 3:00 p.m. Monday, Oct. 15 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary is at 8:00 a.m., Tuesday, Oct. 16 The Forum ends at noon, Thursday, Oct. 18.

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

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FLUOR MAKES LEADERSHIP CHANGE ATOP WASTE SOLIDIFICATION BUILDING

Facing the prospect of losing approximately \$12 million in fee for its work overseeing the construction of the Waste Solidification Building being built at the Savannah River Site, site contractor Savannah River Nuclear Solutions has changed leadership atop the troubled project. The Fluor-led company has tapped Fluor executive Judith Hiatt-Rabb to be the new project manager on the \$345 million project, and she arrived at the site in her new role this week. Hiatt-Rabb, who has more than 26 years of project and construction management experience at Fluor within its Power, Energy and Chemicals, and Government business units, replaces Guy Girard, who is moving to a new role as SRNS' vice president of Project Management and Construction Services. As the company's director of Nuclear Nonproliferation Projects, Hiatt-Rabb will lead all SRNS construction work for NNSA, which currently only encompasses work on the Waste Solidification Building.

Hiatt-Rabb will report to Senior Vice President for NNSA Operations and Programs Dennis Donati, and will be charged with resurrecting a project that has come under fire from NNSA in recent months. Due to design problems, schedule slips and potential cost overruns, the NNSA last month accused SRNS of being "negligent" in its management of the project and demanded that the company return \$12 million in fee that it had been paid for the project. In a statement, SRNS said that Hiatt-Rabb's "background working on challenging projects utilizing the proven Fluor Construction Management Model will benefit our efforts to bring the Waste Solidification Building construction project to final completion."

SRNS Blamed for WSB Problems

The Waste Solidification Building is intended to process waste streams from the Mixed Oxide Fuel Fabrication Facility being built at Savannah River to convert plutonium taken from U.S. nuclear weapons into commercial nuclear fuel. The project is being managed by SRNS and performed under a subcontract with Baker Concrete Construction. In its letter last month, the NNSA said two recent reviews of the WSB project had revealed concerns about potential cost growth in the project, and the NNSA's contracting officer pointed the finger at SRNS. It's unclear how much the cost of the project is expected to increase or what impact the delays will have on the schedule. The project was initially expected to be completed this year and up and running in 2013 to support start up operations of the MOX facility. "SRNS failed to address shortcomings in the design which resulted in inefficient execution of work and schedule delays. Your inefficiency and schedule

delay is likely to lead to a substantial cost overrun for the project," the letter says.

SRNS said it would challenge NNSA's criticisms in a statement released in response to the letter, and while *NW&M Monitor* has learned that the company responded to the agency's concerns, it did so privately and has refused to release its communication. In a statement released shortly after the NNSA outlined its concerns, SRNS President and CEO Dwayne Wilson said the contractor has "serious concerns" with the "context" of the agency's letter. "While we are in the process of preparing our response to a number of allegations raised by the Department, we take exception to claims that our behavior was negligent or inappropriate in any way. In fact, we will refute these statements in our reply. SRNS has operated in good faith with the Department," Wilson wrote. "While I'm disappointed in NNSA's approach to working to resolve issues surrounding WSB, I welcome the scrutiny and remain very proud of the work this company performs on a daily basis for the Department and our nation."

Problems Originated in 2009

The project's problems originated in 2009, shortly after construction began on the project, and the NNSA blamed SRNS for taking too long to communicate design information to its subcontractor and for not following common project management practices to help get address problems with the project. The NNSA also faulted SRNS for not communicating NNSA's concerns to senior contractor leadership at the site until 2011 when the WSB's federal project director first identified concerns in August of 2009.

—Todd Jacobson

SHAW PARTING WAYS WITH FEDERAL DIVISION HEAD BILL WINKLER

Shaw Environment and Infrastructure is parting ways with Federal Division President Bill Winkler, whose last day at the company is today. "I can tell you it was an amicable departure," Shaw spokeswoman Gentry Brann said in a written response. "Bill joined the company in 2001, and served as president of Shaw's Environmental & Infrastructure Group's Federal Division since 2004. We wish him great success in his future endeavors."

As head of the Federal Division, Winkler has been involved in construction of the Mixed Oxide Fuel Fabrication Facility by Shaw AREVA MOX Services at the Savannah River Site. That project is facing cost increases as part of a rebaselining by the Department expected to be completed later this year. Shaw is also a subcontractor on

a team vying for the National Nuclear Security Administration's combined Y-12/Pantex contract, which is expected to be awarded later this year. That team is led by Y-12 and Pantex incumbent Babcock & Wilcox and also includes URS, Northrop Grumman and Honeywell, as well as EnergySolutions as a subcontractor.

—Kenneth Fletcher

AMENDMENT TO OAK RIDGE/Y-12/PANTEX PRO FORCE RFP INCLUDES MINOR FIXES

A slight adjustment to the due date for proposals on the National Nuclear Security Administration's combined Oak Ridge/Y-12/Pantex protective force contract was among very minor changes outlined in an amendment to the final Request for Proposals released late last week. In the July 13 amendment, the agency made proposals due by 12 p.m. Mountain Time on Aug. 10 rather than Eastern Time and made adjustments to allow the hand delivery of proposals. It also said it would allow three pages for the resumes of key personnel rather than two, and adjusted the Site, Post and Hour requirements to include canine teams and slightly altered some information due for past performance, but made no changes of substance to the RFP. According to a draft timeline, the agency plans to award the contract in December, with the contract taking effect in February after a 60-day transition.

In contrast to the agency's combined Y-12/Pantex management and operating contract, which the NNSA said it would like to award in parallel with the combined protective force contract, the draft version of the security contract did not significantly link award fee to potential cost savings. According to final RFP, cost management will represent 10 percent of award fee evaluations, with duties and training (70 percent) and program management (20 percent) making up the bulk of the evaluation criteria. The contract has drummed up interest from a handful of companies involved with DOE security work, including the three main incumbents at NNSA sites: G4S Government Solutions (formerly known as WSI), Babcock and Wilcox, and SOC. G4S-GS runs security work at the Savannah River Site, Oak Ridge and Y-12, the Nevada National Security Site, and Sandia National Laboratories' California campus, and is planning to team with B&W, which manages security work at the Pantex Plant as part of its management and operating contract there. SOC manages security work at Los Alamos National Laboratory. Other companies that have shown interest in the contract include Office of Secure Transportation support services contractor Innovative Technology Partnerships, Securigard, Inc., Paragon Systems, PAI Corp., Tetra Tech, Innovative Technology Partnerships, Netgain Corp., Triple

Canopy Inc., and Golden Services. The 10-year contract includes a five-year base period and options that would make up the second half of the contract's term.

—Todd Jacobson

G4S GOVERNMENT SOLUTIONS WON'T CONTRIBUTE GUARDS TO OLYMPICS

Protective force workers from around the weapons complex are not expected to be used at the London Summer Olympics. Despite embarrassing recent revelations that London security contractor G4S won't be able to provide the allotment of guards it promised for the summer games, John Bureson, the Senior Vice President and Executive General Manager of Department of Energy Operations for G4S-Government Solutions, said that G4S-GS hasn't been asked to provide guards for the Olympics and isn't expecting to be asked. G4S-GS has been a subsidiary of G4S since it was purchased in 2002, but until recently the company was known as Wackenhut Services, and later WSI, as it phased out the Wackenhut name. G4S-GS manages protective force work at a handful of DOE sites, including the Savannah River Site, Oak Ridge and the Y-12 National Security Complex, the Nevada National Security Site, the Hanford Reservation, and Sandia National Laboratories' California campus.

Because of the G4S-GS's work for the U.S. government, great pains are taken to keep the companies as separate as possible, Bureson said. "G4S-Government Solutions has not been asked to participate, we don't anticipate that we're going to be asked to participate, and we do have a firewall between the companies that we're very intent on keeping in place," Bureson said. If G4S was to seek help from its U.S. government contracting business, Bureson said the request would have to be approved by G4S-GS's Board of Directors, and he said that the company would also seek approval from the Department of Energy to use any guards. That occurred in 2009, when the company assembled a contingency force to support the U.S. Embassy in Afghanistan, but Bureson emphasized that weapons complex guards would not be called in to support the Olympics. "This is not supporting the government," Bureson said. "It's supporting the Olympics. We're not going to be asked to do it." G4S was expected to provide about 10,400 guards for security at over 100 Olympics-related sites, but it will only provide about 7,000 guards, leaving the United Kingdom to enlist 3,500 soldiers to provide security for the games.

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT OAK RIDGE VOLUNTARY LAYOFFS PLANNED FOR PROTECTIVE FORCES

A 2011 review of security needs and funding in Oak Ridge is now taking effect. In response to questions, WSI-Oak Ridge confirmed that it plans to reduce up to 51 jobs at two Oak Ridge sites and is seeking applications from those willing to depart voluntarily. The cuts are taking place at the Y-12 National Security Complex and the East Tennessee Technology Park. Applications for the Voluntary Separation Program will be accepted until July 27, WSI spokeswoman Courtney Henry said. "This will not have an impact on the level of security at the Oak Ridge facilities due to dramatic improvements in physical security that have been completed in recent years at Y-12 and to changes in mission at ORO," Henry said via email.

Henry noted that the National Nuclear Security Administration last year did a "comprehensive review" of security

needs and funding availability at Oak Ridge. A similar review was conducted at the sites under management of DOE's Oak Ridge office, which included ETTP. "Since then, WSI has actively engaged in the review of the size of its Oak Ridge work force to obtain efficiencies and cost savings and to support the recommendations provided by these reviews," Henry said.

At Y-12, up to 34 Security Police Officer positions and three staff positions will be eliminated, Henry said. At ETTP, the plan calls for the elimination of up to 14 SPO positions and one staff job, she said. Those who apply for voluntary separation benefits will be notified by Sept. 18 if their applications have been accepted, Henry said. Those accepted for the VSP will be taken off the payroll as of Sept. 28.

AT SAVANNAH RIVER ISSUE REPORTED ON PIPING BOUGHT FOR MOX FACILITY

Mixed Oxide Fuel Fabrication Facility contractor Shaw AREVA MOX Services has reported concerns with piping acquired for the facility to the Nuclear Regulatory Commission. Some of the one-half inch "SS" pipe to be used in the aqueous polishing portion of the plant has failed required safety tests, according to a July 12 letter from the contractor to the NRC. "Recently, our engineers discovered a small amount of piping failed a specific corrosion test. The piping identified was supplied by an overseas vendor, and is only approximately 2,000 feet out of more than 400,000 feet at the project," MOX Services President Kelly Trice said in a statement. He added, "While we will correct any pipe found to be deficient, we believe very little to none of the piping in question has been installed."

The piping is "thermally sensitized" and fails required tests "to intergranular corrosion if utilized in an environment with electrolytic potential," according to the recent letter. The issue is likely to come up at a NRC public meeting scheduled July 24 to discuss the status of the project in New Ellenton, S.C. MOX Services did not comment this week. The piping issue impacts at least one "heat" of the 170 heats of piping manufactured by Spanish vendor Tubacex. The letter does not note whether the piping has already been installed in the facility. MOX Services is in the process of testing the remaining Tubacex piping, and the letter notes that 36 additional heats had been tested. So far only one heat has failed. "Continued evaluation is required to determine the impact of using thermally sensitized pipe which is not in accordance with MOX

Services' procurement specification," Trice wrote in the letter to the NRC.

The project is currently undergoing a rebaselining that is expected to result in increased project costs. Trice has said in the past that the project has faced difficulty in finding qualified subcontractors and vendors for components for the plant. "MOX Services has a state of the art quality control program that rigorously tests parts and components ordered from subcontractors and other vendors," Trice emphasized in this week's statement. He added, "I am pleased our internal checks and testing found the potentially deficient material. We will continue building the MOX facility with safety, quality and security as top priorities."

Longtime MOX critic Tom Clements of the Alliance for Nuclear Accountability this week criticized the contractor for the piping issues that MOX Services brought to the NRC's attention. "We call on MOX Service and the NRC to immediately reveal if any faulty piping has been placed in the MOX plant and for it to be removed if that is the case," Clements said in a statement. "In its letter to the NRC, the company does not reveal if any below-specification piping has been installed and the public must now be made aware if this is the case or not. Further, the NRC and MOX Services must do a full review of all other piping placed in the MOX plant and inform the public if that piping meets applicable standards or not."

Wrap Up

IN CONGRESS

With the Obama Administration contemplating new reductions to the nation's nuclear stockpile, the Senate Energy and Water Appropriations Subcommittee is set to hold a hearing next week about the "proper" size of the nation's nuclear arsenal. The hearing will take place at 10 a.m. Wednesday in Room SD-192 of the Senate Dirksen Office Building, and will include testimony from former Strategic Command chief and Deputy Joint Chiefs of Staff Gen. James Cartwright, former Under Secretary of State for Political Affairs Thomas Pickering, and former Deputy Assistant Secretary of Defense for Forces Policy Keith Payne. The Administration is considering additional reductions beyond the 1,550-cap established under the New START Treaty, and could outline its plans to move to lower numbers as part of its forthcoming Nuclear Posture Review implementation study.

A pair of hearings in the House were postponed last week when the chamber completed work on the Fiscal Year 2013 Defense Appropriations Act early. The House Energy and Commerce Oversight and Investigations Subcommittee postponed its hearing on oversight of the nuclear weapons complex and challenges to safety, security and taxpayer stewardship, while the House Armed Services Strategic Forces Subcommittee delayed its hearing on nonproliferation and disarmament. Neither of the hearings has been rescheduled.

IN THE NNSA

The National Nuclear Security Administration has awarded its first Science and Technology Excellence Award to Michel McCoy of Lawrence Livermore National Laboratory. McCoy is program director for the Advanced Simulation and Computing program at the Lab. McCoy's work has helped NNSA's Sequoia supercomputer become the fastest supercomputer in the world, according to an NNSA release.

ON THE INTERNATIONAL FRONT

The National Nuclear Security Administration's Second Line of Defense Program participated in field training exercises earlier this month in Armenia and Georgia aimed at strengthening notification and response procedures related to the traffic of weapons of mass destruction. The State Department and Defense Department also participated, as well as the European Commission. "The radiation detection efforts in Georgia and Armenia demonstrate the need to work with our partners in the international community to reduce the risk of nuclear terrorism," Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement.

The National Nuclear Security Administration recently participated in a Russian nuclear emergency response exercise at Sayda Bay in Russia. "This exercise provided an excellent opportunity for local, regional and national governmental organizations to practice response actions, mutual assistance and verify notification procedures," Joseph Krol, Associate Administrator for Emergency Operations, said in a statement. "We are pleased to be able to continue to share NNSA's expertise in emergency operations and learn from our international partners."

IN THE INDUSTRY

The Y-12 National Security Complex in Oak Ridge honored six small businesses for their work in Fiscal Year 2011, recognizing companies in a handful of categories. SCI Consulting Services, Inc., was named the site's small business of the year, while GEM Technologies was named the site's small disadvantaged business. G&S Construction Company was named the site's woman-owned small business of the year, Oldenburg Group Inc. was named its HUBZone small business of the year, Advantage Electronics, Inc., was named the veteran-owned small business of the year, and A1 Tactical and Safety was named the service-disabled veteran-owned small business of the year. ■

Calendar

July

23 Discussion: "How Much Tighter Must the NPT Be?" former Nuclear Regulatory Commissioner Victor Gilinsky, Jamie Fly of the Foreign Policy Initiative, and George Perkovich of the Carnegie Endowment for International Peace, sponsored by the Nonproliferation Policy Education Center and Foreign Policy

Initiative, Room B340 Rayburn House Office Building, Washington, D.C., 11:45 a.m.-1:30 p.m.

24 Public meeting: Nuclear Regulatory Commission, status of the Mixed Oxide Fuel Fabrication Facility, Savannah River Research Campus, Hydrogen Research Center, 301 Gateway Dr., New Ellenton, S.C., 2 p.m.

25 Hearing: Senate Energy and Water Appropriations Subcommittee, the proper size of the nuclear weapons stockpile, with former Strategic Command chief and Vice Chairman of the Joint Chiefs of Staff Gen. James Cartwright, former Under Secretary of State for Political Affairs Thomas Pickering, and former Deputy Assistant Secretary of Defense for Forces Policy Keith Payne, Room 192 Dirksen Senate Office Building, Washington, D.C., 10 a.m.

25 Discussion: "The Obama and Romney Foreign Policy Agendas," Michèle Flournoy, co-chair of the National Security Advisory Committee for Obama for America, and Rich Williamson, senior adviser for foreign and defense policy for Romney for President, Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave., NW, Washington, D.C., 2-3:30 p.m.

26 Hearing: "Preventing Nuclear Terrorism: Does DHS have an Effective and Efficient Nuclear Detection Strategy," House Homeland Security Cybersecurity, Infrastructure Protection and Security Technologies Subcommittee, witnesses to be announced, Room 311 Cannon House Office Building, Washington, D.C., 10 a.m.

August

1 Speech: "Nuclear Deterrence and Nuclear Defense," Steve Henry, Deputy Assistant Secretary of Defense for Nuclear Matters, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

September

3 EM PUBS CLOSED FOR LABOR DAY

4-7

THE SIXTH ANNUAL RADWASTE SUMMIT

JW Marriott Las Vegas (Summerlin)
Las Vegas, Nevada

Keynote Speakers...

William Ostendorff, *Commissioner, U.S. NRC*
François-Michel Gonnot, *Chairman, ANDRA (France)*
Phillip Niedzielski-Eichner, *Chairman, DOE Working Group on Strategies for Used Fuel and High-Level Defense Nuclear Materials Management and Disposition*
Amanda Smith, *Executive Director, Utah DEQ*

Also Featuring...

Frank Marcinowski, *DAS, Waste Management, U.S. DOE-EM*
Larry Camper, *Dir., Waste Management and Environmental Protection, U.S. NRC*
Christine Gelles, *Associate DAS, Waste Mgmt., U.S. DOE-EM*
Nicki Fatherly, *National FUSRAP Execution Manager, USACE*
Ralph Andersen, *Sr. Dir., Radiation Safety & Environmental Protection, Nuclear Energy Institute*
Gerard Bruno, *Waste Safety Section, IAEA*
Billy Cox, *LLRW Project Manager, EPRI*
Dr. Toshio Kosako, *Professor, The University of Tokyo, Japan*
Rod Baltzer, *President, Waste Control Specialists*
Alan Parker, *President, Government Group, EnergySolutions*
Earl Fordham, *Washington Department of Health*
Rusty Lundberg, *Exec. Dir., Utah Radiation Control Board*
Charles Maguire, *Director, Radioactive Materials Division,*

Texas Commission on Environmental Quality
Ruth McBurney, *Executive Director, Conference of Radiation Control Program Directors*

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19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.

21 Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

October

15-18

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

Omni Amelia Island Plantation Resort
Amelia Island, Florida

Keynote Speakers...

Thomas P. D'Agostino, *Under Secretary for Nuclear Security, National Nuclear Security Administration*
David G. Huizenga, *Senior Advisor for Environmental Mgmt. Environmental Management Programs, U.S. DOE*
Mark Lesinski, *Chief Operating Officer, Nuclear Decommissioning Authority, United Kingdom*

Also Featuring...

Matt Moury, *DAS for Safety, Security and Quality, Environmental Management, U.S. DOE*
Ken Picha, *acting Deputy DAS for Tank Waste and Nuclear Material, Environmental Management, U.S. DOE*
Jack Surash, *DAS for Acquisition and Project Management, Environmental Management, U.S. DOE*
Terry Tyborowski, *acting DAS for Program Planning Budget, Environmental Management, U.S. DOE*
Alice Williams, *Associate Principal DAS for Environmental Management, U.S. DOE*

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November

22-23 EM PUBS CLOSED FOR THANKSGIVING

December

24-Jan. 1 EM PUBS CLOSED FOR HOLIDAYS

January 2013

21 EM PUBS CLOSED FOR MLK DAY

February

18 EM PUBS CLOSED FOR PRESIDENT'S DAY

19-22

THE FIFTH ANNUAL NUCLEAR DETERRENCE SUMMIT

Marriott Renaissance Arlington Capital View
Arlington, Virginia

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May

13-16

THE TWELFTH ANNUAL CARBON CAPTURE
UTILIZATION & SEQUESTRATION CONFERENCE



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27 EM PUBS CLOSED FOR MEMORIAL DAY

July

4 EM PUBS CLOSED FOR INDEPENDENCE DAY

September

21 EM PUBS CLOSED FOR LABOR DAY

November

28-29 EM PUBS CLOSED FOR THANKSGIVING

December

23-Jan. 1 EM PUBS CLOSED FOR HOLIDAYS

(Changes from previous Calendar in Bold)

MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 32

July 27, 2012

— *INSIDE HIGHLIGHTS* —

The NNSA’s refurbishment of the B61 bomb is going to cost a whole lot more than expected, but there appears to be a disagreement over just how much more. 2

A suggestion that Los Alamos National Laboratory could easily ramp up pit production to reach Department of Defense requirements for 50 to 80 pits without the now-deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility came under fire after a Senate hearing this week. 4

The NNSA has told the House Armed Services Committee that it is already doing enough to address oversight and management issues plaguing the agency, suggesting that the panel’s reform legislation was unnecessary. 5

The NNSA is asking the three bidders for its combined Y-12/Pantex management and operating contract to revise their proposals by next week. 6

Officials with the utility Energy Northwest have decided they will not move forward with a study on using mixed oxide fuel produced with weapons-grade plutonium from the Savannah River Site at the Columbia Generating Station. 6

Los Alamos National Laboratory’s Plutonium Facility is continuing to draw concern from the Defense Nuclear Facilities Safety Board. 7

The Obama Administration’s decision to slow work on the W76 refurbishment has erased any margin for error in the key life extension program, but a senior Navy official said late last week that the service was comfortable with the change and signed off on the decision. 8

Legislation that moved forward in the House this week aimed at phasing out DOE’s loan guarantee programs would still allow USEC to receive a long-sought \$2 billion guarantee for its American Centrifuge Project. 9

Although half of the NNSA’s corporate partners have stalled or suspended attempts to jump-start domestic U.S. supply of a key medical isotope, agency officials believe progress is being made and the program’s objectives can still be met, according to a DOE Inspector General report. 10

A NNSA solicitation seeking an executive recruiting firm to fill a senior executive service vacancy within DOE has been reinstated after mysteriously being released, and then abruptly cancelled, though the solicitation still does not clarify what position DOE is trying to fill. 10

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SENATOR: COST OF B61 REFURBISHMENT SKYROCKETS TO AS MUCH AS \$10 BILLION

The National Nuclear Security Administration's refurbishment of the B61 nuclear bomb is going to cost a whole lot more than expected, but there appears to be a disagreement over just how much more. Sen. Dianne Feinstein (D-Calif.) revealed at a Senate Energy and Water Appropriations Subcommittee hearing this week that the cost to refurbish four versions of the B61 bomb has nearly doubled over the last year, with competing estimates by the NNSA and the Department of Defense suggesting it could cost between \$7.9 billion and \$10 billion. Feinstein, the chair of the panel, said she was briefed July 23 by the NNSA about the cost of the life extension program, which a year ago was expected to cost \$3.8 billion, and told that the agency was currently projecting that the effort would cost \$7.9 billion.

The NNSA has reviewed the cost of the life extension program since the Nuclear Weapons Council settled on a refurbishment plan, which was believed to represent a "middle ground" approach that didn't include some expensive technological additions and was deemed more affordable than some other options. At the same time, the Department of Defense's Cost Assessment and Program Evaluation group performed its own assessment of the cost, coming up with an estimate more than \$2 billion higher than the agency. A subcommittee staffer said the NNSA and CAPE "had some disagreements on assumptions" that led to the vastly different estimates. "We have to find a way to stop this from happening and that's what we are now trying to do," Feinstein said after the hearing, during which she reiterated her longstanding concerns about the rising costs of NNSA projects.

Increased Price Tag Encroaching on Priorities

The cost of the life extension program has been a significant issue for some time. The Nuclear Weapons Council didn't sign off on a path forward for the refurbishment

until earlier this year, and even then, it only gave a tentative nod to further analyze the cost of the effort and proceed with engineering development, which has yielded the current estimates. In the meantime, the NNSA announced in February that it was moving the deadline for a First Production Unit on the life-extended B61 back two years, to 2019, due to budget and schedule issues. The Obama Administration also deferred work on the multi-billion-dollar Chemistry and Metallurgy Research Replacement-Nuclear Facility planned for Los Alamos National Laboratory due to budget issues, prioritizing the B61 over the massive facility. It said the deferral of CMRR-NF for at least five years would save \$1.8 billion, but Feinstein noted that those savings have been erased by the cost increases in the B61 program. "The new B61 extension program cost estimate alone requires NNSA to find an additional \$4 billion at a time when budgets are shrinking and sequestration is a real possibility," Feinstein said.

In a statement, the NNSA did not commit to a cost estimate for the program. "As part of the Government's process for executing life extension programs, engineering work has begun on the B61 which will allow for a formal cost estimate to be made in the future," NNSA spokesman Josh McConaha said. "While a number of reviews based on the Nuclear Weapons Council's selected option have been ongoing, it is too early in the process to speculate on any final cost changes or schedule impacts, and we will not comment on numbers or dates cited in any review until the required engineering work has been completed."

Not the 'Cadillac' Option

Before it began the design definition and cost study on the weapons system, the Administration said that the upgrade to the gravity bomb would help save money, lower demands on the weapons complex and allow for stockpile reductions by consolidating four warhead modifications—tactical warheads known as 'mods' 3, 4, and 10,

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and a strategic warhead known as mod 7—into the newest B61 modification, known as the B61-12. Specifically, the arming, fuzing and firing portion of the warhead would be upgraded to increase reliability, according to the U.S. Strategic Command. Increased security features would reduce risks if the bomb were to fall into unauthorized hands or be involved in an accident, and increased safety would improve weapons handling, maintenance and storage. The alternative chosen by the Nuclear Weapons Council, however, did not include all the features that weapons designers had suggested—described by NNSA weapons chief Don Cook last year as the ‘Cadillac’ option—leaving out multi-point safety and optical firing sets that have driven the cost even higher, according to Hans Kristensen, the director of the Nuclear Information Project at the Federation of American Scientists.

Still, the cost has exploded in recent months, with little explanation why. A Congressional aide said NNSA estimated the base cost of the life extension program at \$7.095 billion, which includes a contingency of approximately 10 percent, or \$640 million. An additional \$819 million of the estimate is for Stockpile Services work associated with technical maturation and component manufacturing work. Because of the increased estimates, the NNSA is expected to need \$413 million in FY 2013—more than the \$369 million the Administration requested for the program—and \$566 million in FY2014. Details of the CAPE study are not available, but a staffer said that its work concluded that it would take until 2022 to complete a First Production Unit under the \$7.9 billion cost profile. The group suggested it would take \$10 billion to meet the FPU deadline by 2019. No matter the cost—\$7.9 billion or \$10 billion—the new price tag is certain to renew questions among some lawmakers about whether the life extension program. “There’s a lot of concern with the cost of this program and how do you balance it with other priorities,” the staffer said. “Is this really the lowest cost option that meets all military requirements? Is DoD really sure we’re going to go through with this? At what point does it become absurd to spend \$10 billion on several hundred weapons?”

Feinstein, Alexander Take Active Role in Projects

Feinstein and Sen. Lamar Alexander (R-Tenn.), the ranking member of the subcommittee, have taken a keen interest in massive NNSA projects that have exceeded their baselines, and this week met with NNSA Administrator Tom D’Agostino about the Uranium Processing Facility planned for the Y-12 National Security Complex, which is currently estimated to cost as much as \$6.5 billion, up from original estimates of \$600 million. “Senator Alexander and I have been very concerned about ... the inability to keep these programs within the initial budget confines, and they

go up exponentially, and it’s a problem. And so we are on that,” Feinstein said. The problem, she said, is that the cost increases are infringing on other programs and projects. “These costs are big costs and as they increase it pushes everything else out,” Feinstein said on the sidelines of the hearing. “There is no new money. In fact, the allocation of the whole thing gets constrained. We can’t afford a process that doesn’t function so we are trying to find a process that does function.”

Feinstein said she and Alexander were pushing to establish a single person at NNSA that is in charge of the projects and can serve as the main point of contact between the subcommittee to keep it abreast of potential cost overruns, schedule slips or scope changes. “We have to find a way to stop this from happening,” she said, adding that the purpose of establishing a direct conduit between the agency and Congress would be to “make people solve problems quickly before they are just left and they just continue to grow.”

Feinstein stopped short of saying the new estimate would impact the subcommittee’s support of the project, but the new estimate has fueled calls for the project to be scrapped from other sources. The panel already cut \$30 million from the Administration’s \$369 million request for work on the B61 in the NNSA’s Fiscal Year 2013 budget and directed that no funding be used until a validated cost, schedule and scope baseline is submitted to Congress. The number of warheads being refurbished is classified, but Kristensen estimates that 400 will go through the life extension process, and he suggested that with the added cost of a refurbished tailkit for the bomb, the per-warhead cost of the refurbishment would be \$28 million. “If these cost overruns were in the private sector, heads would roll and the program would probably be canceled,” Kristensen said in an analysis of the new estimate.

Increase Raises Questions About Future LEPs

One Congressional staffer also suggested that the cost overruns did not engender confidence in the NNSA for future refurbishment efforts, such as the more-complicated W78/W88 refurbishment. “If we can’t do the B61, which is a relatively straight forward, mostly non-nuclear life extension program, what happens when we get to the 78/88, which is more complex, has more nuclear aspects, and you’re looking at commonality and reuse stuff that we’ve never tried? If you can’t do the simple stuff, how do we do the complex stuff at a reasonable cost?” the staffer said.

Speaking at this week’s hearing, retired Gen. James Cartwright, the former commander of U.S. Strategic Command and the vice chairman of the Joint Chiefs of

Staff, suggested that it was imperative that the NNSA get a handle on the cost to refurbish nuclear weapons. “We have to get our arms around how to cost these extension programs, because we are going to do them for the next 50 years,” Cartwright said. “You know, the likelihood of going to zero is probably not inside that window. And so we have to find a way to understand what it costs, what the implications of a large inventory are versus a small inventory, and do a good business case. Even though it is war-fighting and it is strategic and it is our security, it should not escape the business case of how you do it and how you think about the trades that you have inside of it, and I think we have not gotten that business case nailed down just based on the cost growth that we have today.”

—Todd Jacobson

FORMER STRATCOM CHIEF, LOS ALAMOS SQUARE OFF OVER PIT PRODUCTION

A suggestion that Los Alamos National Laboratory could easily ramp up pit production to reach Department of Defense requirements for 50 to 80 pits without the now-deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility came under fire after a Senate Energy and Water Appropriations Subcommittee hearing this week. Gen. James Cartwright, the former commander of U.S. Strategic Command and vice chairman of the Joint Chiefs of Staff, said Los Alamos could produce 70-to-80 pits a year at its existing Plutonium Facility, known as PF-4, by moving to two production shifts, which runs counter to the stance taken by laboratory officials since the Obama Administration deferred construction of the multi-billion-dollar CMRR-NF in February. “If you increase the number of shifts it is believed that the floor space would become the constraint and that constraint limits you to somewhere in the neighborhood of 80 [pits] per year in running the plant, so to speak, full up,” Cartwright said in response to questioning from Sen. Lamar Alexander (R-Tenn.), the ranking member of the panel.

Alexander seemed taken aback by Cartwright’s suggestion because it appeared to contradict the position taken by Los Alamos National Laboratory since the deferment of CMRR-NF. In February, lab Director Charlie McMillan said that without the facility, significant investments in existing infrastructure would only allow the lab to reach an interim capability of 20-to-30 pits per year, and he reiterated that stance in testimony before the Senate Armed Services Strategic Forces Subcommittee in April. The lab has not produced more than 11 pits since reconstituting the ability to produce pits in 2007, and it has said that it needs

to move analytical chemistry work out of PF-4 to help increase production. CMRR-NF’s primary mission involves analytical chemistry and materials characterization. “Our position has not changed since Director McMillan’s Senate testimony in April, in which he said (in summary): The deferral of CMRR-NF leaves the nation with no identified capability, in chemical analysis and others areas, to meet the DoD expectation of 50 to 80 pits per year,” Bret Knapp, the head of Los Alamos’ weapons program, said in a statement to *NW&M Monitor*. “With significant investments, LANL could reach an interim capability level of 20 to 30 pits per year while meeting requirements for safety and security. A recent study delivered to NNSA backs that conclusion. We still need to invest in a long-term capability.”

Lab: Double Shifting ‘Inadequate’

Knapp also suggested that adding more shifts at PF-4 would not enable the lab to substantially increase production. “In the past, we have examined the possibility of running additional shifts to increase production, but we found that that approach was inadequate because of the lack of required analytical chemistry support,” Knapp said. “Increased production requires increased analytical capabilities which we do not have, but would be provided by the CMRR-NF. We are not aware of any new or additional analysis which would change this conclusion, and we look forward to continuing to provide answers to the technical questions informing the nation’s plutonium strategy.” Cartwright, however, suggested that if more floor space could be found in PF-4, production could be drastically increased. “We’ve already invested and bought the tools for a second group to run. It is the floor space issue,” he said, noting that the increase is “not simple ... but it can be done in an extreme.”

Cartwright helped lead a Global Zero study that recently suggested the United States could move to a stockpile of 900 total nuclear weapons. The report also supported the Administration’s decision to defer work on CMRR-NF in favor of using a variety of other facilities to help the nation meet its plutonium needs. He conceded that the nation would eventually need to build a new facility to support plutonium work at Los Alamos, but he said the “question is to size it appropriately and to understand exactly why you’re building it under the Stockpile Stewardship side of the equation also, the science part of this. The question becomes, do you need it now, number one, and then number two, do you have existing infrastructure that could accommodate it, or do you need a whole new facility?”

—Todd Jacobson

NNSA DEFENDS ITS REFORM EFFORTS, TELLS HOUSE LEGISLATION NOT NEEDED

The National Nuclear Security Administration has told the House Armed Services Committee that it is already doing enough to address oversight and management issues plaguing the agency, suggesting that the panel's reform legislation was unnecessary. In a six-page letter sent to committee Chairman Buck McKeon (R-Calif.) and Strategic Forces Subcommittee Chairman Michael Turner (R-Ohio) earlier this month, NNSA Administrator Tom D'Agostino detailed actions the agency says is already undertaking to enhance efficiency, increase productivity and improve relationships with the contractors that run its plants and laboratories. Frustrated with the productivity of the agency, the committee inserted language in the House-passed version of the Fiscal Year 2013 Defense Authorization Act that increases the autonomy of the agency, eliminates oversight of the NNSA by the Department of Energy's Office of Health, Safety and Security, moves the agency toward performance-based oversight, and cuts back on federal staff.

'Our Ongoing Efforts Will Be More Effective'

The Obama Administration publicly opposed the language in a Statement of Administration Policy, and D'Agostino said in his letter that action already taken by the agency includes a 50 percent reduction in safety and security directives, the development of governance reform metrics, the revision of contractual requirements, and the implementation of a pilot program emphasizing strategic results over transaction-based oversight. HSS has also redesigned its oversight program to focus on "high hazard, high consequence operations, the Department's most significant national security assets, and instances of deficient performance," and a security reform initiative resulted in \$50 million in annual savings. "The Department shares the Committee's commitment to enhancing the efficiency of government oversight while ensuring that critical nuclear security activities are conducted in a safe and secure environment," D'Agostino wrote. "... Led by Secretary Chu, a former lab director, the Department is working actively to increase the efficiency of our oversight and to improve our approach to working with our partners. We believe that our ongoing efforts will be more effective at addressing those issues than prescriptive legislation."

The agency also created a new Associate Administrator for Acquisition and Project Management, which D'Agostino said has represented a "fundamental change in NNSA's approach to project and construction management," as well as an Associate Administrator for Infrastructure and Operations while reorganizing its site office reporting

structure. It also moved to consolidate the management and operating contracts at the Y-12 National Security Complex and the Pantex Plant, and hired a team led by Parsons for its Enterprise Construction Management Services contract to help improve project and construction management across the weapons complex. D'Agostino said some of those decisions are already turning out results. He said an analysis of acquisition alternatives by the agency's Office of Acquisition and Project Management resulted in a decision to use the Army Corps of Engineers for construction management of site readiness work on the Uranium Processing Facility, which he said is expected to save the agency \$9 million. "Other similar acquisition analyses are planned for upcoming NNSA projects," he said.

Turner Preparing Response

Turner did not comment this week on the NNSA's letter, but he is believed to be preparing a response. He has previously been outspoken in his charge that NNSA reform is necessary due to the agency's management problems and the heavy modernization agenda that it has on its plate into the future, but he called the language in the authorization bill a "starting point" and said he was open to other proposals, both from the Senate and from the Administration. In a May 18 letter, Turner and McKeon solicited ideas from the Administration on its reform package, drawing the response from NNSA. "We consider the reforms in this legislation to be just one set of ideas to fix the problems we all recognize," Turner and McKeon wrote. "We invite your Administration to put its own ideas on the table. We encourage your Administration to offer a comprehensive reform package as the House of Representatives has—in time for the conference on this year's national defense authorization bill. Let's work together to find the right solution."

NNSA Principal Deputy Administrator Neile Miller had previously defended the agency's own reform efforts in remarks to *NW&M Monitor*, echoing the stance that Congressional intervention was not necessary. "I know the stuff we're doing. We don't actually need legislation to do anything that we're doing," Miller said. "We have a lot of stuff we not only have done, are doing, and will be doing, I think managing an organization outside the organization is a bit difficult, and questionable." She said it was hard to see how much progress the agency was making from the outside. "There is actually quite a lot that has changed. If you're sort of not that close to the management of it, how would you know? What you know is the individual pieces that various people who have one concern or another bring you. So you have a reaction to that. I can understand that but I don't think that makes for how you then manage an organization."

—Todd Jacobson

Y-12/PANTEX BIDDERS EACH RECEIVE QUESTIONS ON PROPOSALS FROM NNSA

As Agency Seeks Revisions to Proposals, It Says All Three Bidders Made 'Competitive Range'

The National Nuclear Security Administration is asking the three bidders for its combined Y-12/Pantex management and operating contract to revise their proposals by next week, according to industry officials with knowledge of the agency's actions. In letters to teams led by Babcock & Wilcox, Bechtel and Fluor late last week, the NNSA supplied questions specific to the proposals submitted by each team, giving the bidders until next week to revise or supplement their submissions. The letters also indicated that each team had made the "competitive range" for the award. "They want to get clarification on some issues and if they had some concerns, if the bidders can't resolve those concerns, it will be a weakness," one industry official told *NW&M Monitor*. "If they can address it, it won't be a weakness." The NNSA declined to comment on the action this week.

Given the complicated nature of the procurement, another industry official suggested it was no surprise that the NNSA would have questions. The NNSA has estimated that it could save \$895 million through the consolidated contract over 10 years (later revising that estimate to \$1.15 billion), and tied the cost savings to the amount of fee contractors could earn under the contract, making half the fee contingent on savings. The agency also made construction management of the Uranium Processing Facility a separate Contract Line Item Number in the Request for Proposals for the new contract, and said it reserved the right to award the contract with or without UPF. "They have an obligation to identify the major weaknesses and give people an opportunity to remedy them," the official said. "I don't think anybody should be surprised that the government needs everyone to sharpen up their proposals."

'They're Doing it the Right Way'

The communication has fueled speculation among industry officials that the NNSA still has a long way to go before it awards the lucrative contract. The agency has publicly said that it would not award the contract before September, but it has also said that it planned to award the contract in conjunction with its combined Oak Ridge/Y-12/Pantex combined protective force contract, which the agency said earlier this month that it planned to award in December. Most industry officials expect that the agency won't award the combined M&O contract before the November elections. "It demonstrates that they're going about it the right way," another industry official said. "They're taking it seriously and they're using all the tools that are available.

Clearly this is not a schedule-driven process. There is no magic date. They're doing it the right way."

Three teams submitted bids for the contract in March and participated in oral presentations in May. The teams include a group led by Y-12 and Pantex incumbent Babcock & Wilcox and including URS, Northrop Grumman, Honeywell (and Shaw and EnergySolutions as subcontractors), a Fluor-led team that includes Jacobs and Pro2Serve, and a Bechtel-led bid that includes Lockheed Martin and ATK as well as Booz Allen Hamilton and General Atomics as subcontractors. Speculation has been rampant about when the NNSA might award the contract, and another industry official suggested that the agency's latest action could mean that the process is moving along as planned. "It's the end of July and they understand these proposals well enough to ask questions about the weaknesses in each proposal," the official said. "That's a good thing."

—Todd Jacobson

ENERGY NORTHWEST BACKS AWAY FROM PERFORMING MOX FUEL STUDY

NNSA Releases Draft Plutonium Disposition SEIS

Officials with the utility Energy Northwest have decided they will not move forward with a study on using mixed oxide fuel produced with weapons-grade plutonium from the Savannah River Site at the Columbia Generating Station, leaving the Tennessee Valley Authority the last utility publicly considering use of the fuel. The nuclear utility had been considering the possibility of using the fuel at the plant, with the first step to be an 18-month feasibility study on the fuel's use in boiling water reactors to be conducted by Pacific Northwest National Laboratory. However, Energy Northwest officials said at a board meeting this week that they were moving away from consideration of MOX fuel after making arrangements in May for fuel to supply the plant through 2028, according to Energy Northwest spokesman John Dobken. Meanwhile, the TVA is still evaluating whether or not to use MOX, and this week the National Nuclear Security Administration released a draft environmental report that is needed for a TVA decision.

Decision Not to Use MOX Linked to Paducah Deal

In the unusual deal reached in May, depleted uranium stored by DOE is being transferred to Energy Northwest and then being enriched at the Paducah Gaseous Diffusion Plant. Even though Energy Northwest already had enough fuel to last until 2020, it believes the depleted uranium deal will provide a stable supply of fuel at below-market cost from then through 2028. While that arrangement cuts out any need for fuel in the next 15 years, Energy Northwest

has not ruled out the possibility of considering MOX fuel for use after 2028, Dobken said. "We will continue to monitor it because we think it's a valuable program," he said. "It takes weapons-grade [material] and turns it into a positive use." But for now Energy Northwest resources are better focused on plant performance and reliability, he said. Energy Northwest had said previously that its first priority is safe operation of the Columbia Generating Station and it would not make any changes to its fuel program unless they were well-vetted and licensing was in place.

The PNNL study would have answered questions such as whether MOX fuel posed a security or safety risk and whether it was feasible to use MOX fuel in the Energy Northwest reactor, including how much could be used along with traditional uranium fuel, it said. Energy Northwest had not signed a contract with PNNL for the feasibility study and work had not begun, said PNNL spokesman Greg Koller. However, PNNL will continue to work with the National Nuclear Security Administration and MOX contractor Shaw AREVA MOX Services to explore the need for conducting studies that would examine safety, licensing, safeguards, disposal and transportation issues associated with the use of MOX in a boiling water reactor, he said.

NNSA Releases Draft Plutonium Disposition SEIS

Although Energy Northwest no longer has an immediate need for the fuel, DOE released late this week a draft Supplemental Environmental Impact Statement on using the fuel at Tennessee Valley Authority nuclear plants. The plan to use the fuel at the Columbia Generating Station has been opposed by Friends of the Earth in South Carolina, which has called it costly and risky. Heart of America Northwest Research Center filed a Benton County Superior Court lawsuit in 2011 for the release of Energy Northwest records related to MOX fuel and said in court records that MOX fuel can cause a nuclear reaction that is more difficult to control, resulting in more radiation released in the case of a severe accident. The lawsuit was dismissed this spring. The center also was concerned that MOX fuel could be fabricated at Hanford, creating more radioactive waste as environmental cleanup is underway there.

TVA Decision to Come After SEIS is Finalized

TVA officials have said they will not make a decision on whether or not to use MOX in the reactors will likely not come until at least 2013, when NNSA's SEIS on the disposition of its 34 metric tons of surplus plutonium is final (*NW&M Monitor*, Vol. 15 No. 41). In addition to use of MOX fuel in TVA and Energy Northwest reactors, the draft SEIS released this week also detailed the NNSA's

new preferred alternative to provide pit disassembly and conversion to provide a feedstock for the MOX Fabrication Facility under construction at the Savannah River Site. The approach, announced early this year, involves using a mix of existing facilities at Los Alamos and Savannah River instead of building a more costly standalone facility (*NW&M Monitor*, Vol. 16 No. 2). The draft EIS will have a 60-day public comment period, and has scheduled public meetings near the TVA's Sequoyah reactor in Tennessee and the Browns Ferry plant in Alabama, as well as South Carolina and New Mexico.

—From staff reports

DNFSB RAISES NEW CONCERNS ABOUT LOS ALAMOS PLUTONIUM FACILITY

Los Alamos National Laboratory's Plutonium Facility (PF-4) is continuing to draw concern from the Defense Nuclear Facilities Safety Board. In its second PF-4-related letter to the Department of Energy in the span of a month, the DNFSB said it was concerned about the ability of the facility to withstand an earthquake and that it was troubled by the National Nuclear Security Administration's approach to assessing the facility's seismic behavior. "The Board believes that NNSA's current approach for assessing the Plutonium Facility's seismic behavior is not adequately defined, and is technically inadequate in several aspects," DNFSB Chairman Peter Winokur said in a July 18 letter to Deputy Energy Secretary Dan Poneman. "Timely action must be taken to fully understand if additional building modifications are required to eliminate or mitigate any remaining structural vulnerabilities in the design."

At issue, according to Winokur, is the NNSA's approach to defining how the facility would react during an earthquake. The facility, built in the 1970s, was not designed to withstand new estimates about the potential for massive earthquakes in Northern New Mexico that could result in ground motions five times stronger than previous estimates. The NNSA has poured millions into upgrading the facility, but last month the Board suggested that potential exposures from an earth-quake induced fire still were nearly four times DOE guidelines. The recent upgrades to the Plutonium Facility were undertaken as the result of an analysis completed in 2011, but the lab and NNSA are currently performing a more comprehensive review of the potential impact of an earthquake on the facility that is known as a static nonlinear analysis.

In his letter, Winokur suggested that the static nonlinear analysis would "definitively characterize" the facility's reaction to large earthquake ground motions, but he suggested the Board was concerned by the approach to the

study. “The Board is concerned that the ongoing static nonlinear analysis is proceeding without adequate definition and technical justification,” Winokur wrote. He said the Board wanted a briefing within 30 days on its concerns. He did not respond to a request for comment to *NW&M Monitor*.

Much At Stake For PF-4

The ongoing review could have a significant impact on the future of the Plutonium Facility. Previous seismic studies have recognized vulnerabilities, but concluded that the facility would not collapse in a massive earthquake. But the static nonlinear analysis would take a closer look at those conclusions, and could significantly impact if more upgrades are needed. “There are implications for whether we would expect the Plutonium Facility to collapse and that ties into the dose,” one official with knowledge of the issues told *NW&M Monitor*. “Obviously if the building falls down, we’re talking about much more significant offsite doses than if it doesn’t fall down.”

In a statement, NNSA Assistant Deputy Administrator for Nuclear Safety, Nuclear Operations, and Governance Reform Jim McConnell said the agency would take into account the DNFSB’s concerns as it makes improvements at PF-4. “The NNSA considers the safety of the public our highest priority,” McConnell said. “We are working with Los Alamos National Laboratory to respond to the DNFSB. If necessary or prudent, we will take appropriate actions to further improve the safety basis that documents the hazards and specifies the controls to ensure safety at the Plutonium Facility, PF-4, even as ongoing physical improvements continue to improve the overall safety posture of the facility. Regardless of any future improvements, the risk to the public from operations at PF-4 remains very small; the facility is operating well within the safety objectives established by DOE safety policy, and public safety is adequately protected.”

—*Todd Jacobson*

SENIOR NAVY OFFICIAL ON BOARD WITH W76 LIFE EXTENSION SCHEDULE

The Obama Administration’s decision to slow work on the W76 refurbishment has erased any margin for error in the key life extension program, but a senior Navy official said late last week that the service was comfortable with the change and signed off on the decision. Faced with tightening budgets, the NNSA said in February that it was stretching the W76 refurbishment program until 2021, three years after it had previously expected to complete the program. “Within the Navy, we had our opportunities to

express concerns, pros and cons, for the various options that we looked at, and we were in the end comfortable with the decisions that were made and fully understood and ensured that leadership fully understood the ramifications of that slowdown,” Rear Adm. Terry Benedict, the director of the Navy’s Strategic Systems Programs, said at a Capitol Hill Club breakfast event held July 20. “And so I felt that the system worked in a transparent manner to ensure that everyone who was involved and everyone who was about to make that decision fully understood the ramifications.”

The altered production schedule frees up money for another life extension program, this one on the B61 bomb, by postponing the production of “technical hedge” warheads but is designed to meet the Navy’s operational requirements. Instead of being completed by 2018, the hedge warheads will be finished by 2021, which has led the Navy to express concerns about erasing all margin for delays or production problems in the program. “We’re eating into the margin, and that’s the concern,” Benedict previously told *NW&M Monitor*. “there are challenges that we face every single day and will we stay on the adjusted schedule?” Facing significant budget pressure, the Obama Administration requested \$174.9 million for the W76 refurbishment program in Fiscal Year 2013, \$80.1 million less than the Administration had projected a year ago, with the slow-down designed to stretch out production of the refurbished warheads.

Benedict Open to More Frequent LEPs

Benedict also said that he was on board with exploring a proposal by National Nuclear Security Administration Defense Programs chief Don Cook to shift the agency to more frequent life extension programs that would help keep the weapons complex workforce engaged on warhead refurbishments and potentially allow for the additional of more frequent technological advances and possibly save money. “There is a dialogue going on about that,” Benedict told *NW&M Monitor* after his speech. “As in any program there are pros and cons. You have to also look at the end user and the impact to the end user and as you think from the NNSA to the Navy to the operators you try to optimize that chain and each part of that chain sort of has competing optimization points so what’s maybe good at one end of the chain may not be optimal at the other. So in the end game you try to optimize the entire process.”

Cook has floated the idea of refurbishing the nation’s nuclear warheads more frequently than the current schedule of 30 years, which would address the time and effort it takes to ramp up for hugely expensive life extension work across the weapons complex. The approach also could help to stabilize the workforce of the weapons complex, adding

more frequent technological advances, and possibly saving money, and is similar to how the United Kingdom manages its nuclear stockpile, though the UK has only one warhead and one delivery system. “It may be possible now to regularize the workload across the NNSA sites so that the safety, security and reliability of the U.S. systems can be improved more regularly than once every 30 years,” Cook said earlier this month. There is no clear plan in place to adjust the nation’s life extension schedule, but notably, the proposed path forward for the refurbishment of the B61 bomb (*see related story*) would extend the life of the weapon for 20 years.

—Todd Jacobson

HOUSE DOE LOAN GUARANTEE BILL WOULD LEAVE USEC ELIGIBLE

Legislation that moved forward in the House this week aimed at phasing out the Department of Energy’s loan guarantee programs would still allow USEC to receive a long-sought \$2 billion guarantee for its American Centrifuge Project, despite efforts by Rep. Ed Markey (D-Mass.) to include language seemingly intended to block USEC’s eligibility. The “No More Solyndras Act,” which cleared the House Energy and Commerce Energy and Power Subcommittee following a largely party-line vote, is being pushed by House Republicans after an investigation into a \$535 million loan guarantee to the now-bankrupt solar company. However, Republicans rejected several amendments offered by Markey that would add financial restrictions on the Department’s ability to grant a loan guarantee. “Congress truly would be micro managing” if the amendments were adopted, Subcommittee Chair Ed Whitfield (R-Ky.) said at this week’s markup. “Our objective here is to end the program. We want to get rid of the program.”

USEC has been vying for a \$2 billion loan guarantee for its American Centrifuge Project since 2009, though prospects for the guarantee faded last year because of the company’s financial difficulties. That led the Department to launch a \$350 million research, development and deployment cost-share program aimed at proving the project is commercially viable, which supporters say that, in addition to attracting outside investment, could boost the company’s chances for a loan guarantee. The anti-loan guarantee legislation, which would eventually phase out the DOE loan guarantee program, would leave USEC eligible because it would still allow loans to be granted to companies that submitted applications before the end of 2012. Whitfield said at the markup that this was to avoid potential liability issues with companies that have already applied for the program.

Democrats: Bill Exempts Favored Nuclear Projects

But that provision led to accusations from Democrats on the panel that Republicans were looking to help favored projects while targeting renewable energy companies. “With the exemption of those projects that are in the pipeline that have submitted applications, they have tried to explain that on the basis of liability concerns,” Rep. John Sarbanes (D-Md.) said. “It’s obvious that that’s not the reason to protect that group. There are within that group projects that are basically getting special consideration. And it’s convenient that you are basically able to draw the line there and create potential winners as a result of that.” Several Democrats suggested that the Republicans were misleading when presenting the bill. “Just stop saying that you’re going to end the program. ... That’s not true,” Markey said. “If you want to end the program, have all loan applications going back to June 30, 2008, be suspended. Pick that date. If you pick that date you end it for all the nuclear programs. Then you’re ending the program.”

Markey offered two amendments specifically aimed at USEC’s efforts. One provision would rule out a loan guarantees to companies that have been warned that they risk being de-listed from a major stock exchange until it regains favored status. USEC received such a notice in May from the New York Stock Exchange after its stock share price fell below \$1, and it has yet to recover. A second amendment offered by Markey would not allow a loan guarantee to a company that had lost more than \$535 million in the last year, the amount of the loan to Solyndra. USEC reported \$540 million in losses in 2011. “So despite hundreds of millions of dollars worth of free technology, free uranium, free money, this company has still lost more money than the entire Solyndra loan guarantee,” Markey said, adding, “At any rate this is a clear situation where it makes Solyndra look penny ante. And I’m very concerned about all of this. I don’t want a repetition of Solyndra.”

But Whitfield called for Republican opposition to Markey’s amendments. “The gentleman’s amendment, in effect, zeroes in on one company. It is true that there is an application pending. But I think the DOE, after all the scrutiny as a result of the Solyndra case as well as the bankruptcies of three other companies that have seen loans as well as the financial difficulty many of these decisions are having, that Congress truly would be micromanaging,” he said, adding, “DOE is required to consult with Treasury, and we do hope that Treasury will do a better job in analyzing.” Whitfield told *NW&M Monitor* following the markup, “[Markey is] just creating additional issues. We’re ready to let the program go as long as the application was filed before December 31, 2011. So we were going to

oppose all amendments.” The next action on the bill will be a full committee markup, which has yet to be scheduled.

—*Kenneth Fletcher*

IG: DESPITE PARTICIPANT ISSUES, NNSA ISOTOPE PROGRAM GOALS CAN BE MET

Although half of the National Nuclear Security Administration’s corporate partners have stalled or suspended attempts to jump-start domestic U.S. supply of a key medical isotope, NNSA officials believe progress is being made and the program’s objectives can still be met, according to a Department of Energy Inspector General’s Office report released this week. Four companies signed cooperative agreements with the NNSA’s Global Threat Reduction Initiative in 2009 and 2010 to begin supplying 100 percent of the U.S. demand for molybdenum-99 using low-enriched uranium instead of highly-enriched uranium by the end of 2014. The IG reported that \$6.7 million has been reimbursed to the corporate partners thus far, and as of January all four of those companies—GE Hitachi, Babcock and Wilcox, NorthStar Medical Radioisotopes, LLC, and a team from the University of Wisconsin’s Morgridge Institute for Research—had met milestones for licensing, design and fabrication. However, the IG reported that GE Hitachi suspended its program in February “after determining that its process was not financially competitive.” In addition, another group not identified in the report will meet its production capacity goals three years late, in 2018, according to the IG. NNSA declined to identify the company in response to questions from *NW&M Monitor*.

Despite those setbacks, the NNSA is still confident in progress for the two remaining projects, which “are on track to meet the remaining milestones, including facility construction, equipment installation and full-scale production,” the IG wrote. And the IG found that funding for the program was being doled out appropriately, given the cooperative agreement’s restrictions. “Our tests did not reveal any material internal control weaknesses in selected areas of [cooperative agreement] administration,” the IG said. “While there are significant challenges to establishing a reliable domestic production capability for Mo-99,” such as achieving a full cost-recovery economic model and cooperation between government, industry and the medical community, “NNSA is aware of the challenges and is considering how best to address them,” the report says.

Large Isotope Needs in the U.S.

Mo-99 is used in the production of technetium-99, the most commonly used medical radioisotope in the world. The United States requires approximately 6,000 units of

the isotope per week, and as its 66-hour half-life prevents it from being stockpiled, consistent production is important to meet the demand. Currently, the bulk of the world’s Moly-99 is produced in Canadian and Dutch reactors that are subsidized by their governments and utilize HEU. That dependence caused a worldwide shortage in 2009 when the Canadian and Dutch reactors were shut down for repairs, and it jump-started NNSA’s efforts to help develop a domestic production capability for non-HEU-based sources.

The GTRI cooperative agreements, 50-50 cost-sharing agreements promising up to \$25 million in help for each effort, were designed to bridge the gap between the development and maturation process for technologies and when companies could expect to begin recovering the full costs of their efforts. Other than the more than \$2 million already reimbursed to GE Hitachi, the NNSA cooperative agreements promise Babcock and Wilcox \$9 million to aid the development of its liquid phase nuclear technology, \$4.6 million agreement with NorthStar Medical Radioisotopes, LLC, and \$500,000 to a team from the University of Wisconsin’s Morgridge Institute for Research.

International Competition Pressures

A large part of the problem is that all four of the technologies supported by the NNSA face significant pressure from international competition. The companies trying to make domestic Mo-99 production viable “may be undermined by Mo-99 producers that receive subsidies from other countries,” the IG wrote in its report. While the license for Canada’s Chalk River reactor will expire in four years, Russia has signaled that it plans to enter the Moly-99 market with a subsidized, HEU-based production line, a move that experts say is concerning not only because it could impact the domestic market, but because it could undercut other non-HEU-based production efforts. To address the issue, NNSA and other federal agencies are considering incentives for non-HEU producers, and NNSA told the IG it “recently took part in an international four-party joint statement to enhance cooperation for minimizing the use of HEU in Mo-99 production,” according to the report. The IG suggested NNSA develop “viable mitigation strategies” for the challenges it listed in the report.

—*Sarah Herness*

NNSA REVIVES SOLICITATION FOR EXECUTIVE RECRUITING FIRM

A National Nuclear Security Administration solicitation seeking an executive recruiting firm to fill a senior executive service vacancy within the Department of Energy has

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Herman Potter, *President, United Steelworkers Local 689, Piketon, Ohio*
Leo Sain, *President, URS-CH2M Oak Ridge*
Beth Bilson, *Vice President, Business Services, Savannah River Nuclear Solutions*
Jim Key, *Vice President, United Steelworkers Local 550, Paducah, Ky.; Vice President Atomic Energy Workers Council*
Ron Slottke, *Vice President/CFO, CH2M Hill Nuclear Group*
Sandra Fairchild, *Business Mgr., Savannah River Remediation LLC*
John Robinson, *Procurement Mgr., Washington River Protection Solutions*
Frank Sheppard, *Business Mgr., Parsons-Salt Waste Processing Facility*
Carl Strock, *Manager of Functions, Bechtel National*
Ward Sproat, *Safety Culture Lead, Hanford Waste Treatment Plant*
Doug Clapp, *Majority Clerk, Energy & Water Development Appropriations Subcommittee, U.S. Senate*
Leonor Tomero, *Minority Counsel, Armed Services Strategic Forces Subcommittee, U.S. House of Representatives*

— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

**REFRESHMENTS AT
REGISTRATION**

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

Tom D'Agostino, Under Secretary
Nuclear Security, U.S. DOE

OPEN DISCUSSION

8:45 **DNFSB, DOE and the Contractors:
Roles, Responsibilities and the Road
Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety
Board

OPEN DISCUSSION

9:20 **Safety Challenges and Opportunities for
the Future Workforce**

(National Labor Speaker TBD)

OPEN DISCUSSION

9:50 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:20 **COFFEE BREAK**

10:40 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

11:15 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**,
Editor-in-Chief and Vice President,
EM Publications & Forums

George Dudich, President, B&W
Technical Services Group

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager-U.S.
Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

David Pethick, General Manager
Global Management and Operations
Services, URS

Bruce Stanski, President
Fluor Government Group

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **State Regulators: Priorities for Future
Cleanup**

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson
South Carolina Department of Health and
Environmental Control

(Additional Speakers TBD)

OPEN DISCUSSION

2:15 **Union Concerns Across the DOE
Complex**

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Safety Culture Lead
Hanford Waste Treatment Plant

(Additional Speakers TBD)

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

John Lehew, President
CH2M Hill Plateau Remediation Co.

Carol Johnson, President
Washington Closure Hanford

Leo Sain, President
URS-CH2M Oak Ridge, LLC

Dennis Carr, Deputy Project Manager,
Fluor-B&W Portsmouth

OPEN DISCUSSION

5:45 **ADJOURN**

6:00 **COCKTAIL RECEPTION**

Wednesday, October 17

7:00 **CONTINENTAL BREAKFAST**

8:00 **The Path for Forward for Nuclear
Cleanup in the UK**

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

OPEN DISCUSSION

8:30 **Managing Risk in the DOE Complex:
What Changes in Risk-Sharing Will
Mean for DOE and its Contractors**

Paul Bosco, Director
Office of Acquisition and Project
Management, U.S. DOE

Robert Raines, Associate Administrator
for Acquisition and Project Management,
National Nuclear Security Administration

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

Ron Slottke, Vice President and CFO
CH2M Hill Nuclear Group

— *Raising the Bar on Project Performance to Address Long-Term Challenges* —

| | | |
|---|---|--|
| Carl Strock , Manager of Functions Bechtel National | 12:15 BOX LUNCH | OPEN DISCUSSION |
| Frank Sheppard , Business Manager Parsons-Salt Waste Processing Facility | 12:30 WORKSHOP | 9:30 Lessons Learned from Portsmouth, Paducah Cleanup |
| OPEN DISCUSSION | 7:00 SPECIAL EVENING SESSION | William Murphie , Manager Portsmouth-Paducah Project Office, U.S. DOE-EM |
| 9:45 EM Technology Development Priorities <i>(DOE Speaker TBD)</i> | MODERATOR: Edward L. Helminski , President, EM Publications & Forums | <i>(Additional Speakers TBD)</i> |
| OPEN DISCUSSION | Dave Huizenga , Senior Advisor Environmental Management, U.S. Department of Energy | 10:30 COFFEE BREAK |
| 10:15 COFFEE BREAK | OPEN DISCUSSION | 10:45 Upcoming Procurement Opportunities and Acquisition Process Changes |
| 10:35 Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION | 8:00 COCKTAIL RECEPTION | Jack Surash , Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM |
| MODERATOR: Martin Schneider , Editor-in-Chief and Vice President, EM Publications & Forums | 8:30 DINNER | OPEN DISCUSSION |
| John Robinson , Procurement Manager Washington River Protection Solutions | Thursday, October 18 | 11:15 Congressional Staff: Perspectives on the Future of DOE Cleanup |
| Sandra Fairchild , Business Manager Savannah River Remediation LLC | 7:00 CONTINENTAL BREAKFAST | MODERATOR: Mike Nartker , Associate Editor, <i>Weapons Complex Monitor</i> |
| Beth Bilson , Vice President Business Services, Savannah River Nuclear Solutions | 8:00 Implementing EM's New Organization and Institutionalizing Changes for the Long-Term | Doug Clapp , Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate |
| <i>(Additional Speakers TBD)</i> | Alice Williams , Associate Principal Deputy Assistant Secretary, U.S. DOE- EM | Leonor Tomero , Minority Counsel Armed Services Strategic Forces Subcommittee, U.S. House of Representatives |
| OPEN DISCUSSION | 8:30 ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects | Taunja Berquam , Minority Staff House Energy and Water Appropriations Subcommittee |
| 11:50 Contracting and Procurement Lessons Learned: Analysis from WC Monitor | Ken Picha , acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM | 12:00 FORUM ADJOURNS |
| Martin Schneider , CEO ExchangeMonitor Publications & Forums | Mike Johnson , President Washington River Protection Solutions | |
| OPEN DISCUSSION | Dave Olson , President Savannah River Remediation, LLC | |
| | <i>(Additional Speakers TBD)</i> | |

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Registration opens at 3:00 p.m. Monday, Oct. 15 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary is at 8:00 a.m., Tuesday, Oct. 16 The Forum ends at noon, Thursday, Oct. 18.

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

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been reinstated after mysteriously being released, and then abruptly cancelled, earlier in the week, though the solicitation still does not clarify what position DOE is trying to fill. DOE spokeswoman Niketa Kumar declined to identify what position was being filled, but confirmed it was for a DOE position, and not a position within NNSA. The position is believed to be the Chief Human Capital Officer slot previously held by Michael Kane. The solicitation was released July 23, cancelled the following day and then revived July 26. Bids are due Aug. 2.

In the solicitation, the NNSA said it is seeking a firm to “conduct in-depth research to identify top-tier prospective candidates from current SES members and former SES members eligible for reinstatement for the position based on DOE’s needs and the desired characteristics identified by the vendor and DOE leadership.” Kumar said the Department was trying to take advantage of all potential sources to fill key leadership spots. “The Energy Department is committed to building the best organization possible and hiring the best leaders in the country to carry out our important missions,” she said in a statement. “As part of this process, we apply all of the tools available to us wherever appropriate, including the services of an executive recruiting firm, and look as broadly as possible for the most qualified and experienced candidates.”

—*Todd Jacobson*

EXPERT LAYS OUT PLAN TO STRENGTHEN NUCLEAR NONPROLIFERATION TREATY

The Nuclear Nonproliferation Treaty needs to be fixed, and a senior nuclear nonproliferation expert laid out a five-part plan for strengthening the landmark treaty that includes consequences for countries that withdraw from the pact, more invasive inspections and nuclear reductions for all countries: not just the U.S. and Russia. And failing improvement, former Nuclear Regulatory Commission commissioner Victor Gilinsky suggested that the advance of nuclear power should not trump international security. “Lacking adequate protection ... I would say it does not make sense for us to be pushing for expanding nuclear power worldwide if we don’t have this level of protection,” said Gilinsky, whose recommendations form the backbone of a report by the Nonproliferation Policy Education Center released this week titled “Nuclear Nonproliferation: Moving Beyond Pretense.” Gilinsky outlined his views during a discussion on Capitol Hill with Jamie Fly of the Foreign Policy Initiative, George Perkovich of the Carnegie Endowment for International Peace and NPEC Executive Director Henry Sokolski.

Key to strengthening the NPT, Gilinsky said, was instituting penalties for treaty violators and institutionalizing penalties. “There needs to be a regular, agreed upon response at least to the possibility that a country announces withdrawal,” he said. “Otherwise these things are up for grabs and up to the various political calculations of the moment.” He also said that it was necessary to establish a technical safety hedge, widening the gap between a country’s right to pursue nuclear energy and the relatively small jump to using that technology for military use, as well as greater inspection powers for the International Atomic Energy Agency.

Requiring nuclear weapons reductions for all nuclear weapons states, both those declared under the NPT and countries like India, Pakistan, North Korea and Israel, is also necessary to achieve significant progress on reductions, Gilinsky said. Gilinsky, however, noted that his plan was a “tough sell,” but he said it was important to lay out the agenda in order to impact nonproliferation policy-making in the U.S. and abroad. “We’re under no illusions that people are going to run out and accept this, or that the United States is going to twist arms to make it happen,” Gilinsky said. “It has to be as a result of a worldwide consensus, but the U.S. role is critical in starting an adult conversation on this subject that this is what it takes to have reasonable protection in a world with expanding nuclear power, even under the current arrangements.”

—*Todd Jacobson*

NEW DNFSB NOMINEE CLEARS SENATE ARMED SERVICES PANEL

The Senate Armed Services Committee this week approved Capt. Sean Sullivan to serve on the Defense Nuclear Facilities Safety Board, clearing the way for Sullivan’s nomination to be considered by the full Senate. The panel did not hold a hearing on Sullivan’s nomination prior to reporting him out of committee July 25. Sullivan was nominated by the Obama Administration to serve on the DNFSB this spring, and is intended to fill a vacancy that resulted when Larry Brown left the five-member Board last year.

Sullivan currently serves as a project manager and analyst for Sonalysts, which provides analysis of submarine sonar systems and a wide variety of airborne, surface, subsurface and land-based Navy systems, according to the company’s website. From 2006 to 2011, Sullivan served as a general civil litigation attorney at Brown Jacobson, P.C. He retired from the Navy in 2006 after 26 years of service, which included serving as the Base Commanding Officer of the

Naval Submarine Base New London from 2004 to 2006, according to a White House release.

—Mike Nartker

NNSA YOUNG SCIENTISTS HONORED WITH EARLY CAREER AWARDS

Five scientists at the National Nuclear Security Administration's laboratories were among 96 researchers honored by the White House this week with the Presidential Early Career Award for Scientists and Engineers (PECASE). At Sandia National Laboratories, Stan Atcitty was recognized for his work on power electronics after being nominated by the Department of Energy's Office of Electricity Delivery and Energy Reliability. The award citation lauded him "for advances in power electronics for the electric grid including the development of a high-temperature silicon-carbide power module and an ultra-high-voltage silicon-carbide thyristor, for research on grid integration of energy storage, and for mentorship in the Native American community." Also at Sandia, Dan Sinar was honored for work on a type of high-temperature silicon-carbide power module and on the high-voltage silicon carbide thyristor, a type of semiconductor. In a statement, Sandia said the semiconductor device allows the next-generation "smart grid" power electronics system to be up to 10 times smaller and lighter

than current silicon-based technologies. Sinar also won two R&D 100 awards for his work.

At Los Alamos National Laboratory, Amy J. Clarke was given a PECASE award for work with uranium niobium alloy, which the lab in a statement described as being relevant to "liquid-solid processing questions relevant to nuclear weapons work." The award citation also cited Clarke's work mentoring young scientists. At Lawrence Livermore National Laboratory, Jeffrey Banks was honored, according to the presidential citation, for "pioneering contributions in numerical approximations to hyperbolic partial differential equations focusing on the development and analysis of nonlinear and high-resolution finite volume and finite-difference methods." The citation also noted Banks' service in high schools. Also at Lawrence Livermore, Heather Whitley was honored "for using path-integral Monte Carlo techniques to produce very accurate quantum statistical potentials for use in molecular dynamic codes, for applying these methods to first-principles understanding of thermal conductivity in ignition capsules for the National Ignition Facility." The awards program was founded in 1996 during the Clinton administration to honor up-and-coming scientists in federally funded research programs.

—From staff reports

At the Weapons Labs/DOE Sites

AT NEVADA DOD'S HENRY TO HEAD UP NSTEC GLOBAL SECURITY WORK

Veteran Pentagon nuclear weapons official Steve Henry is leaving the Department of Defense to become the Director of Global Security for Nevada National Security Site contractor National Security Technologies, LLC. Henry, who has served as the Deputy Assistant Secretary of Defense for Nuclear Matters since 2003, will head up a new directorate at the test site combining its National Center for Nuclear Security with homeland security and defense applications work. Henry will begin work at the test site Aug. 6. "We are extremely pleased to bring in someone with Steve's experience and background to take the lead of our new endeavor to integrate all the aspects of one of the NNSA's core missions under one directorate," NSTec President Raymond Juzaitis said in a statement.

"He will provide valuable leadership as the NNSA continues to enhance and evolve its role among the nation's experts in ensuring the nuclear security of the United States."

Henry has worked in the nuclear field for the government in varying capacities for the last 35 years. Before arriving at the Pentagon in 2003, he served as the Deputy Division Chief for Nuclear Weapons in the Office of the Joint Chiefs of Staff from 2000 to 2003, helped develop the Stockpile Stewardship Program as the Department of Energy's Associate Deputy Assistant Secretary for Nuclear Weapons Management from 1995 to 2000, and spent 20 years in the Army.

AT NEVADA THIRD 'SOURCE PHYSICS' EXPERIMENT CONDUCTED

The National Nuclear Security Administration is continuing to generate valuable data from seismic "Source Physics Experiments" at the Nevada National Security Site and announced this week that it has conducted the third in a

series of seven underground tests aimed at improving the agency's understanding of low-yield nuclear explosions and enhancing nuclear test monitoring capabilities around the world. As in the second experiment conducted last

year, the agency detonated a chemical explosive equal to 2,200 pounds of dynamite in a small chamber 150 feet underground at the site, sending shock waves through the thick granite rock formations at the site. The NNSA said the data is used to help enhance the nation's "ability to detect and discriminate low-yield nuclear explosions amid the clutter of conventional explosions and small earthquake signals." NNSA Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said the experiments supported the Obama Administration's nuclear nonproliferation agenda and would help in "efforts to develop, validate and improve on emerging technology that will be used to assure compliance with the Comprehensive Nuclear Test Ban Treaty." In a statement, the agency said it planned to conduct seven source physics experiments at the test site, down from a plan a year ago to perform eight of the tests.

According to the NNSA, the agency's three nuclear weapons laboratories have used data from the first two

source physics experiments last year "to refine and improve geophysical models." By improving the agency's ability to model low yield nuclear tests, the experiments are expected to help advance worldwide nuclear test monitoring capabilities and give on-site inspection teams more information about what to expect at suspected nuclear test sites around the world, the agency said. "Information gathered from this experiment includes high-resolution accelerometer, infrasound, seismic, explosive performance, ground-based LIDAR (light detection and ranging), ground-based hyperspectral imagery and satellite data," the NNSA said in a statement. "These data will advance current, state-of-the-art strong ground motion and seismic wave propagation models and algorithms toward a predictive capability." Northrop Grumman-led NNSS management and operating contractor National Security Technologies, LLC, partnered with Los Alamos, Lawrence Livermore and Sandia National Laboratories, as well as the Pentagon's Defense Threat Reduction Agency, to conduct the experiment.

AT PANTEX PRODUCTION OFFICE MANAGER SUGGESTS MISSION SHIFT UNLIKELY

The proposals haven't been revealed and a winner of the consolidated Y-12/Pantex management contract hasn't been named, but workers are wondering not only about the possibility of cost savings via job and benefit reductions, but also the possibility that some of the missions might be shifted once the two production facilities come under the management of the same contractor. Steve Erhart, manager of the National Nuclear Security Administration's Production Office, said he wasn't expecting missions to shift, but he didn't rule out the possibility. "Not in any significant way," Erhart said. "I don't see a big significant movement of work scope between the sites."

Erhart said there are some things that the two sites do that are redundant and some things that could be done at both.

However, in general "they do much different things," he said. "Basically to do any of that [shifting work] it would have to make sense to be economically feasible. Right off the top of my head, I don't think there's a big scope of work [that could be moved], but I'm not that contractor bidding on the contract," the NNSA executive said. Both Pantex and Y-12 do warhead assembly and disassembly activities, some of which are continuous to each other in the process. That has raised concerns that some work could be added or subtracted at either site. Erhart, whose background has been at Pantex, noted that both plants do dismantlement work but he said there's a lot of difference in what they do. Operations are the two plants are "remarkably different with markedly different characteristics," he said.

AT OAK RIDGE DISPUTE OVER MERCURY DISCHARGE PERMIT MAY BE ENDING

A resolution may be in the works for a dispute between the Department of Energy's Oak Ridge Operations Office and the Tennessee Department of Environment Conservation over a new discharge permit for the Y-12 National Security Complex. Last year, the National Nuclear Security Administration filed an appeal on the National Pollutant Discharge Elimination System (NPDES) permit at Y-12, arguing that the state of Tennessee imposed unwarranted mercury cleanup projects as part of the permit's requirements. The Oak Ridge plant's mercury discharges into East Fork Poplar Creek have been out of compliance for many years, and TDEC included a number of specific mercury-cleanup actions as part of the plant's new NPDES

permit. Y-12 said those projects were the domain of CERCLA, not the Clean Water Act, and has fought their inclusion in the discharge permit.

The appeals process is still under way, but a resolution could be forthcoming. In response to questions earlier this month, TDEC spokeswoman Meg Lockhart said, "it is my understanding that Y-12 appealed all aspects of the permit that pertained to the [mercury] cleanup process." She added, "It is their assessment that all cleanup activities are to be regulated under CERCLA, not the Clean Water Act (i.e., NPDES permit). TDEC staff met with them about two weeks ago and we continue to work toward an agreeable

resolution. Their proposal was to resolve this permit appeal by entering into an Agreed Order with TDEC and we are awaiting additional information on that from them.”

Lockhart said that had been some additional discussion, but the state was waiting on a copy of Y-12’s proposed Agreed Order.

AT OAK RIDGE SITE PREP FOR UPF TO START BEFORE END OF FISCAL YEAR

John Eschenberg, the federal project director for the Uranium Processing Facility, expects site readiness activities for the project to begin before Sept. 30, the end of the fiscal year. The decision on when to start, according to Eschenberg, is now in “local hands.” The reason, in part, is because of the decision to divide the giant project into four smaller entities, two of which have estimated cost ranges below \$50 million—which is generally the Department of Energy’s cutoff point that requires headquarters to sanction the readiness for startup. The first phase, which will be managed in part by U.S. Army Corps of Engineers via an interagency agreement with the National Nuclear Security Administration, includes relocation of the upper section of Bear Creek Road, movement of utilities in the vicinity, and demolish of an old office building on the planned site of UPF.

team is trying hard to push down the cost toward the lower end of the cost range, but Eschenberg and others have declined to be specific about that new cost target, if there is one. In addition to the first phase of site readiness, one of the other four “smart parcels” is coming under \$50 million. That’s the West End Protection Area Relocation (\$30-45 million), which involves moving the high-security Perimeter Intrusion Detection and Assessment System. The other two phases are Site Preparation (\$180-200 million), which involves the excavation of 400,000 cubic yards of dirt to prepare the site and large concrete pours to stabilize; and the Nuclear Build, which is construction of the hardened 350,000-square-foot building, and installation of the advanced processing and equipment technologies. Eschenberg said either he or Steve Erhart, the manager of NNSA’s Production Office at Y-12, will have the final say in the start of site readiness for UPF.

It also includes construction of a section of haul road, although Eschenberg confirmed that the current price tag for the site readiness—\$30-\$35 million—doesn’t include that work. While the Corps of Engineers and its small-business contractors are expected to carry out much of the Site Readiness, the demolition of Building 9107—the first part of the work—will be done in-house by B&W Y-12, Eschenberg said.

‘Smart Parcels’ Have Advantages

Deputy Energy Secretary Daniel Poneman last month reportedly approved CD-1 “reaffirmation,” which is the revised strategy based on a 30-day study earlier this year to take advantage of the Obama Administration’s recommended increase in UPF funding for Fiscal Year 2013—with a spending level set at \$340 million—to jump-start construction. The goal is to get out of Y-12’s antiquated 9212 production facility, where bomb-grade uranium is processed with decades-old equipment, as soon as possible.

Construction to Precede Establishment of Baseline

It’s of note that the start of construction will apparently occur about a year ahead of the time in which the NNSA is going to give a firm cost estimate for the Uranium Processing Facility. Even though the NNSA has repeatedly said it would give a cost estimate after completing 90 percent design, Eschenberg acknowledged that there’ll be a bottoms-up review of the project after the 90 percent milestone is achieved this fall in order to better calculate the cost of materials and work on the project, and he said the actual cost of the project and baseline for UPF won’t be released until September 2013. Eschenberg also emphasized that the Corps of Engineers would be working closely with B&W in the project, noting that the M&O contractor at Y-12 would be integrally involved throughout the UPF work in coming years. “The Corps cannot operate in isolation,” he said. “They [B&W] have a role in site readiness and throughout the project.”

Eschenberg said breaking the UPF into multiple “smart parcels” has several advantages, pushing the project forward and giving the Oak Ridge team a chance to prove that the project is worth the effort and the big bucks. “It speeds up the process,” the federal official said. “When you speed up the process, it costs less money.” In the current fiscal climate, the big effort may be aimed at building credibility with Congress, which will be asked to appropriate billions of dollars for a single project in the years ahead. “That’s the idea,” Eschenberg said. “It allows us to show and demonstrate that, in fact, we can execute this scope of work without cost schedule and baseline. Another advantage is that the project begins to establish a rhythm, a momentum, we’re building confidence in our ability.”

The official cost estimate at this time is \$4.2 billion to \$6.5 billion. There are indications that the Oak Ridge design

Some Activists Upset Over Strategy

Not everyone, however, is pleased with the UPF strategy. Ralph Hutchison, an outspoken, long-term critics of government plans to build new facilities at Y-12, said he was outraged that NNSA would chop UPF into smaller projects in order to skirt its own approval guidelines and practices and push the work forward without sufficient review. "I have profound concerns about the rush to build and pour money into this project. I think it's outrageous without having an independent cost review of the total project. Nobody does that. It's a pig in a poke," said Hutchison, coordinator of the Oak Ridge Environmental Peace Alliance.

AT SAVANNAH RIVER MOX SERVICES GIVES NRC PLANT CONSTRUCTION UPDATE

A new Nuclear Regulatory Commission inspection report found no violations for the Mixed Oxide Fuel Fabrication Facility, and construction contractor Shaw AREVA MOX Services told NRC staff this week that it is addressing recently uncovered issues with piping and documentation. The NRC held an update meeting with the contractor near the Savannah River Site this week in order to brief new NRC staff on the status of the project. MOX Services officials discussed at length the actions it has taken since it uncovered that substandard piping had been bought for use in the plant, which it reported to the NRC earlier this month. "The particular pipe we're talking about, of course we stopped the fabrication process while we do the evaluation. We are in the process of sorting and segregating the pipe that we are not going to use until we have the evaluation complete," MOX Services President Kelly Trice said at the meeting.

About 2,000 feet of piping out of more than 400,000 feet at the project has failed required safety tests, and the contractor is investigating whether additional piping acquired from the same vendor could be impacted. Project officials stressed the difficulty in finding vendors for project components, given that the plant is what Trice calls "at the forefront of the nuclear renaissance" since no large nuclear plant has been completed in the United States in decades. "One of the things we learned early on in the project was that the amount of oversight that we had originally planned for was going to be inadequate. Over time what has occurred is we've tripled our staff as far as shop inspection," MOX Services Project Assurance Vice President Rodney Whitley said at the meeting. The issue with the piping, which came from Spanish vendor Tubacex, "originated as part of a visual inspection that occurred at one of the pipe suppliers," he added. The piping issue impacts at least one "heat" of the 170 heats, or groups, of piping.

Hutchison said it looks like the Department of Energy is trying to get the project under way before there's a full realization of the costs and ramifications. Rep. Ed Markey (D-Mass.) is among those in Congress who've called for scrapping of UPF and other expensive projects in the nuclear weapons budget. Others have questioned whether there's a need for new uranium facilities at a time when the nuclear arsenal is being downsized. Dr. Lisbeth Gronlund, co-director and senior scientist for the Union of Concerned Scientists' Global Security Program, said the group is studying plans for the UPF and its production capabilities. "We haven't really come up with our conclusions, but I think there are lot of questions about what is needed," Gronlund said.

MOX officials expect that little to no substandard piping has been installed in the plant so far, but is still reviewing that. "We are currently evaluating which exactly spools are associated with this heat," MOX Services Engineering Vice President Mark Gober said. "We're going to get that number over to construction in order for them to identify exactly what state of installation those items are in." The NRC is awaiting a follow up report from MOX Services before deciding what action will be taken. "I think at this point it's premature to say what the NRC's actions are going to be on this. They owe us a final report in May of 2013," NRC Resident Inspector for MOX Brannen Adkins said. "I'll be monitoring this issue on a fairly regular basis. At this point all we know is that a potential deviation could exist, they have not declared a defect. Until MOX Services completes their evaluation of it and issues a final report at this point we won't take any formal action on this."

NRC Finds No Violations in Report This Week

The meeting comes as this week the NRC released a quarterly inspection report covering April 1 through June 30, which found no violations at the facility in that time period. The NRC report found that, "Construction activities ... were performed in a safe and quality related manner. The inspectors concluded that MOX Services had conducted proper oversight of onsite contractors. No findings of significance were identified." The contractor touted the report this week. "This report underscores our commitment to building the MOX facility safely and in compliance with all NRC regulations," Trice said in a statement. "In addition to NRC review, we have a strong internal inspection program that conducts rigorous quality and safety tests and inspections for all construction processes."

However, a previous NRC inspection report released in May found several issues related to work documents. "There's a cultural aspect in being the first nuclear facility built in 30 years of this size. When the original concerns and issues came up associated with work packages, we had a number of tabletops and desktop briefings between supervisors and their work groups, the managers and supervisors," Whitley said. The violations, which were uncovered during inspections between Jan. 1 and March 31, included "Failure to Provide and Implement Appropriate Work Documents, Failure to Define Appropriate Critical Characteristics, and Inadequate Corrective Actions for Significant Conditions Adverse to Quality, as required

by the applicable sections of the MOX Project Quality Assurance Plan," according to the NRC report.

Whitley emphasized that MOX Services has taken a number of steps to correct the work package issues. "We actually developed some work package training to actually give the craftsmen themselves and supervision in the field to make sure they understood what the expectation was from us to make sure they executed to the expectation. We've made several revisions to the work packages, 1,400 packages in the new format style, which gets rid of a lot of the convoluted signatures," he said. He added, "We've got the attention and a lot of conversation around foundational nuclear leadership. ... We put it in a perspective to them."

AT SAVANNAH RIVER NEW HELIUM-3 SYSTEM COMPLETED

Savannah River Nuclear Solutions, the managing contractor for the Savannah River Site, has completed upgrades to Savannah River's 40-year old helium-3 recovery system. The recent system upgrade, which provides a "state of the art, oil, mercury and lead free system" to bottle the gas, began with shop fabrication activities in November 2010 and field activities in April 2011. The isotope, a byproduct of tritium's radioactive decay, is used in most current radiation detection technology. The upgrade of the recov-

ery system is part of a larger plan to modernize tritium operations at the site. "The Tritium Responsive Infrastructure Modifications initiative will leverage technology advancements, so that the large, aging and more expensive processes will move from Cold War-era facilities into newer, smaller and less expensive accommodations, thereby reducing operating expenses by \$28 million annually," an SRNS release issued this week states. ■

Wrap Up

IN THE NNSA

The National Nuclear Security Administration released another set of questions and answers for its combined Oak Ridge/Y-12/Pantex protective force contract this week, the third since it released a final Request for Proposals for the contract earlier this month. The NNSA also released a "summary of employee leave" and several other documents dealing with employee benefits to help bidders prepare their proposals. Bids are due Aug. 10 for the contract.

IN THE NAT'L ACADEMY OF SCIENCES

The National Academy of Sciences has named a new set of members to its Nuclear and Radiation Studies Board. The new members include David J. Brenner from Columbia University; Margaret S. Y. Chu from M. S. Chu + Associates, LLC; Carol M. Jantzen from the Savannah River National Laboratory; Lawrence (Larry) T. Papay from PQR, LLC; and Daniel O. Stram, from the University of Southern California, according to an NAS release this week. The Nuclear and Radiation Studies Board is scheduled to hold its winter meeting Dec. 3.

IN THE INDUSTRY

Bruce Rogers has joined the management consulting firm Longenecker & Associates as a Senior Security Project Manager. Rogers is the founder of World Security Group, LLC, and has "more than 40 years' experience in managing government security operations," according to an L&A release issued earlier this week. Rogers' previous positions include Senior Vice President and DOE Program Manager for Protection Strategies Incorporated, and Security Specialist at Fluor Daniel Hanford, and Westinghouse Hanford Company. "Bruce adds strength to our existing team, and will be a great asset in helping clients meet their ever more challenging security needs," L&A President John Longenecker said in a statement.

J. Scott Vowell has been named chief of fire protection operations at the Y-12 National Security Complex in Oak Ridge. He has worked as Y-12 since 1993, serving as assistant chief and fire captain before being named fire chief. He also previously worked as a fire inspector at Oak Ridge National Laboratory. The Fire Protection Operations has about 90 employees, providing emergency response and fire prevention activities, including testing and maintenance of sprinkler systems at the plant's major facilities.

ON THE INTERNATIONAL FRONT

The National Nuclear Security Administration said this week that it will dole out nearly \$3 million in funding for research and development efforts that partner U.S. and foreign scientists on projects that deal with nuclear security challenges. The projects are financed by NNSA's Global Initiatives for Proliferation Prevention Program and will be managed jointly through the intergovernmental International Science and Technology Center in Russia and the Science and Technology Center in Ukraine. The GIPP program was established to put former weapons scientists from former Soviet Union states to work, preventing the

spread of nuclear weapons knowledge while addressing nuclear security challenges. "The NNSA Strategic Plan calls for partnering with the international community to impede the spread of nuclear weapons technology, materials and information," Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement. "Our engagement of scientists around the world is an important tool in this international partnering effort. By leveraging our unique scientific knowledge and skills, we can advance our nuclear security agenda and directly support the international effort to fulfill the goals of the 2012 Seoul Nuclear Security Summit." ■

Calendar

August

- 1 Speech: "Nuclear Deterrence and Nuclear Defense," Steve Henry, Deputy Assistant Secretary of Defense for Nuclear Matters, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, Washington, D.C., 8 a.m.
- 8-9 Conference: U.S. Strategic Command Deterrence Symposium, LaVista Conference Center, LaVista, Neb. Info: www.stratcomds.com.
- 21 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Holiday Inn Express, Los Alamos, N.M., 5:30-8 p.m.

September

3 EM PUBS CLOSED FOR LABOR DAY

4-7

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- 11 Speech: "Nukes, Missile Defense and U.S. Security," John Foster, former director of Lawrence Livermore National Laboratory, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, Washington, D.C., 8 a.m.
- 19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.
- 21 Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, Washington, D.C., 8 a.m.

October

15-18

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(Changes from previous Calendar in Bold)

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Volume 16 No. 33

August 3, 2012

— *INSIDE HIGHLIGHTS* —

The immediate ripple effects of a middle-of-the-night intrusion at the Y-12 National Security Complex began to be felt this week but broader impacts to the site, ongoing contract competitions and a high-profile debate in Congress on the management of the NNSA will likely be felt in the coming weeks as well. 2

Buoyed by widespread weapons complex modernization efforts, the NNSA's budget is receiving unprecedented scrutiny, but a new report from the GAO throws into question the credibility of the agency's budget planning processes. 4

Engineering firm CB&I announced plans this week to purchase the Shaw Group in a deal set to be worth approximately \$3 billion. 5

Procurement Tracker 6

Senior Republicans on the House Armed Services Committee continue to believe that they must intervene to reform the NNSA. 8

House authorizers went too far in drafting language that would move the NNSA's two biggest projects, the Uranium Processing Facility and the Chemistry and Metallurgy Research Replacement-Nuclear Facility, to the Pentagon, according to a senior Department of Defense official. 9

Gen. James Cartwright, the former commander of U.S. Strategic Command and the vice chairman of the Joint Chiefs of Staff, reiterated this week that Los Alamos National Laboratory could add a second production shift to increase pit production to meet Pentagon requirements without building a new multi-billion-dollar plutonium facility. 10

DOE invested another \$61.3 million into a program supporting USEC's American Centrifuge Project this week after the company formed a required oversight board, but USEC officials say the project could face a funding gap later this year under the recently proposed six-month Continuing Resolution. 10

The Nuclear Regulatory Commission this week announced that it has renewed the operating license of nuclear reactor fuel fabricator Nuclear Fuel Services for 25 years, after several safety and operational issues occurred at the Erwin, Tenn., plant in recent years. 12

New Mexico's two Democratic Senators, Jeff Bingaman and Tom Udall, formally requested that the Obama Administration reverse its plan to delay construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility in letters to Defense Secretary Leon Panetta and Energy Secretary Steven Chu last week. 12

A Continuing Resolution will fund the federal government through the first six months of FY2013 thanks to an agreement reached between Congressional leaders and the White House this week, but it's not clear whether the stopgap funding measure will allow any exceptions for DOE or NNSA accounts. 13

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IN WAKE OF Y-12 SECURITY BREACH, IMPACT ON COMPETITIONS EXPECTED

The immediate ripple effects of a middle-of-the-night intrusion at the Y-12 National Security Complex began to be felt this week—Y-12 contractor B&W Y-12 has taken the unprecedented step of standing down operations at the plant—but broader impacts to the site, ongoing contract competitions and a high-profile debate in Congress on the management of the National Nuclear Security Administration will likely be felt in the coming weeks as well. The first shoe to drop came on Aug. 1, four days after anti-nuclear protesters penetrated to the very core of the site’s protected area, when B&W Y-12 announced an operational stand-down to address not only the obvious vulnerability identified by the infiltration of three unarmed protestors, but additional security violations and weaknesses identified during the heavy oversight and review of operations in the days that followed.

For many players involved in the security breach and its aftermath, the timing could not be worse. Not for Oak Ridge protective force contractor WSI, which will submit a bid later this month for a version of the security contract that combines Oak Ridge, Y-12 and Pantex work. Not for Y-12 management and operating contractor B&W, which is in the middle of a competition for the combined management and operating contract at Y-12 and Pantex—and is teamed with WSI on the protective force contract. And not for NNSA, which is facing increased scrutiny of its management practices after scaling back its plans to modernize the nation’s weapons complex and nuclear arsenal (*see related story*). “I’m sure WSI is very concerned. B&W has got to be very concerned, but there is not one individual party to blame for this. There is a lot to share,” one official with knowledge of the incident said. The individual spoke about the event in general terms but was unable to talk about specifics because details were classified. However, with many details still unknown, it remains to be seen exactly how much WSI or B&W could

be hurt in their bids to retain management of the site and its protective force work. “It’s hard to imagine that something as big as this won’t affect the competitions,” one industry official told *NW&M Monitor* this week. “It could be devastating.”

Impact on Governance Reform Expected, but How?

The incident also could fuel both sides of the debate about reforming the NNSA. Earlier this year, the House Armed Services Committee drafted language that would streamline safety and security directives, eliminate Office of Health, Safety and Security oversight of the NNSA, and move the agency toward performance-based oversight and away from transaction-based oversight. The Project on Government Oversight immediately raised concerns about oversight in the wake of the incident, suggesting that it was evidence of the need to continue to have significant federal oversight in the weapons complex. “This episode should be a death knell for efforts in Congress to turn oversight of security and safety at nuclear facilities over to contractors for self-policing,” POGO Senior Investigator Peter Stockton said in a statement. However, Congressional aides suggested that the immediate reaction to the incident should not be to layer more reviews and directives onto contractors and that the problems could potentially be remedied through existing contracts and should be used if appropriate.

Shutdown Expected to Last a Week

B&W Y-12 announced on Aug. 1 that a “security stand-down” was being put into action at the Oak Ridge complex that is a mainstay in the U.S. nuclear weapons complex. All of Y-12’s nuclear production and processing operations were shut down, the working stocks of enriched uranium were placed in secure vaults, and the contractor began putting thousands of Y-12 workers through a set of refresher courses on security and additional security training components. The National Nuclear Security

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Administration said it fully supports the move, saying the unusual move was “necessary to ensure continued confidence in safe and secure operations at Y-12.” The shut-down of operations is expected to last about a week, but officials said a timeline has not been fully established. NNSA spokesman Steven Wyatt said an Operational Readiness Review would not be needed to restart operations.

The protesters who breached Y-12 security—Sister Megan Rice, 82, of Las Vegas, Nevada; Michael R. Walli, 63, of Washington, D.C.; and Greg Boertje-Obed, 57, of Duluth, Minn.—were arraigned in U.S. District Court on federal trespassing charges, and a trial is set for Oct. 9. Each pleaded not guilty at an Aug. 2 preliminary hearing.

Furor Over Break-ins Grows

The furor seemed to grow by the day as news that three peace activists—including a 82-year-old nun—were able to infiltrate the plant’s defenses, reportedly climbing over a nearby ridge, and using bolt-cutters to pass through multiple fences, including the PIDAS double-fences that surround Y-12’s Protected Area. Y-12 reportedly has the largest PIDAS enclosure in the weapons complex, with 150 acres enclosed, although that number is expected to be reduced significantly when the Uranium Processing Facility is built.

With details of the incident still emerging, Congressional aides expressed concern about the incident, but were also cautious to withhold judgment until more is known. Aides reached by *NW&M Monitor* said briefings from NNSA were planned for late in the week. “We’re going to review what happened, why it happened and what steps were taken to make sure it doesn’t happen again,” the aide said. Still, the incident triggered some disbelief among aides. “If an 82-year-old lady can trigger the alarm and make it to one of the buildings, that’s a fairly serious thing,” the aide said. “Even though the building is built like Fort Knox, you shouldn’t be able to make it that far. What if it was something real? That’s what people will be concerned about.”

The Project on Government Oversight was more pointed in its criticism, with Stockton suggesting that “Boy Scouts could have done a better job” than security contractor WSI-Oak Ridge. WSI declined to comment on the incident, referring all questions to NNSA. “The first thing that needs to happen is the Department of Energy’s independent Office of Health, Safety, and Security needs to send a team to find out what went so terribly wrong,” Stockton said.

Other Security Issues Identified

A number of security violations were identified in the days that followed the break-in when NNSA and contractor officials stepped up their oversight of Y-12’s security operations. Wyatt refused to identify any of the violations but said they were separate from the investigation associated with protesters’ break-in. He also would not say if any Y-12 employees had been fired or disciplined because of the security lapses. “It would be inappropriate for us to discuss disciplinary or employment-related information,” he said. Security education classes began on Aug. 1, and other employees will attend refresher courses in the days ahead. More than 4,000 people work for B&W Y-12, with hundreds more employed by security contractor WSI and other contractors on site. Wyatt said all of them would be involved in the security training. “This is being done to address additional security training and execution deficiencies identified by the contractor after Saturday’s incident,” he said.

While acknowledging the plant’s security lapses, the National Nuclear Security Administration issued a statement saying it “remains entirely confident in the security of Y-12’s facilities.” The agency also said the plant’s nuclear materials are in safe, secure storage. POGO’s Stockton said the security stand-down suggested that the Oak Ridge team has identified “drastic flaws in security,” even beyond the embarrassing lapses from the peace protesters’ entry into the plant. “At this point we can only guess what those flaws might be,” Stockton said by email.

Conflicting Reports About Details

There are few concrete details and some conflicting reports about the security failures that took place the night of the break-in. In response to multiple reports from members of the Y-12 protective force indicating that there was no alarm triggered by the perimeter intrusion detection and assessment system (PIDAS) and that the initial response by security police was prompted by noise from the protesters, Wyatt said the federal agency stands by statements that a sensor on the PIDAS triggered the response to Saturday’s morning intrusion. Once inside the PIDAS, the protesters are believed to have draped banners and painted messages on the outer wall of the Highly Enriched Uranium Materials Facility. “I stand by my previous statements,” Wyatt said. Earlier, Wyatt said, “Once they entered the PIDAS near HEUMF, their movement was detected, assessed, and a security response occurred. The fact that this occurred at an extremely robust facility that was built from the ground up with security in mind gave us significantly more flexibility in our tactical response and one that did not result in the use of deadly force.”

Wyatt noted that the PIDAS system is used to “detect intrusions so the Y-12 Protective Force can respond.” The NNSA, in various statement, vowed to “look very hard” into the unprecedented intrusion by protesters into Y-12’s highest-security area and learn from it. “We are taking this matter very seriously,” Wyatt said. He said federal officials will be “looking at all aspects of what occurred.” He said the NNSA will determine the root causes of the incident and “all contributing factors.” However, at this point, Wyatt said, the agency is still in the early stages of the investigation and that it will take additional time to complete it. “We cannot get into the details or specifics on questions about the security response because of classification issues,” Wyatt said, “but we intend to fully understand all of the factors that made the intrusion into the outer layer of the Y-12 protected area possible. We’re going to look very hard at what actually happened, how we performed, what we need to do to understand the adequacy of our response, and how we can improve.”

WSI Still Moving Forward With Job Cuts

Meanwhile, the NNSA said WSI, its security contractor, apparently still intend to move forward with a plan to cut about 50 security jobs in the next few weeks, including 34 security police officers at Y-12, despite the newly identified vulnerabilities. “The size of the protective force is determined through a comprehensive process that considers a number of factors, which have not changed since the decision to reduce the size of the protective forces was made,” Wyatt said. There are about 500 security police officers at Y-12, including teams of specially trained paramilitary forces.

—Todd Jacobson and staff reports

GAO RAISES QUESTIONS ABOUT CREDIBILITY OF NNSA BUDGET

Buoyed by widespread weapons complex modernization efforts, the National Nuclear Security Administration’s budget is receiving unprecedented scrutiny, but a new report from the Government Accountability Office throws into question the credibility of the agency’s budget planning processes. In a report released this week, “Modernizing the Nuclear Security Enterprise: NNSA’s reviews of Budget Estimates and Decisions on Resource Trade-offs Need Strengthening,” the GAO said budget planning figures are not thoroughly reviewed by NNSA before its annual budget request is submitted to Congress, there is too much reliance on contractors to come up with budget data, and the agency does not have an independent group to review budget decisions after it disbanded its Office of Integration and Assessments in 2010, which had been

created in response to recommendations from the GAO and DOE’s Inspector General. “Because of the fiscal constraints in the current budget environment, it is all the more critical that NNSA have the capability to conduct independent cost analyses to enhance its ability to make the most effective and efficient resource decisions on resource trade-offs,” the GAO said, noting that the Department of Energy’s Inspector General and the GAO had pushed the agency to establish an independent analytical capability to evaluate its programs. “Not having this capability could preclude NNSA from making the best decisions about what activities to fund and whether they are affordable,” GAO said.

Cost estimating has become an increasingly large problem in the NNSA as more money, and attention, is directed toward the agency’s weapons program as part of efforts to modernize the nation’s weapons complex and nuclear arsenal. The agency remains on the GAO’s High Risk List, and major projects continue to see drastic increases. The latest example of that is the B61 refurbishment program, which has doubled in cost over the last year to \$8 billion, and perhaps as much as \$10 billion according to a Department of Defense review. The cost of the program forced the NNSA to defer work on the multi-billion-dollar Chemistry and Metallurgy Research Replacement-Nuclear Facility planned for Los Alamos National Laboratory, but Congressional aides said this week that the GAO report justifies concerns that the NNSA’s budget is disconnected from actual needs. “The Administration was willing to support modernization at a certain cost, but if that cost is not the right one—that’s not been validated—then we won’t be able to meet any of the long-term objectives we set out for the program,” one aide told *NW&M Monitor*.

Is NNSA Relying Too Much on Contractors?

According to the GAO, the NNSA spends much of its time analyzing the processes used by contractors to come up with budget planning figures rather than validating the budgets themselves, and the GAO said that in Fiscal Year 2012, only about 1.5 percent of the agency’s \$11 billion budget was validated. NNSA policy guidance indicates that 20 percent should be validated. “This process is not sufficiently thorough to ensure the credibility and reliability of NNSA’s budget because it is limited to assessing the processes used to develop budget estimates rather than the accuracy of the resulting estimates and is conducted for a small portion of NNSA’s budget,” the GAO said.

The issue manifests itself most notably in NNSA’s non-compliance with a 2003 DOE order requiring a formal review of budget estimates. The GAO said that NNSA didn’t comply with the order because it did not believe it applied to the agency, but the lack of a formal review

created problems because the agency's budget validation review process "relies on undocumented, information reviews" of estimates and a formal budget validation review occurs only after the budget is submitted to Congress. The GAO said that the agency also noted that it did not have enough financial or personnel resources to mirror Department of Defense budget reviews, and credited the "inherent trust" between the agency and its M&O contractors with providing confidence about budget estimates. GAO, however, said it was "concerned that NNSA management continues to deny the need for NNSA to improve its processes for developing credible and reliable budget estimates." The implications are significant, the GAO said. "Without thorough reviews by site and headquarters program offices of budget estimates, NNSA cannot have a high level of confidence in its budget estimates or in its ability to make informed decisions on resource trade-offs and to enhance the credibility and reliability of its budget," the GAO said.

NNSA Defends Budget Creation

NNSA Associate Administrator for Management and Budget Cynthia Lersten said in a response to a draft of the GAO report that the agency acknowledged there were areas where it could improve its Planning, Programming, Budgeting and Evaluation (PPBE) process, but she took issue with some of the GAO's conclusions and defended the agency's budget planning approach, suggesting that the GAO unjustly focused on "procedural areas" while overlooking the "cumulative effectiveness" of the agency's PPBE process. "NNSA has demonstrated a wide range of review activities including the formal budget validation (which are fully documented), as well as formal reviews by site and Headquarters organizations which are part of successive levels of review that go into validating NNSA's budget submissions," Lersten said.

—Todd Jacobson

SHAW GROUP TO BE PURCHASED BY CB&I IN DEAL WORTH APPROX. \$3 BILLION

Engineering firm CB&I announced plans this week to purchase the Shaw Group in a deal set to be worth approximately \$3 billion. The acquisition, which has been approved by the boards of directors of both companies, will involve CB&I paying approximately \$46.00 per share of Shaw stock—more than 70 percent above the \$26.69 share price Shaw's stock closed at on July 27, the last work day before the deal was announced. The purchase will consist of \$41.00 in cash and \$5.00 in CB&I equity for each share of Shaw stock. "When our transaction is concluded, CB&I will be the most complete, energy focused, technology,

engineering, procurement, fabrication, construction, maintenance and after market services company in our industry," CB&I President and CEO Phillip Asherman said in a call with investors. "Most importantly," he added, "we expect our joint resource capacity, complementary global capabilities, expertise and competitive positions will lead to increased new awards and earnings well beyond what either stand-alone company could accomplish."

CB&I's corporate headquarters is in the Netherlands, but the company has its worldwide administrative headquarters in Texas. It remains to be seen what impact, if any, CB&I's purchase of Shaw could have on Shaw's work underway in the U.S. nuclear weapons complex. Shaw is the lead company in Shaw AREVA MOX Services, which is constructing the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site; and Shaw is also in a subcontracting role as part of a team led by B&W to pursue the new joint Y-12/Pantex management and operating contract. In addition, Shaw holds one of DOE's national unrestricted indefinite delivery/indefinite quantity cleanup contracts, though DOE's Office of Environmental Management has yet to make work available under those contracts. During this week's call with investors, Asherman described government work as "a market that you can't easily bootstrap yourself into," adding, "That's a long process to get the position that Shaw has worked for many years to get into where they are."

Once the purchase is complete, CB&I intends to operate Shaw as a business sector under the name CB&I Shaw to "retain Shaw's brand equity and to allow the combined organization to capitalize on the resources, capacity and best practices from each group for the benefit of all stakeholders," according to a Shaw press release. "I am extremely proud of the company we have built and operated for the last 25 years. Shaw's leadership position in the power, environmental and infrastructure industries will complement CB&I's current business, and I am confident that, together, these two companies will continue to excel," Shaw Chairman, President and CEO J.M. Bernhard Jr. said in the release. Once the acquisition is completed, Bernhard plans "to pursue new business and public service interests," the release says.

Could Deal Fall Through?

CB&I plans to finance the deal using cash on the balance sheets of both companies, along with debt financing pursuant to commitments from Bank of America and Credit Agricole, according to a Shaw release. The purchase is still subject to regulatory approvals, as well as the approval of shareholders from both companies. CB&I expects the purchase to be completed in the first quarter of

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|--|---------------------------------|----------------|--|--|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Recompete | Contract with CH2M-WG Idaho to expire in 2012. | Sources sought notice issued June 24, 2010. | Undetermined/ Up to 10 years | Undetermined | Environmental Remediation, D&D, Waste Management | DOE still in negotiations with CWI on three-year extension. |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2012. | DOE has authorized a five-year extension for Battelle to stretch its contract through 2017. | Undetermined | Unrestricted | Laboratory Management | Negotiations between DOE and Battelle are ongoing. |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | One-year extension authorized Dec. 16 to allow time for contract competition to take place. | Undetermined | Unrestricted | Laboratory Management | NNSA official Ike White leading acquisition strategy team. |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2012. | Energy Secretary Steven Chu has authorized a five year extension. | Undetermined | Unrestricted | Laboratory Management | Negotiations on contract details ongoing. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Sept. 30, 2012, with two three-month options; SRS tritium currently part of Savannah River Nuclear Solutions contract. | Three teams submitted proposals by March 13; orals conducted May 1-3; answers to additional questions from NNSA submitted Aug. 1. | Undetermined | Full and Open | Management and Operation | Award not expected before September; all three teams part of "competitive range." |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expires March 28, 2012. | Final Request for Quotes issued May 3. Approximately nine teams submitted bids June 13. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER (Continued)

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|--|------------------------------------|--------------------------|-----------------------|---|
| NNSA (Continued) Y-12, Pantex and Oak Ridge Security | Y-12 and Oak Ridge contracts held by WSI extended through end of November 2012. Pantex security currently provided by B&W Pantex. | Final RFP issued July 2. | More than \$1 billion a year | Full and Open | Security Services | Bids due Aug. 10. NNSA says award expected in December. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | DOE considering cancelling project. |
| MISC. SITES/PROJECTS Legacy Management Supportive Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | |
| Portsmouth Environmental Technical Services | Contract held by Restoration Services, Inc. set to expire by Sept. 30, 2013. | Draft Request for Proposals issued June 19, 2012. | 5 years/ \$65 million | Small Business Set-Aside | Support Services | |
| WIPP Mobile Loading Unit Support Services | Contract held by S.M. Stoller set to expire by April 30, 2013. | Request for Proposals issued April 10, 2012. Bids due by May 17, 2012. | N/A | N/A | Support Services | |

2013. According to reports, though, some financial analysts have questioned whether the sale will be completed, citing in part some of the conditions contained in the transaction agreement between CB&I and Shaw. Under that agreement, Shaw would have to pay a fee of only \$32 million to CB&I if Shaw shareholders reject the deal; while CB&I would have to pay a termination fee of \$64 million if its shareholders oppose the purchase. Shaw is also required to have at least \$800 million of cash and cash equivalents available at the close of the purchase to pay to CB&I as part of the deal, and Shaw must report earnings of \$200 million before interest, tax, depreciation and amortization for four consecutive quarters, among other conditions. “The merger agreement is pretty weak. There are a lot of conditions for the deal to go through,” Reuters quoted King She, special situations analyst at Susquehanna Financial Group, as saying. “The issue is still whether CB&I shareholders are going to approve the deal.”

—Mike Nartker

HOUSE REPUBLICANS REBUFF NNSA REFORM EFFORTS AS INADEQUATE

Senior Republicans on the House Armed Services Committee continue to believe that they must intervene to reform the National Nuclear Security Administration, and in a letter this week to NNSA Administrator Tom D’Agostino, Reps. Buck McKeon (R-Calif.) and Michael Turner (R-Ohio) rebuffed the agency’s suggestion that its own reform efforts would address management problems plaguing the agency. McKeon and Turner were responding to a six-page July 2 letter from D’Agostino detailing actions the NNSA has already taken to enhance efficiency, increase productivity and improve relationships with the contractors that run its plants and laboratories, which the lawmakers said was largely a list of actions that had already been tried or have been underway for years. “The lack of a comprehensive strategic vision or plan for decisive action is why we continue to believe that Congress has no choice but to once again act, as it did in 1999 when it created NNSA to fix what the President’s Foreign Intelligence Advisory Board then called a ‘dysfunctional bureaucracy that has proven it is incapable of reforming itself,’ “ McKeon and Turner wrote. “We have seen no action or plan of action by the President to convince us to the contrary.”

Frustrated with the productivity of the agency, the committee drafted language in the House-passed version of the Fiscal Year 2013 Defense Authorization Act that increases the autonomy of the agency, eliminates Department of Energy Office of Health, Safety and Security oversight of the agency, moves the agency toward performance-based

oversight, and cuts back on federal staff. The Obama Administration publicly opposed the language in a Statement of Administration Policy, and D’Agostino suggested that the agency was already making progress toward reform, and said some actions already taken include efforts to revise, consolidate and eliminate safety and security directives, develop governance reform metrics, revise contractual requirements, and implement a pilot program emphasizing strategic results over transaction-based oversight.

He also noted that the agency had created a new Associate Administrator for Acquisition and Project Management as well as an Associate Administrator for Infrastructure and Operations, reorganized its site office reporting structure, and moved to consolidate the management and operating contracts at the Y-12 National Security Complex and the Pantex Plant, among other initiatives. Those actions proved unsatisfactory to McKeon and Turner, who continued to encourage the Administration to offer a “comprehensive reform package” that deals with functions in and outside of the NNSA. “We regret that your response does not address the fundamental problem: that NNSA and DOE are allowing cost and delay---driven largely by administrative and structural problems---to threaten the President’s own nuclear modernization objectives,” the lawmakers wrote. “... We do not see how the actions outlined in your letter solve this problem.”

Turner: B61 Increase ‘Evidence’ of Management Issues

At a House Armed Services Strategic Forces Subcommittee hearing this week, Turner highlighted recent reports of cost increases on the B61 life extension program as further evidence of the NNSA’s management problems. Sen. Dianne Feinstein (D-Calif.) revealed last week that the NNSA’s own cost estimate for the refurbishment has reached \$8 billion, nearly double cost estimates last year, and that a Department of Defense review of the project suggested it could cost up to \$10 billion. “This is the latest evidence that NNSA is simply incapable of performing its basic mission, which is to provide the nuclear capabilities required by President Obama’s 2010 Nuclear Posture Review and his November 2011 nuclear modernization funding promises,” Turner said in a prepared statement released during the hearing. “It is past time for the President to step up and offer some solutions to fix the NNSA.”

Combined with the Administration’s two-year delay to complete a First Production Unit on the weapons system, which it moved from 2017 to 2019 earlier this year, Turner said that there is a risk the nation won’t be able to meet its commitment to provide refurbished B61s for NATO. “These schedule delays and cost increases have occurred despite the fact that STRATCOM has trimmed the military

requirements to the bare minimum and increased the risk it is willing to tolerate to about as far as it can,” Turner said.

—*Todd Jacobson*

SENIOR DOD OFFICIAL RAISES QUESTIONS ABOUT POSSIBLE MOVE OF UPF, CMRR-NF

House authorizers went too far in drafting language that would move the National Nuclear Security Administration’s two biggest projects, the Uranium Processing Facility and the Chemistry and Metallurgy Research Replacement-Nuclear Facility, to the Pentagon, according to a senior Department of Defense official. Speaking at a Capitol Hill Club breakfast event this week, Deputy Assistant Secretary of Defense for Nuclear Matters Steve Henry said the Pentagon espoused the virtues of treating the facilities as military construction projects, but did not favor completely absorbing the projects. Language in the House-passed version of the Fiscal Year 2013 Defense Authorization Act would move management of the project to the Pentagon while authorizing forward-funding for the projects starting in FY2014. “We thought it would be good for the Department of Energy, NNSA to also have those authorities,” Henry, who is leaving the Pentagon this week to head up global security work for Nevada National Security Site contractor National Security Technologies, LLC, told *NW&M Monitor* after his speech. “We did not mean we would do that.”

The Pentagon has taken a keen interest in efforts to modernize the nation’s weapons complex, and Henry said DoD had become concerned with massive cost and schedule overruns for UPF and CMRR-NF, the linchpins of the modernization effort. “Huge projects always have their own problems, and we said, based upon the funding, we didn’t see that they were funded quite properly the way DoD does it,” Henry said during a question and answer session after his speech. “And we would have liked to have seen it reduced in time to build, which helps reduce cost, but that means your funding has to go up. And we could not see how DOE/NNSA could fund both projects within their budget that had been appropriated.” Because of the funding problems, Henry said DoD it suggested it couldn’t build both facilities at the same time, and it prioritized UPF because of the deteriorating condition of existing uranium facilities at Y-12. But he noted that treating the projects as military construction projects would have significant benefits. The approach “allows you to up-front fund. It allows you to understand how much money you’re going to have in the out years,” Henry said. But he later added

that DoD was not well-suited to take over management of the projects. “From my gut feeling I’d have to say that it’s one thing for NNSA to have a contractor to say what they want for their specifications, and to monitor how it’s built. But it’s completely different to have DoD do it and saying here it is, and handing them the key to that,” Henry said. “How do we make sure it still meets all the safety bases and the operational issues. Although we work closely with them, we haven’t worked that closely on building kinds of facilities and developing the integration to be able to support something like that.”

Debate Over Provision in House

The key component of House language that would shift management of UPF and CMRR-NF to DoD is language that authorizes a large chunk of money for both projects. In an effort to create stability for the projects and mirror the upfront funding approach used by many military construction projects, the legislation authorizes \$3.5 billion for CMRR-NF and \$4.2 billion for UPF starting in FY2014. As military construction projects, the facilities would also no longer fall under the jurisdiction of the Energy and Water Appropriations subcommittees or the Defense Nuclear Facilities Safety Board during construction, though the DNFSB would regain oversight of the facilities once they’re up and running and turned over to the NNSA. Though the projects would be under the purview of the Pentagon, the NNSA and DOE would still be involved in refining the facilities’ requirements and to provide expertise, according to the amendment. The bill says that CMRR-NF should be operational by 2024. “The NNSA had difficulty and struggled with their ability to deliver this facility and ... we’re certain by coordinating this work with the Department of Defense we’ll be able to accomplish the construction of this facility, the delivery of it, and having it placed it on line,” Turner said.

At a markup of the FY2013 Defense Authorization bill, the language was opposed primarily by House Democrats, who suggested the management shift could further delay the projects. “I think that we should be improving the NNSA, not taking time and money to move the responsibility from one organization to another organization who may not be better equipped, and certainly doesn’t have the expertise, to do this nature of facility,” said Sanchez, who also questioned whether it was appropriate to give control of the projects to the Department of Defense. “We should have concerns that the DoD has even more of a hand on our nuclear facilities,” Sanchez said. Senate authorizers did not include similar language in their version of authorization bill.

—*Todd Jacobson*

FORMER STRATCOM CHIEF STANDS BY COMMENTS ON PIT PRODUCTION BOOST

Gen. James Cartwright, the former commander of U.S. Strategic Command and the vice chairman of the Joint Chiefs of Staff, reiterated this week that Los Alamos National Laboratory could add a second production shift to increase pit production to meet Pentagon requirements without building a new multi-billion-dollar plutonium facility. After Cartwright first made the suggestion at a Senate Energy and Water Appropriations Subcommittee hearing last week, Los Alamos weapons chief Bret Knapp said the lab had found that approach to be “inadequate” in a previous analysis due to lack of support for analytical chemistry work, which would be provided by CMRR-NF. “When we looked at this before really the issue was you didn’t have the floor space, or the floor space would be constrained and you might have to use an adjacent building for a while,” Cartwright told *NW&M Monitor* in a follow-up interview. “I absolutely agree with them. It’s not ideal. It’s not what you want to do for the longer term. But if today somebody walked in and said all of this capability in this one particular weapon is now found to be defective, we would find ways to make it work at a rate far greater than 20 to 30.”

Cartwright, who helped lead a Global Zero study that recently suggested the United States could move to a stockpile of 900 total nuclear weapons, made waves when he suggested at the Senate hearing last week that Los Alamos could up pit production without CMRR-NF by going to two shifts. Lab officials had contradicted that position, suggesting that CMRR-NF was necessary to increase pit production and that the lab could only produce 20 to 30 pits without the facility, and Bret Knapp, the head of Los Alamos’ weapons program, said in a statement that adding more shifts at PF-4 would not enable the lab to substantially increase production. “In the past, we have examined the possibility of running additional shifts to increase production, but we found that that approach was inadequate because of the lack of required analytical chemistry support,” Knapp said. “Increased production requires increased analytical capabilities which we do not have, but would be provided by the CMRR-NF. We are not aware of any new or additional analysis which would change this conclusion, and we look forward to continuing to provide answers to the technical questions informing the nation’s plutonium strategy.”

Cartwright: Wait on New LANL Pu Facility

Cartwright said that using multiple shifts was not the ideal, but he suggested it might be necessary. “In a day to day routine, I don’t disagree with them,” he said. “In an urgent

situation, a crisis type situation, we’ll do a lot of things that would not abrogate safety but would certainly put increased stress on the line to be able to do more things than we’re doing, more production than we’re doing.” Cartwright also suggested that a possible move to take the size of the nation’s stockpile to lower numbers by the Obama Administration could alter the pit production requirements, which is why he said he favored delaying a decision on a path forward for CMRR-NF. “I think we have to be fair to NNSA and to the lab and say this is exactly what we need,” Cartwright said. “Tell us how much [pit] reuse we can get based on where we are going and then let them price it, but don’t try to build a facility before you know what the number is actually going to be. You can do planning, but we’re kind of carting and horsing this thing right now.”

Asked about the possibility of using multiple shifts to increase production levels at a breakfast speech this week at the Capitol Hill Club, Deputy Assistant Secretary of Defense for Nuclear Matters Steve Henry hinted that it could be possible under certain circumstances. “I have to be careful on how I go into details. You can look at second shifts when you’re in a posture that will allow second shifts to be done. OK, let me just leave it at that,” he said, adding: “It has to be at the understanding of what is the point in time and what is the configuration at that point in time where it may not be applicable today, may be applicable for future if you do reconfiguration of some stuff.”

—Todd Jacobson

USEC MAKES PROGRESS ON AMERICAN CENTRIFUGE PROJECT R&D PROGRAM

Company Reports \$92 Million Second Quarter Loss

The Department of Energy invested another \$61.3 million into a program supporting USEC’s American Centrifuge Project this week after the company formed a required oversight board, but USEC officials say the project could face a funding gap later this year under the recently proposed six-month Continuing Resolution intended to fund federal programs for the first half of FY 2013. USEC this week reported a net loss of \$92 million in the second quarter of 2012 largely due to \$85.7 million in American Centrifuge expenses. But it also announced that it had formed a board of managers for the project in time to meet a milestone in a DOE cost-share research, development and deployment program, allowing the Department to contribute additional funds to the initial \$26.4 million provided when the program officially began in June. “We’ve made steady progress in the first two months since the RD&D agreement became effective. The preparations we made during the first half of the year paid dividends by allowing us to really hit the ground running and to make

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

An



Event

Additional Speakers...

William Murphie, Manager,
Portsmouth-Paducah Project Office, U.S.
DOE-EM

Robert Raines, Associate Administrator for
Acquisition and Project Management,
National Nuclear Security Administration

John Owsley, Director, Division of DOE
Oversight, Tennessee Department of
Environment and Conservation

Shelly Wilson, South Carolina Department
of Health & Environmental Control

Carol Johnson, President, Washington
Closure Hanford

Mike Johnson, President, Washington
River Protection Solutions

Steve Jones, President, Oak Ridge Atomic
Trades and Labor Council

John Lehew, President, CH2M Hill
Plateau Remediation Co.

Dave Olson, President, Savannah River
Remediation

Herman Potter, President, United
Steelworkers Local 689, Piketon, Ohio

Leo Sain, President, URS-CH2M Oak Ridge

Beth Bilson, Vice President, Business
Services, Savannah River Nuclear Solutions

Jim Key, Vice President, United
Steelworkers Local 550, Paducah, Ky.; Vice
President Atomic Energy Workers Council

Ron Slotke, Vice President/CFO, CH2M
Hill Nuclear Group

Sandra Fairchild, Business Manager,
Savannah River Remediation LLC

Robert Nichols, Deputy Project Manager,
Fluor-B&W Portsmouth

John Robinson, Procurement Manager,
Washington River Protection Solutions

Frank Sheppard, Business Manager,
Parsons-Salt Waste Processing Facility

Carl Strock, Manager of Functions,
Bechtel National

Ward Sproat, Safety Culture Lead,
Hanford Waste Treatment Plant

Taunja Berquam, Minority Staff, Energy
and Water Appropriations Subcommittee,
U.S. House of Representatives

Doug Clapp, Majority Clerk, Energy &
Water Development Appropriations
Subcommittee, U.S. Senate

Leonor Tomero, Minority Counsel, Armed
Services Strategic Forces Subcommittee,
U.S. House of Representatives

October 15 - 18, 2012

Omni Amelia Island Plantation Resort

Amelia Island, Florida

Keynote Speakers...

Thomas P. D'Agostino, Under Secretary for Nuclear
Security, National Nuclear Security Administration

Dr. Peter Winokur, Chairman

Defense Nuclear Facilities Safety Board

David G. Huizenga, Senior Advisor for Environmental
Management, U.S. Dept. of Energy

Mark Lesinski, Chief Operating Officer, Nuclear
Decommissioning Authority, United Kingdom

Also Featuring...

Matt Moury, Deputy Assistant Secretary for Safety, Security &
Quality, Environmental Management, U.S. DOE

Ken Picha, acting Deputy Assistant Secretary for Tank Waste &
Nuclear Material, Environmental Management, U.S. DOE

Jack Surash, Deputy Assistant Secretary for Acquisition &
Project Management, Environmental Management, U.S. DOE

Terry Tyborowski, Deputy Assistant Secretary for Program
Planning Budget, Environmental Management, U.S. DOE

Alice Williams, Associate Principal Deputy Assistant Secretary,
Environmental Management, U.S. DOE

Paul Bosco, Director, Office of Acquisition and Project
Management, U.S. DOE

Rod Baltzer, President, Waste Control Specialists

George Dudich, President, B&W Technical Services Group

Mark Fallon, President, Nuclear Group, CH2M Hill

Greg Meyer, Senior Vice President, Fluor Government Group

Michael Graham, Mgr., U.S. Environmental, Bechtel National

Tara Neider, President, AREVA Federal Services

David Pethick, Gen. Mgr., Global M&O Services, URS

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— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

**REFRESHMENTS AT
REGISTRATION**

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

Tom D'Agostino, Under Secretary
Nuclear Security, U.S. DOE

OPEN DISCUSSION

8:45 **DNFSB, DOE and the Contractors:
Roles, Responsibilities and the Road
Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety
Board

OPEN DISCUSSION

9:20 **Safety Challenges and Opportunities for
the Future Workforce**

(National Labor Speaker TBD)

OPEN DISCUSSION

9:50 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:20 **COFFEE BREAK**

10:40 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

11:15 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**,
Editor-in-Chief and Vice President,
EM Publications & Forums

George Dudich, President, B&W
Technical Services Group

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager-U.S.
Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

David Pethick, General Manager
Global Management and Operations
Services, URS

Greg Meyer, Senior Vice President
Fluor Government Group

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **State Regulators: Priorities for Future
Cleanup**

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson
South Carolina Department of Health and
Environmental Control

(Additional Speakers TBD)

OPEN DISCUSSION

2:15 **Union Concerns Across the DOE
Complex**

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Safety Culture Lead
Hanford Waste Treatment Plant

(Additional Speakers TBD)

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

John Lehew, President
CH2M Hill Plateau Remediation Co.

Carol Johnson, President
Washington Closure Hanford

Leo Sain, President
URS-CH2M Oak Ridge, LLC

Robert Nichols, Deputy Project
Manager, Fluor-B&W Portsmouth

OPEN DISCUSSION

5:45 **ADJOURN**

6:00 **COCKTAIL RECEPTION**

Wednesday, October 17

7:00 **CONTINENTAL BREAKFAST**

8:00 **The Path for Forward for Nuclear
Cleanup in the UK**

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

OPEN DISCUSSION

8:30 **Managing Risk in the DOE Complex:
What Changes in Risk-Sharing Will
Mean for DOE and its Contractors**

Paul Bosco, Director
Office of Acquisition and Project
Management, U.S. DOE

Robert Raines, Associate Administrator
for Acquisition and Project Management,
National Nuclear Security Administration

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

Ron Slottke, Vice President and CFO
CH2M Hill Nuclear Group

— *Raising the Bar on Project Performance to Address Long-Term Challenges* —

| | | |
|---|---|--|
| Carl Strock , Manager of Functions Bechtel National | 12:15 BOX LUNCH | OPEN DISCUSSION |
| Frank Sheppard , Business Manager Parsons-Salt Waste Processing Facility | 12:30 WORKSHOP | 9:30 Lessons Learned from Portsmouth, Paducah Cleanup |
| OPEN DISCUSSION | 7:00 SPECIAL EVENING SESSION | William Murphie , Manager Portsmouth-Paducah Project Office, U.S. DOE-EM |
| 9:45 EM Technology Development Priorities <i>(DOE Speaker TBD)</i> | MODERATOR: Edward L. Helminski , President, EM Publications & Forums | <i>(Additional Speakers TBD)</i> |
| OPEN DISCUSSION | Dave Huizenga , Senior Advisor Environmental Management, U.S. Department of Energy | 10:30 COFFEE BREAK |
| 10:15 COFFEE BREAK | OPEN DISCUSSION | 10:45 Upcoming Procurement Opportunities and Acquisition Process Changes |
| 10:35 Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION | 8:00 COCKTAIL RECEPTION | Jack Surash , Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM |
| MODERATOR: Martin Schneider , Editor-in-Chief and Vice President, EM Publications & Forums | 8:30 DINNER | OPEN DISCUSSION |
| John Robinson , Procurement Manager Washington River Protection Solutions | Thursday, October 18 | 11:15 Congressional Staff: Perspectives on the Future of DOE Cleanup |
| Sandra Fairchild , Business Manager Savannah River Remediation LLC | 7:00 CONTINENTAL BREAKFAST | MODERATOR: Mike Nartker , Associate Editor, <i>Weapons Complex Monitor</i> |
| Beth Bilson , Vice President Business Services, Savannah River Nuclear Solutions | 8:00 Implementing EM's New Organization and Institutionalizing Changes for the Long-Term | Doug Clapp , Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate |
| <i>(Additional Speakers TBD)</i> | Alice Williams , Associate Principal Deputy Assistant Secretary, U.S. DOE- EM | Leonor Tomero , Minority Counsel Armed Services Strategic Forces Subcommittee, U.S. House of Representatives |
| OPEN DISCUSSION | 8:30 ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects | Taunja Berquam , Minority Staff House Energy and Water Appropriations Subcommittee |
| 11:50 Contracting and Procurement Lessons Learned: Analysis from WC Monitor | Ken Picha , acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM | 12:00 FORUM ADJOURNS |
| Martin Schneider , CEO ExchangeMonitor Publications & Forums | Mike Johnson , President Washington River Protection Solutions | |
| OPEN DISCUSSION | Dave Olson , President Savannah River Remediation, LLC | |
| | <i>(Additional Speakers TBD)</i> | |

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excellent progress on the RD&D program when it became effective in early June,” USEC CEO John Welch said in a call with investors this week. “We have been successful in attracting industry leaders to the board of managers, including representatives from Babcock & Wilcox, Exelon and Toshiba, as well as two independent representatives.”

DOE originally announced last fall that it hoped to start up an RD&D program for the technology in order to demonstrate it on a commercial scale, making it more eligible for a \$2 billion federal loan guarantee after initial efforts failed. After months of back-and-forth with Congress on the issue, DOE announced the start of the program in June that would be funded by taking on \$88 million in depleted uranium tails liability from the company. The program is slated to run until the end of 2013 and expected to come to a total of \$350 million—\$280 million from DOE and \$70 million from USEC. In an effort to provide what the Department has labeled “taxpayer protections,” the deal comes with a number of conditions that would essentially turn the project over to the federal government should USEC’s efforts to deploy the centrifuge technology commercially fail. Additionally, as part of the program, USEC formed a new subsidiary with partner B&W called American Centrifuge Demonstration, LLC, and one of the first milestones agreed upon in the program was to put in place a board of managers not controlled by USEC.

New Board Includes Execs From Toshiba, B&W

The seven-person managers board includes two representatives from USEC’s American Centrifuge partners: B&W Vice President Randall Spickard and Toshiba Project Management Vice President Hitoshi Yabuta. It also includes USEC executives Philip Sewell, who is senior vice president of American Centrifuge, and Senior Vice President for Uranium Enrichment Bob Van Namen. Two independent officials will sit on the board: former Nuclear Regulatory Commission official Luis Reyes and Bruce Rash of Exelon. As USEC looks for additional investors in the project, Welch declined to comment this week on whether the participation of the nuclear utility Exelon could signal further interest in the project. “They are providing that customer perspective and all of that will position us well for going back in. I don’t want to speculate on who could be additional sponsors going back in, I don’t want to speak necessarily for utility customers. But again we’re seeing their support in through long-term contracts for ACP output as they’ve supported us in the past and the nature of their support going forward is something that we will certainly be discussing with them,” Welch told investors.

Paducah Deal to Help Offset Losses

USEC’s net loss of \$92 million in the second quarter will largely be tempered the rest of this year by progress on other fronts, notably the recently started DOE uranium tails re-enrichment program at the USEC-operated Paducah Gaseous Diffusion Plant that the company expects will boost revenue by up to \$400 million. Still, the company said it will end the year at a loss. “Given the amount of advanced technology expense that we invested in the American centrifuge project in the first half of the year, we expect to report a net loss for the full year of approximately \$100 million. But because we’ve already reported a net loss of about \$121 million in the first six months of the year, you can infer that we expect a better second half of the year financially,” Welch said.

CR Could Lead to Funding Gap

But with the announcement from Congress this week that lawmakers have agreed to start work on a six-month Continuing Resolution, Welch said the company could face a funding gap and potential demobilization if no additional money comes from DOE. The Department would be “earmarking money” if it continued spending at the same level for the American Centrifuge program, Welch said. “That’s being looked at by them right now. The fact that we have the program off and running is very good point as we enter into those kinds of discussions.” Given USEC’s limited funds, work would otherwise slow down. “We will be fully engaged both with Congress and the Department of Energy on our funding needs to ensure that there is no gap. Our position is that if there is no funding, we are very constrained for what we can spend ourselves and so we would likely have to go through some sort of demobilization. But there are options and actions that DOE has that can take the funding into the new year,” Welch said, adding, “It is in no one’s best interest to have any sort of interruption.”

USEC also said this week that it had received DOE approval of the RD&D test program and is making progress on building and installing additional AC100 centrifuge machines. “This test program defines the objectives of the RD&D program, the specific requirements for fulfilling the remaining milestones. Importantly, under the test plan, we all agree on where the goal line is for each milestone,” Welch told investors. “During the first half of 2012, we built or refurbished AC100 machines for the RD&D cascade. This gave us a running start on the program as we have approximately 50 machines built. I was at the plant in mid-July and it was great to see our people in construction mode again.”

House Panel Rejects Provision to End Loan Program

The ultimate goal of the program is still receipt of a DOE loan guarantee, which would ideally come at the completion of the RD&D program at the end of 2013, USEC officials said. This week, the House Energy and Commerce Committee advanced legislation aimed at reforming the Department of Energy's loan guarantee program, after rejecting an amendment that would have terminated the program altogether. The legislation was prompted by DOE's loan to the now-bankrupt solar company Solyndra and aims to eventually phase out the program, but still allows loans to be granted to companies that submitted applications prior to 2012. That would leave USEC eligible for a loan guarantee. At a full committee markup, Rep. Ed Markey (D-Mass.) offered an amendment "in order to test whether the Republicans actually wanted to end the program," according to a release by Markey's office. The amendment failed in a vote of 3 to 39, with 25 Republicans voting against it.

Republican supporters of the bill said the 2012 cutoff is to avoid liability issues with companies that had already applied. Markey presented a different interpretation. "Democrats oppose terminating the loan guarantee program, and despite Republican rhetoric, we've known all along that they've opposed terminating it in order to protect the \$32.5 billion for nuclear and fossil loan guarantees," he said in a statement. "We've called the Republicans' bluff today, and they are now on the record in their opposition to ending the loan guarantee program despite their statements to the contrary."

—Kenneth Fletcher

NRC RENEWS NUCLEAR FUEL SERVICES' OPERATING LICENSE FOR 25 YEARS

The Nuclear Regulatory Commission this week announced that it has renewed the operating license of nuclear reactor fuel fabricator Nuclear Fuel Services for 25 years, after several safety and operational issues occurred at the Erwin, Tenn., plant in recent years. The decision comes after public meetings in Erwin and at NRC Headquarters on the license renewal, and a positive environmental assessment published last October. "The NRC staff performed a detailed technical review and determined that the application demonstrated the company's qualifications, training and experience to use the licensed material according to NRC regulations, and that the company's equipment, facilities and procedures are adequate to protect health and minimize danger to life and property," according to an NRC release.

NFS applied for the license renewal in June 2009, shortly before its license expired in July that year, but continued operating as is allowed by the NRC. The final NRC environmental assessment released in October found no significant impact affecting the quality of the human environment for the 40-year renewal of the plant's license. The license authorizes the company to possess, store and ship special nuclear material enriched up to 100 percent for use by the U.S. Navy and commercial reactors.

Nitrogen, Acid Spill Incidents Resulted in Shutdowns

However, the plant has faced fines and scrutiny in recent years due to a safety incident in October 2009 in which piping in the uranium down-blending line at a NFS plant was damaged by high levels of nitrogen gas and had to be shut down. An NRC Augmented Inspection team visited NFS after the incident and determined that five safety violations occurred. The NRC fined NFS \$140,000 in September 2010 after reviewing the incident. In January 2010, NRC and NFS agreed to a number of actions that the company must take before restarting the line, and in March this year NFS told NRC that it was ready to start a review of its readiness to resume operations. In July 2011, the NRC authorized the restart of a uranium hexafluoride process line, the fourth and final line to be restarted since the incident.

More recently, a 300 gallon nitric acid spill in January temporarily shut down the plant (*NW&M Monitor*, Vol. 16 No. 2). When nitric acid mixes with water, it can create fumes that can be hazardous and often fatal if inhaled. The leak occurred on the afternoon of Jan. 9, forcing NFS officials to put the plant into a "safe shutdown" mode and move employees working in nearby areas to other parts of the facility. NFS spokeswoman Lauri Turpin said the spill at an outdoor bulk chemical storage area was contained by a dike designed to prevent spills from spreading and the facility was authorized by the company's director of Quality, Safety and Safeguards to restart operations that evening. Turpin said the nitric acid was removed from the dike area and transferred to recovery containers. No injuries were reported as a result of the leak.

—Kenneth Fletcher

BINGAMAN, UDALL FORMALLY ASK ADMIN. TO REVERSE COURSE ON CMRR-NF

New Mexico's two Democratic Senators, Jeff Bingaman and Tom Udall, formally requested that the Obama Administration reverse its plan to delay construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility in letters to Defense Secretary Leon Panetta and

Energy Secretary Steven Chu last week. The Senators called the NNSA's plan to use existing facilities to absorb the planned mission of the new facility a "high risk option" that "may not meet national security requirements for stockpile stewardship, and which will likely take 10 years to implement and cost an additional \$800 million." The Obama Administration has said it would save \$1.8 billion over the next five years by deferring work on the CMRR-NF, which was estimated to cost between \$3.7 and \$5.8 billion. "Rather than delaying work on a replacement facility for the planned five years, we believe the administration should present a more specific alternative plan and make the necessary preparation to properly design and implement it," the Senators wrote. "Until there is a feasible alternative, the least risk option is to continue pursuing a replacement facility. In order to meet cost restrictions, we believe changes in the planned facility could reduce its price tag significantly, without compromising safety, while allowing us to still meet our commitments under the New Start Treaty and the 2010 MOU between DoD and DoE."

Delay Sparks Congressional Backlash

In February, the Administration decided to defer work on the project for at least five years as it pursues an alternative plan to meet the nation's plutonium needs, but the move has triggered a backlash in Congress, especially among Republicans in the House and Senate. While appropriators have backed the Administration's plans to defer the project, Rep. Michael Turner (R-Ohio) has led the charge to revive it. He authored language in the Fiscal Year 2013 Defense Authorization Act that would restore funding for the program, and Sen. Ben Nelson (D-Neb.) has done the same in the Senate, including language in the Senate's version of the authorization language to keep the project moving beyond this year. Nelson, along with Sen. Jon Kyl (R-Ariz.), was also among a bipartisan group of eight Senators that urged Panetta to bring back CMRR-NF in a June letter, but the involvement of New Mexico's two Senators has been long-awaited by weapons complex observers. Los Alamos officials have been working to wrap up design of the facility by the end of FY2012 so that it could be used for future work, and much of the team working on the project has departed. That includes CMRR Division Leader Rick Holmes, who left the lab to work on a Bechtel chemical demilitarization project in Pueblo, Colo.

In their letter, Udall and Bingaman suggested that the deferment of the project would "adversely impact our nation's scientific capabilities, especially in analytical chemistry and materials characterization that are central to assuring the safety, reliability and performance of the nuclear deterrent." They also suggested that more delays would increase the eventual cost of a replacement facility.

"Our national labs are premier facilities, with scientists and engineers who deserve to work in an environment where not only their work is appreciated, but their safety is not at risk because of funding decisions made in Washington, D.C. We look forward to working with you on this issue as well as the need to adequately fund the national laboratories to compete for other vital mission areas such as non-proliferation and energy security," the Senators wrote.

—Todd Jacobson

SIX-MONTH CR PLANNED AS CONGRESS, ADMIN. AGREE TO DELAY BUDGET WORK

Stopgap Funding Measure to Be Voted on in Sept.; NNSA Expected to Push for Anomaly

A Continuing Resolution will fund the federal government through the first six months of Fiscal Year 2013 thanks to an agreement reached between Congressional leaders and the White House this week, but it's not clear whether the stopgap funding measure will allow any exceptions for Department of Energy or National Nuclear Security Administration accounts. Pushing debate on critical funding issues beyond the November elections, the deal struck by Senate Majority Leader Harry Reid (D-Nev.), House Speaker John Boehner (R-Ohio) and President Obama provides a top-line funding level of \$1.047 trillion, largely matching Fiscal Year 2012 spending levels established under the Budget Control Act. "This agreement reached between the Senate, the House and the White House provides stability for the coming months, when we will have to resolve critical issues that directly affect middle class families," Reid said in a statement. "The funding levels in the six-month CR will correspond to the top-line funding level of \$1.047 trillion. I hope that we can face the challenges ahead in the same spirit of compromise."

But while stability will suffice for some portions of DOE and NNSA, other areas, like the NNSA's weapons program, would be significantly impacted if it was constrained to FY2012 funding levels. In part to pay for big increases in spending on the B61 life extension program, other refurbishment work, and the acceleration of construction on the Uranium Processing Facility, the Administration requested \$7.6 billion for the program, which was short of previous funding projections but still \$344 more than FY2012 funding for the program. Requested funding for the NNSA's nonproliferation work also increased by \$155 million to \$2.5 billion in FY2013. House and Senate appropriators matched the Administration's \$7.6 billion request but provided different funding levels for nonproliferation, but only the House has passed its version of the bill.

In a statement, Reid said the CR won't be voted on until September, which will give agencies time to push for anomalies in the stopgap funding measures. A Congressional aide said it has not been determined whether the bill will include exceptions, but previous CRs have singled out NNSA for funding increases. NNSA spokesman Josh McConaha declined to comment this week. "There will be some consideration, because it might not make sense to hold everything at last month's level," the aide said. "Some programs don't need it and others do. To have a blanket rule might not be the most efficient use of federal taxpayer dollars."

—Todd Jacobson

OMB TO DISCUSS SEQUESTRATION PLANNING WITH FEDERAL AGENCIES

With approximately five months to go until significant funding cuts are set to automatically occur under the process known as sequestration, the Obama Administration is beginning to take some steps to plan for the potential impacts. This week, the White House Office of Management and Budget informed federal agencies that it will be conducting discussions "over the coming months" on how sequestration may be implemented, including which programs and accounts may be exempt. The full impacts of sequestration cannot be determined, though, until Fiscal Year 2013 funding levels are finalized, according to a memorandum from acting OMB Director Jeffrey Zients. "Therefore, shortly before any sequestration order is issued, OMB will collect information from agencies on sequestrable amounts and, where applicable, unobligated balances, and calculate the percentage reductions necessary to implement the sequestration," he wrote. "In the meantime, agencies should continue normal spending and operations," Zients added.

The sequestration process would involve a total of \$1.2 trillion in funding cuts, equally divided between defense and non-defense funding, over 10 years unless Congress passes deficit reduction legislation targeting the same amount before Jan. 2, 2013. "If allowed to occur, the sequestration would be highly destructive to national security and domestic priorities, as well as to core government functions," Zients wrote. In testimony before the House Armed Services Committee this week, Zients said sequestration could result in annual cuts of 10 percent to defense-related funding and annual non-defense funding cuts of approximately 8 percent. "The actual percent cuts would be even greater, given that one-fourth of the fiscal year will already have elapsed by January 2. These cuts would be across the board and indiscriminate," Zients told lawmakers.

In an interview with *NW&M Monitor* last month, DOE cleanup chief David Huizenga largely side-stepped questions on what potential impacts sequestration could have on the Department's Office of Environmental Management and what planning EM has performed, saying only, "At this point we're hoping that Congress does the work that they need to do to render this a non-issue, that we won't have this sequestration problem. So that's the current position." Earlier this year, NNSA Administrator Tom D'Agostino said the agency had not begun planning for sequestration. Describing the sequestration process as "bad policy" and one that was "never meant to be implemented," Zients wrote in his July 31 memo, "If Congress were to enact the requisite deficit reduction measures and avoid the sequestration, there would be no need to take steps to issue the sequestration order, and then to develop plans for agency operations for the remainder of FY 2013 within the constraints of that order. These sequestration planning and implementation activities, once undertaken, will necessarily divert scarce resources from other important agency activities and priorities."

DOL: WARN Act Notices Not Required

Meanwhile, the Department of Labor this week issued guidance that the threat of the sequestration funding cuts does not require federal contractors to issue WARN Act notices to employees of potential layoffs. While contractors are typically required to notify workers of potential layoffs 60 days before they could occur, the uncertainties surrounding the sequestration process mean that such notices are not necessary in the weeks before sequestration is scheduled to go into effect on Jan. 2, according to DOL. "Although it is currently known that sequestration may occur, it is also known that efforts are being made to avoid sequestration. Thus, the even the occurrence of sequestration is not necessarily foreseeable," the DOL guidance says. "In addition, the sequester's impact on particular accounts will depend at least in part on Fiscal Year (FY) 2013 funding that Congress has not yet enacted. Perhaps most importantly, Federal agencies also have some discretion in how to implement the required reductions if sequestration were to occur."

The DOL guidance goes on to state, "Given that federal agencies ... have not announced which contracts will be affected by sequestration were it to occur, and that many contracts may be completely unaffected, the actual contract termination or cutbacks that will occur in the event of sequestration are unknown. Thus, in the absence of any additional information, potential plant closings or layoffs resulting from such contract terminations or cutbacks are speculative and unforeseeable."

During this week's House Armed Services Committee hearing, though, several Republican lawmakers questioned DOL's guidance. "The law on the books today says that sequestration will occur on January 2nd, not conditional or contingent on anything; that is the law of the land, and we are obligated to plan on it. We have a fiduciary responsibility to our boards, to our shareholders and our employees to plan based on the laws that are on the books today," said Committee Chairman Howard 'Buck' McKeon (R-Calif.). Rep. Michael Turner (R-Ohio) went even further in his criticism, charging that the DOL guidance is "not worth the paper it's printed on." Turner said, "The statement by the Department of Labor that people need not provide WARN notices under the threat of sequestration has no effect. ... It may be the desire of the administration that no one do that, but it certainly isn't reality. It's a fiction."

—Mike Nartker

NONPROLIFERATION EXPERTS DEBATE VALUE OF FURTHER STOCKPILE CUTS

A pair of experts this week urged the Obama Administration to put the brakes on future reductions to the nation's nuclear weapons stockpile, suggesting at a House Armed Services Strategic Forces Subcommittee hearing that such moves would have little impact on nonproliferation and efforts to dissuade Iran and North Korea from pursuing nuclear weapons. "There is no relationship between U.S. policy toward nuclear disarmament and what they are likely to do with their nuclear arsenals," former Assistant Secretary of State Stephen Rademaker, who was joined in opposition to further stockpile reductions by Kory Schake of Stanford's Hoover Institute on the panel. "We could cut our nuclear arsenal in half, we could eliminate all our nuclear weapons, but it would not translate into diminished interest on their part to have nuclear weapons."

Subcommittee Chairman Michael Turner (R-Ohio) has used that logic before in calling for the Obama Administration to curtail its plans for further stockpile reductions beyond the 1,550 strategic deployed warhead cap. The Administration is believed to have largely completed a review of future reductions, and could seek to reduce the size of the nation's nuclear stockpile to approximately 1,000 deployed weapons as part of a new round of arms control negotiations with Russia, though the release of the Nuclear Posture Review implementation study has been delayed for months and might not be released until after the November elections. "There is no evidence our moral leadership in arms control and disarmament will convince countries to set aside their calculations of the impact of nuclear proliferation and nuclear terrorism on their national security, and help us address these threats," Turner said.

Preventing the 'Prestige Factor' in Proliferation

Reducing further, to levels as low as 300—which was believed to be the bottom of a range considered in the NPR implementation study—would likely kick off a wave of proliferation, Schake said. "China has, what, 250 nuclear weapons? Pakistan, 100 or so. You're getting close to the level at which other countries that might see a prestige value of having arsenals greater than the United States would in fact cross the threshold or increase the size of their arsenals," she said. "And I believe very strongly that that would diminish rather than increase American security." She also suggested that there was little promise that even modest force reductions would have engender more international cooperation on nonproliferation. She cautioned "against making major force-sizing or force-structuring decisions on the basis that we understand other countries' motivations well enough to be able to determine what they're doing," she said. "Even in the historical cases where you can do the forensics, this is actually art, not science. And there are a lot of reasons to believe that we actually don't know. And so assessing other countries' motivations and making major force-sizing and structuring decisions on that basis, I think, is a bad set of choices."

Holding the NPT Together

However, former Clinton Administration nonproliferation official Thomas Graham suggested that it remained essential for the five nuclear weapons powers around when the Nuclear Nonproliferation Treaty was negotiated to move toward disarmament to fulfill the vision of the treaty. "The elimination of nuclear weapons is a policy for the longer term. Everyone recognizes that," Graham said. "For that to ever happen, it's important that the NPT hold together in the interim. Unless the basic bargain is better observed, in my mind there is a substantial possibility that it will not" hold together.

Urging caution to efforts to move toward zero nuclear weapons, Rademaker also argued that the nation's nuclear deterrent served as a powerful nonproliferation tool through the nuclear umbrella that extends over U.S. allies. "For those who advocate either abolishing that tool or moving decisively in the direction of abolishing it, they need to explain how we will deal with this problem that's existed throughout the Cold War era and since the Cold War in the absence of U.S. nuclear weapons," Rademaker said.

Impact of New START Debated

The experts also disagreed on the impact of the New START Treaty in improving relations between the United

States and Russia. Rep. Jim Langevin (D-R.I.) suggested that cooperation on the treaty yielded benefits like Russian cooperation in Afghanistan, support of United Nations Security Council sanctions against Iran, progress on nuclear security upgrades, and the scuttling of a Russian deal to sell advanced weapons to Iran. Even with lukewarm Russian support of Iran sanctions, Graham called the treaty a “valuable” agreement for its impact on U.S. and Russian relations. “It was just an essential step to maintain and develop decent relations with the one country, the one country in the world whose cooperation is absolutely, utterly essential if nonproliferation is going to succeed. It cannot succeed long term or even medium term without U.S.-Russian cooperation,” Graham said, adding: “It essentially drew the line at where both sides are now, and

that’s a good thing and it’s very important to the relationship.”

Rademaker, however, largely dismissed Russia’s cooperation on key nuclear security issues, and he suggested that the cooperation it offered might not have been impacted by New START as much as believed. “There’s a thing called the ‘post hoc ergo propter hoc’ fallacy, where you assume one thing happened then another thing happened therefore the first one must have caused the second one,” he said. “You know, we need to be mindful of that fallacy as we analyze some of these issues.”

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT LIVERMORE DIAZ DE LA RUBIA LEAVES LABORATORY

Longtime Lawrence Livermore National Laboratory scientist and manager Tomas Diaz de la Rubia will leave the lab “to pursue other opportunities,” lab Director Parney Albright said in an Aug. 2 statement. Diaz de la Rubia had been on leave for the last several weeks, and will leave his position as Deputy Director for Science and Technology later this summer after remaining at the laboratory to assist in the transition to new leadership. Diaz de la Rubia is a 23-year veteran of the lab, and was a candidate for the

lab’s director spot when George Miller retired last year. He was named the Deputy Director for Science and Technology in June of 2010 after serving as the Associate Director for Chemistry, Materials & Life Sciences. He joined the lab as a postdoc in 1989, and transitioned to management in 2002. “We wish to thank him for his years of dedicated service in the national interest,” Albright said in a message to employees.

AT OAK RIDGE NEW CBA FOR OAK RIDGE GUARDS SEVERS PENSION PLAN

Protective force workers in Oak Ridge ratified a six-year collective bargaining agreement with security contractor WSI-Oak Ridge late last week that would phase out the lucrative defined benefit pension plan enjoyed by the guards at the site. The new contract will take effect Aug. 15, and under its terms, guards from the International Guards Union of America Local 3 that protect the Y-12 National Security Complex, Oak Ridge National Laboratory and federal offices in Oak Ridge will receive an average wage increase of 2.5 percent over the next six years, maintain most medical benefits and enjoy a \$2,500 lump sum payment for ratifying the contract early. But the removal of the guards’ pension plan was the most notable, and controversial, result of the new contract, and union leadership recommended before a July 27 vote that its membership reject the deal. The new contract was ratified by more than 75 percent of the union membership, IGUA President Randy Lawson said. “We had indicated to the membership how important the defined benefit plan was and that this was a line in the sand,” Lawson said. “We knew we were the only ones left and there was a potential they were coming after it. It proved to be true.”

Union Claims NNSA Directed Cutting Pensions

Union leadership had suggested in the months leading up to negotiations that it would go to great lengths to protect the pension plan. Pension plans, which have been a target of the Department of Energy and the National Nuclear Security Administration because they are more costly than defined contribution plans, were severed for guards at other sites over the last decade, and Oak Ridge’s guards were the last remaining group to enjoy the perk. Lawson suggested that the removal of the pension plan was directed by NNSA, and despite walking out of negotiations at one point, he said it was clear that the agency was not budging on the issue. Under the terms of the new contract, the pension plan will be cut in 2017 but already hired guards will be grandfathered into the pension plan. “We could have voted no and took a chance,” Lawson said. “It was convincing enough for the membership to think, ‘Why take a chance with a six-year contract that leaves the co-pays, the deductibles like they are, and you’re getting 2.5 percent raises and \$2,500,’ to take a stance, and you come back to vote again Aug. 13 and you’re voting to

sever the defined benefit plan and all those things go away.”

The NNSA declined to comment on its guidance to WSI. In a statement, WSI did not address the issue. “We appreciate the hard work and dedication of all those involved in the negotiation process and appreciate all our employees for their dedication in carrying out our important mission of protecting the assets of DOE and NNSA in Oak Ridge,” WSI spokeswoman Courtney Henry said. “The process was very professional, and agreements were reached on multiple items that were important to both parties including salary, benefits and length of the contract.”

Lawson: Timing of Negotiations Hurt

Lawson suggested that Oak Ridge’s negotiating position was hurt by the timing of talks. Already this year, guards at Savannah River, Pantex and the Nevada National Security Site had completed negotiations on new deals, easing fears among NNSA officials that guard across the weapons complex could strike for improved benefits. In preparation for the negotiations this summer, planning was in place for strike contingency forces. “There was no longer a concern or big threat,” Lawson said. “They were prepared obviously for possibly Pantex, and maybe Pantex and Oak Ridge as well, but that threat was gone. They felt it was a prime opportunity to hit us with severing the defined benefit plan.”

AT OAK RIDGE ORNL SUPERCOMPUTING CHIEF LEAVES FOR QATAR

Thomas Zacharia, who led Oak Ridge National Laboratory to its world leadership position in scientific computing, is leaving Oak Ridge—and the United States—to take a prominent role in Qatar’s burgeoning research enterprise with almost limitless resources. Zacharia, 54, has been at ORNL for the past quarter-century, developing the scientific computing program and, for the past three years, serving as the chief research officer and the deputy lab director for science and technology. “Oak Ridge is in terrific shape. [ORNL Director] Thom Mason and the leadership team have the lab moving in the right direction,” Zacharia said. “Our children have just finished school and started their careers. We feel like we have a few years to take on this really challenging and exciting opportunity.”

Jim Roberto, the lab’s director of partnerships, will assume the position of deputy lab director for science and technology on an interim basis while a national search is conducted for Zacharia’s successor. Zacharia will be the executive vice president of research and development at the Qatar Foundation for Education, Science and Community Development. Qatar has committed about 2.8 percent of its gross domestic product—about \$3 billion a year—to scientific research. In a statement to ORNL staff, Mason said, “This is an exciting opportunity for Thomas, one that will draw upon his experiences gained while helping ORNL become one of the premier national labs in the Department of Energy system.” ■

Wrap Up

IN CONGRESS

The Senate late this week confirmed Sean Sullivan to serve on the Defense Nuclear Facilities Safety Board for a term set to expire in mid-October 2015. Sullivan was nominated by the Obama Administration to serve on the DNFSB this spring, and is will fill a vacancy that resulted when Larry Brown left the five-member Board last year. Sullivan currently serves as a project manager and analyst for Sonalysts, which provides analysis of submarine sonar systems and a wide variety of airborne, surface, subsurface and land-based Navy systems, according to the company’s website. From 2006 to 2011, Sullivan served as a general civil litigation attorney at Brown Jacobson, P.C. He retired from the Navy in 2006 after 26 years of service, which included serving as the Base Commanding Officer of the Naval Submarine Base New London.

IN THE INDUSTRY

MELE Associates’ MAX3 team was awarded a \$9 million task order contract to provide technical support to the National Nuclear Security Administration’s Office of Counterterrorism and Counterproliferation under the NNSA’s Technical Services Blanket Purchase Agreement this week. The NNSA is currently recompeting the contract, and MELE is one of a handful of teams that have submitted bids. It has been the most successful contractor over the five-year life of the existing contract, and MELE said in a statement yesterday that it has won 36 task orders under the current blanket purchase agreement. In a statement, the NNSA said the MELE team will provide technical support and guidance to the Office of Counterterrorism and Counterproliferation in a variety of areas, including on the “efficacy of improvised nuclear designs and their impacts and implications to national and

international policy” and on integrating technical information into a single office technical program execution plan. The MELE team will also guide the office’s international and technical programs while providing support in strategic planning for technology programs and activities, concept development and requirements analysis, management and program review, security and classification, information control, contingency planning, and program integration.

Dave Post is joining Los Alamos-based small business Strategic Management Solutions, LLC, as its Vice President of Nuclear Facility Operations and Safety, the company said this week. Post will start work with the company Aug. 6, and will focus on opportunities in the Department of Energy and commercial nuclear marketplace as well as other sectors, the company said in a statement. Post previously served as the Vice President and General Manager of AECOM Technical Services, heading up the company’s New Mexico operations. Post also has served as the Chief Nuclear Safety Officer at Nevada National Security Site contractor National Security Technologies, LLC, and spent 21 years at Los Alamos National Laboratory.

Oak Ridge Associated Universities, a longtime Department of Energy contractor, said it had signed a two-year agreement with Charlotte, N.C.-based United

Global Technologies as part of the DOE Mentor-Protégé Program. “Through this relationship, ORAU serves as a business mentor to UGT, providing consultation on a variety of financial, organizational and business management topics,” the announcement said. UGT, which was founded in 2002, is an economically disadvantaged, women-owned small business that provides information technology and engineering services.

ON THE INTERNATIONAL FRONT

New Zealand is chipping in to help the National Nuclear Security Administration’s work to secure and remove vulnerable nuclear material in Uzbekistan and has committed to contribute \$400,000 to the agency’s Global Threat Reduction Initiative. New Zealand has contributed more than \$2 million to support NNSA’s nonproliferation work, supporting work to shut down plutonium-producing reactors in Russia as well as projects in Kazakhstan and Ukraine. “We welcome New Zealand’s generous and continued support,” Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement. “This contribution reinforces the cooperation between our countries to strengthen global security and prevent nuclear terrorism, while supporting President Obama’s pledge to lead a worldwide effort to secure vulnerable nuclear material around the world.” ■

Calendar

August

- 8-9 Conference: U.S. Strategic Command Deterrence Symposium, LaVista Conference Center, LaVista, Neb. Info: www.stratcomds.com.
- 21 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Holiday Inn Express, Los Alamos, N.M., 5:30-8 p.m.
- 23 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Courtyard Marriott, 3347 Cerrillos Rd., Santa Fe, N.M., 5:30-8 p.m.
- 28 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Pecos River Village Conference Center, 711 Muscatel Rd., Carlsbad, N.M., 5:30-8 p.m.

September

- 3 EM PUBS CLOSED FOR LABOR DAY

4-7

THE SIXTH ANNUAL RADWASTE SUMMIT

JW Marriott Las Vegas (Summerlin)
Las Vegas, Nevada

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- 11 Speech: “Maintaining and Modernizing the Nuclear Enterprise,” John Foster, former director of Lawrence Livermore National Laboratory, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.
- 11 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Chattanooga Convention Center, 1150 Carter St., Chattanooga, Tenn., 5:30-8 p.m.
- 13 Discussion: “U.S. Strategic Triad,” with eight speakers, sponsored by the Reserve Officers Association and other organizations, part of the Congressional Breakfast Seminar Series, at the Reserve Officers Association, One Constitution Ave., NE, Washington, D.C., 8-11 a.m.

- 13 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Calhoun Community College, Aerospace Building, 6250 Highway 31 North, Tanner, Ala, 5:30-8 p.m.
- 19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.
- 21 Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

October

15-18

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

Omni Amelia Island Plantation Resort
Amelia Island, Florida

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November

- 6 General elections in the United States.
- 22-23 EM PUBLS CLOSED FOR THANKSGIVING

December

24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

January 2013

21 EM PUBLS CLOSED FOR MLK DAY

February

18 EM PUBLS CLOSED FOR PRESIDENT'S DAY

19-22

THE FIFTH ANNUAL NUCLEAR DETERRENCE SUMMIT

Marriott Renaissance Arlington Capital View
Arlington, Virginia

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May

13-16

THE TWELFTH ANNUAL CARBON CAPTURE UTILIZATION & SEQUESTRATION CONFERENCE

David L. Lawrence Convention Center
Pittsburgh, Pennsylvania

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27 EM PUBLS CLOSED FOR MEMORIAL DAY

July

4 EM PUBLS CLOSED FOR INDEPENDENCE DAY

September

21 EM PUBLS CLOSED FOR LABOR DAY

(Changes from previous Calendar in Bold)

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Volume 16 No. 34

August 10, 2012

— *INSIDE HIGHLIGHTS* —

As the NNSA refines its alternative plutonium strategy, Strategic Command chief Gen. Robert Kehler said this week that he is slowly gaining confidence in the plan. . . . 2

The NNSA is considering merging all—or part—of the Sandia National Laboratories and Kansas City Plant management and operating contracts, and is seeking input from industry on its plans. 3

Armed with new ammunition following the July 28 security breach at the Y-12 National Security Complex, Democrats and Republicans on the House Armed Services Committee are continuing to spar over NNSA reform provisions in the House-passed version of the FY 2013 Defense Authorization Act. 5

Nuclear operations remain in lockdown mode at Y-12 as plant officials—and its Washington overseers—are working overtime on ways to restore confidence in the security system after a July 28 security breach. 6

StratCom chief Gen. Robert Kehler discounted recommendations made in a recent Global Zero report that suggested the U.S. should reduce the size of its stockpile to 900 total weapons and abandon the ICBM leg of the triad. 7

In the wake of the high-profile security breach at the Y-12 National Security Complex, the prime contract of security contractor WSI-Oak Ridge has been assigned to site management and operating contractor B&W Y-12. 8

With a six-month Continuing Resolution threatening to leave an \$80 million funding gap in a DOE program supporting the American Centrifuge Plant, USEC officials said this week that there are several options available to avoid a demobilization of the project. 9

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ANNUAL PUBLICATION BREAK

As is our annual practice, *Nuclear Weapons and Materials Monitor* is taking a summer publication break and will not publish for the next two weeks. The next regular issue will be on your desk Aug. 31. Subscribers to the *Weapons Complex Morning Briefing* service will receive editions twice-a-week on a Tuesday/Thursday basis. In addition, we will issue a Special Bulletin should any major news break in the interim.

AS PLUTONIUM OPTIONS BECOME MORE CLEAR, KEHLER SOFTENS CONCERN

OMAHA, Neb.—As the National Nuclear Security Administration refines its alternative plutonium strategy, Strategic Command chief Gen. Robert Kehler said this week that he is slowly gaining confidence in the plan. Since the Obama Administration decided to defer construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility in February, deciding to pursue an alternative strategy that includes using existing facilities at Los Alamos National Laboratory as well as buildings at other weapons complex sites, Kehler has expressed concern with the lack of a concrete path forward. “I do think that we are beginning to close on a way ahead here that will have us have sufficient interim capability while we look to get the long term solution back on track,” Kehler said during a press conference at the fourth Deterrence Symposium in Omaha, Neb. “I don’t know what form that will finally take. It’s still under discussion. I think we’ve had ... very good discussions about the way forward.”

NNSA Still Reviewing Alternative Options

Since the Administration’s decision to defer work on the CMRR-NF, details have slowly trickled out about its alternative approach and Los Alamos National Laboratory’s “60-day study,” which was prepared to provide plutonium options for the NNSA. According to two newly released lab summaries, the alternative would take eight years to execute and carries a price tag of nearly \$800 million. The alternative strategy would give the NNSA the capability to manufacture 30 plutonium pits per year by the early 2020s in part by increasing plutonium capacity at the lab’s newly built Radiological Laboratory Utility Office Building (RLUOB), and partly by shipping some of the plutonium work off site.

National Nuclear Security Administration officials said they are still reviewing the options and have not made decisions about whether or how to act on the lab’s proposal, but the agency acknowledged that multiple sites are being looked at to share the load. “The revised plutonium strategy will utilize existing facilities at multiple sites,” the agency said in a statement issued to reporters by spokesman Josh McConaha. “It is likely, but not certain, that we will use Superblock at Lawrence Livermore National Laboratory, the Device Assembly Facility in Nevada, and the new Radiological Laboratory Utility Office Building (RLUOB) at Los Alamos National Laboratory. However, nothing has been settled and we are working to finalize the details at this point.”

Alternative Details Outlined

The new details were contained in a pair of briefings delivered in June by senior Los Alamos officials, one to staff of the Senate Foreign Relations Committee and one to the Los Alamos-Livermore “Mission Committee.” Powerpoints of the briefings were posted on the web via the Department of Energy’s Office of Science and Technical Information, which hosts a large archive of lab documents. The documents elaborate on information already published in the Senate Armed Services Committee’s report accompanying its Fiscal Year 2013 Defense Authorization Act, which had to date provided the most detailed publicly available information on the National Nuclear Security Administration’s approach to rejiggering its plutonium strategy with CMRR-NF off the table. According to the briefing documents, the lab-proposed strategy includes:

- Closing out design work on CMRR-NF this year;
- Entering a broad “integrated nuclear planning” effort that would extend to 2107;
- Startup of operations at RLUOB with a maximum material limit of 6 grams of plutonium in 2012-13;

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Weapons Complex Monitor ■ *Nuclear Weapons & Materials Monitor* ■ *RadWaste Monitor* ■ *Weapons Complex Morning Briefing* ■ *GHG Reduction Technologies Monitor*

- Expansion of RLUOB material limit to 26 grams of plutonium in the 2013-15 time frame;
- Design and construction of a tunnel connecting RLUOB with the lab's Plutonium Facility (PF-4) to permit easy movement of nuclear material between the two facilities; and
- Installation of additional equipment in RLUOB and PF-4 over the 2013-20 time frame to handle larger quantities of plutonium once destined for CMRR-NF.

The proposed strategy also includes continued work in the old Chemistry and Metallurgy Research Building, which dates to early in the Cold War, through the early 2020s, including the cleanout of explosives containment vessels (work that was already planned for the old CMR's large hot cells even when CMRR-NF was still scheduled for completion). Shipments to Lawrence Livermore National Laboratory for some plutonium analysis there would begin in the 2014 time frame, and shipments to "other labs" would get underway in 2016. A notional budget profile prepared by the Los Alamos 60-day study team has the annual cost peaking in the \$120 million to \$130 million per year level in 2014-16. Notably, the plan appears to include no contemplated restart of work on CMRR-NF.

Kehler: 'Increased Risk' Becoming More Tolerable

In Congressional testimony and several speeches earlier this year, Kehler was vocal in expressing concern about the lack of a new plutonium strategy and the potential that the NNSA might not be able to meet the Department of Defense's requirement for 50 to 80 pits a year. But that concern appears to be softening as more details of the plan become firmed up. "There is increased risk doing it this way, but the more we discuss this, the more we learn, the more comfortable that I think we can get with an interim solution," Kehler said. "We will need an interim solution regardless of the outcome of the investment plan for the rest of the enterprise, but I think that we're beginning to close on some viable solutions."

Kehler said that it did not matter to the DoD whether the pit requirement was filled through newly produced pits or reused pits, an approach that is currently being studied by the NNSA. "What StratCom says to NNSA is you need to provide for us the weapons we need when we need them," he said. "And then we rely on NNSA to come back with a plan to fit our need. It doesn't matter to us up front how they go about that and especially during the study phases we're in today. They're looking at a number of different alternatives to meet the need. I believe that there are some viable alternatives there. We won't know some of the answers to some of the technical solutions there for a couple number of years as we go forward and the studies continue to inform the process. ... More work needs to be

done, but I am of the view that some interim solutions exist."

Questions Still Remain

However, the Los Alamos briefings suggest a string of unanswered questions. Most notable in the near term is the fate of the \$120 million left in already appropriated CMRR-NF money once the current fiscal year's closeout work is completed. The NNSA would like to reprogram that money for use in executing whatever their "Plan B" for plutonium work turns out to be. But that would require a congressional reprogramming, and there is believed to be significant resistance from some members of Congress who strongly object to the decision to defer CMRR-NF, and who believe the agency overstepped its Congressional mandate by closing out the work on the project this year and allowing the project team to disperse, essentially forcing Congress to accept the Administration's proposal to kill the project.

Also unclear is what sort of National Environmental Policy Act (NEPA) review might be required to implement a new strategy. A Supplemental Environmental Impact Statement done by NNSA last year, completed after the agency was sued by the Los Alamos Study Group, concluded that there was essentially no practical alternative to building CMRR-NF. As a result, the kind of options now being considered have never undergone a NEPA review.

It is already clear that the Senate Armed Services Committee holds a dim view of the alternative approach. The committee has already publicly objected to the idea of spreading the work across multiple NNSA sites. "A good rule of thumb with plutonium is that its operations are centralized in one place," the committee's report accompanying its version of the FY 2013 Defense Authorization Act concluded. The committee also reiterated the argument that 30 pits would not be sufficient capacity: "Once it learned of the proposed cancellation (of CMRR-NF), the committee asked the Department of Defense (DOD) if the requirement for 50-80 pits a year was still valid and was told it was."

—Todd Jacobson and staff reports

NNSA CONSIDERING MERGING SANDIA, KANSAS CITY PLANT CONTRACTS

Agency Issues RFI Seeking Input on Combining Kansas City Contract with All—or Part—of Sandia

The National Nuclear Security Administration is considering merging all—or part—of the Sandia National Laboratories and Kansas City Plant management and operating contracts, and is seeking input from industry on its plans.

The agency issued a Request for Information Aug. 8 asking industry to comment on merging the two M&O contracts or combining the Kansas City Plant contract with Sandia production work, an idea that was considered and shelved several years ago to allow for construction of a new home for the Kansas City Plant. The NNSA, however, has continued to look for ways to save money, and an acquisition strategy team was formed earlier this year to examine the two contracting options for the Sandia and Kansas City contracts. “We know there’s a lot of smart thinking out there,” NNSA Principal Deputy Administrator Neile Miller said in a statement. “We’re focused on continuous improvement. We’re looking for creative solutions to the complex challenges we face.”

When the agency last looked at combining the contracts, the looming construction of a new home for the Kansas City Plant served as the biggest obstacle, but the bulk of the plant’s move will be completed by the end of 2013. Lockheed Martin’s contract at Sandia expires Sept. 30, 2013, though there are two three-month options that could lengthen the contract to March of 2014. Honeywell Federal Manufacturing & Technologies’ contract to run the Kansas City Plant also expires Sept. 30, 2013, though two one-year options could stretch that contract through 2015. In February, Miller signaled that consolidation between the two sites would be on the table for the Sandia recompetes. “We’re open to pretty much whatever ideas people have so that we can evaluate the worth of those ideas in many ways,” she said.

Pros, Cons of Options Weighed in RFI

In the RFI, the agency said combining all non-nuclear production into a single contract could help better align similar activities and free up Sandia to focus on its main mission: research and development in engineering. Completely combining the two contracts could help integrate design, manufacturing and outsourcing efforts more than with separate contracts and “promotes exchanges of manpower among the facilities of the combined institution, and promotes more efficient operations by taking advantage of private sector capabilities and capacities.” It could also lead to cost savings through the consolidation of site overhead and support functions, the creation of efficiencies between the sites, and in medical and retirement benefits, but in the RFI, the NNSA raised concerns that combining research and development and production cultures could lead to its own inefficiencies and wipe out some of the benefits of consolidation.

Industry officials also suggested that combining the two M&O contracts could drastically increase the amount of production done under the contract and endanger Sandia’s status as a Federally Funded Research and Development

Center. There is precedent for limited production at a FFRDC. Sandia already does some production work, and Los Alamos National Laboratory produces plutonium pits. But adding Kansas City’s non-nuclear production work “sounds like it would be a hard stretch. If you throw Kansas City in there it’s not limited anymore,” one industry official said. “That’s going to be a concern.” Combining all, or part, of Sandia and Kansas City work under one contract could address one of the looming issues associated with recompeting the Sandia contract: fee. Lockheed Martin currently earns significantly less to run Sandia than Bechtel and University of California-led teams do at Los Alamos and Lawrence Livermore National Laboratory, and while questions have been raised in recent years about the benefit of privatizing management of Los Alamos Livermore, most industry officials expect that the fee to run Sandia will be increased, at least somewhat, under the new contract. However, several industry officials suggested this week that they would expect the NNSA to echo the approach it took in the combined Y-12/Pantex management and operating contract, which bases a large portion of the available fee on cost savings. “If you’re not happy with the value you’re getting at Los Alamos or Livermore, tying it to cost savings could make a lot of sense, and it could still address the problem that Lockheed has had, which is the fee,” another industry official said.

NNSA Also Seeking Improvements to Governance

In the RFI, the NNSA also sought input from industry on a series of questions—some specific and some more broad. In what appeared to be an effort to address concerns about NNSA governance and the agency’s relationship with its contractors, the agency said it wanted input on contractual changes that could improve performance, better the relationship with NNSA, and improve contract oversight and governance. It also asked where industry would draw the line for separating non-nuclear production from the Sandia contract—with neutron generator production, vendor production, microelectronics fabrication, or elsewhere—and whether it would be beneficial to combine non-nuclear component design in a potential enhanced Kansas City Plant contract. It also asked whether there were “any major impediments or risks of transferring non-nuclear production from the SNL contract.” On the alternative to combined Sandia and the Kansas City Plant under one M&O contract, the NNSA asked whether the “unique NNSA R&D and production cultures” could be managed under a single contract, and whether such a contract would be “overly complex.”

Input on Other Contracting Approaches Sought

The agency also said it was seeking input on several other contracting approaches as part of either consolidation

effort, including removing the nuclear scope of the Sandia contract to “support implementation of industry standards and reduced Federal oversight for the non-nuclear work scope,” separately contracting the management of infrastructure from laboratory research, design and engineering work, and breaking out protective force work for the two sites. It also asked whether it should consider breaking out any other work scopes from its M&O contracts like supply chain and procurement, commodities, and information technology services, and said it was looking for feedback on incentives/contract structures that would encourage non-profits to participate in a competition for laboratory/research and development work.

Responses to the RFI are due by 5 p.m. Mountain Time Sept. 6, but the agency gave no other sense of a procurement timeline. Industry officials have suggested it could take months for the agency to process the feedback it receives on the RFI, and combined with the November elections, a decision on the path forward isn’t likely to come until 2013. “They’ve got to be pretty fast,” one industry official said. “They’ve asked a lot of questions and they’re going to have a lot of answers to deal with.”

—Todd Jacobson

Y-12 SECURITY BREACH REIGNITES DEBATE OVER NNSA OVERSIGHT

Armed with new ammunition following the July 28 security breach at the Y-12 National Security Complex, Democrats and Republicans on the House Armed Services Committee are continuing to spar over National Nuclear Security Administration reform provisions in the House-passed version of the Fiscal Year 2013 Defense Authorization Act. Democrats on the committee, who opposed much of the reform language during a committee markup and debate on the House floor, have pointed to the security breach as evidence for not scaling back oversight of the weapons complex. Aimed at increasing the productivity and efficiency of the agency, language included in the bill would increase the autonomy of the NNSA, eliminate oversight of the agency by DOE’s Office of Health, Safety and Security, move the agency toward performance-based oversight and away from transaction-based oversight, and reduce the amount of federal staff overseeing contractors. But in a statement, Rep. Loretta Sanchez (D-Calif.), the ranking member on the House Armed Services Strategic Forces Subcommittee, said the “baffling failures in security readiness” at Y-12 provides a clear example for why oversight of the agency should not be scaled back. The failures “underscore unacceptable deficiencies at what should be the safest and best defended sites in the country,” Sanchez said in a statement. “These deficiencies are

direct evidence that we cannot risk weakening federal and independent oversight.”

‘It Is Clear That Greater Oversight Is Needed’

Sanchez is not alone. The reform language has drawn concern from labor unions and opposition from the Administration, and she authored amendments during committee and floor debate of the Defense Authorization Act that would have washed out much of the efforts to alter oversight of the NNSA. Specifically, an amendment authored with Reps. Peter Visclosky (D-Ind.) and George Miller (D-Calif.) that would have rolled back many of the changes was defeated by Republicans during floor debate on the bill. A spokesman for Miller, however, said in a statement that the Y-12 incident should force a reconsideration of the Republican NNSA reform efforts. “When three senior citizens can wander through multiple layers of security and reach the facility storing highly enriched uranium, it is clear that greater oversight is needed,” House Education and Work Force Committee Democratic spokesman Aaron Albright said in a statement. “This security failure should drive a stake through the heart of proposals to eliminate independent oversight of safety and security oversight at nuclear weapons facilities.”

Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, took the opposite approach. He called the security breach “unacceptable,” but suggested that adding oversight was not an answer. “I have grave concerns about the security at these facilities,” Turner said. “The number of oversight employees has been going up steadily for almost a decade. It’s clear that’s not a solution, as simple as it appears, because we’ve tried it and yet this latest incident still happened. Contractors must be held accountable for their failures. That’s the way to ensure the highest standards are met.”

Tenn. Senators Critical of Incident

Tennessee’s Congressional delegation has been relatively subdued in its response to the incident, expressing concern only when contacted by reporters. Sens. Lamar Alexander (R) and Bob Corker (R) expressed concern about the security breach via spokesmen. The Senators appear to be taking a wait-and-see approach and allowing an investigation of the incident to play out before taking a strong stance on the issue. “We believe this breach represents a dangerous failure of security and will continue to monitor the ongoing investigation to ensure all necessary corrective action is taken to secure Y-12 and the entire NNSA system,” Corker spokeswoman Laura Lefler Herzog said in a statement. Jim Jeffries, the communications director for Alexander, said the senator “was disturbed by news of the intrusion” at the Oak Ridge site and hopes to learn from

the Y-12 investigation how it happened and “how it will be prevented from ever happening again.”

—Todd Jacobson

Y-12 REMAINS SHUT DOWN AS OFFICIALS MAKE CHANGES, TRY TO RECOVER

Two weeks after the unprecedented security breach at the Y-12 National Security Complex, nuclear operations remain in lockdown mode and the Oak Ridge plant—and its Washington overseers—are working overtime on ways to restore confidence in the security system, resume some sense of normalcy and address the barrage of questions yet to come from Congress and others. The stunning developments began with a predawn intrusion July 28 by three peace activists with an average age of 67 that managed to gain access to the plant’s highest-security zone without interruption or confrontation by Y-12’s ballyhooed protective forces.

Thousands of Y-12 employees have undergone an urgent refresh in security training, and Ellen Boatner, a spokeswoman for B&W Y-12, the plant’s managing contractor, said Aug. 9 that most of the refresher training on security had been completed. Federal spokesman Steven Wyatt confirmed that the plant remains shut down, and he said he had no information on when the security “stand-down” would be lifted.

Protesters Face Up To 16 Years in Prison

While Y-12 was going through a second rollercoaster week, the legal process worked its way forward to prosecute the protesters who infiltrated the Oak Ridge facility to make a statement against nuclear weapons. On Aug. 8, a federal grand jury in Knoxville returned a three-count indictment against the three Y-12 protesters—Sister Megan Rice, 82; Michael Walli, 63; and Greg Boertje-Obed, 57—who collectively who have labeled themselves the “Transform Now Plowshares.”

The indictment consolidated previous charges against them and added another felony count of “depredate” of government property, involving cutting, painting and defacing that resulted in damages exceeding \$1,000. The three reportedly cut through at least three security fences at Y-12 en route to the plant’s bomb-grade uranium storehouse, where they spray-painted peace messages on the building’s exterior, draped banners and crime-scene tape, and poured human blood onto the concrete. The new charge carries a maximum sentence of 10 years in prison and a fine of \$250,000. All told, the three charges carry a maximum sentence of 16 years and a maximum fine of \$600,000. All three pleaded not guilty to the charges

during an Aug. 9 hearing before Federal Magistrate Judge G. Clifford Shirley.

The federal indictment supersedes previous complaints filed against the three defendants, and a new trial date has been set for Oct. 10 in front of U.S. District Judge Thomas W. Phillips. The indictment has three separate counts: willful and malicious destruction of property; willfully committing “a depredation against property of the United States and the U.S. Department of Energy”; and trespassing or unlawful entry at the federal installation known as the Y-12 National Security Complex.

Details of Breach Emerge

According to a sworn affidavit of Eric Dugger, a special agent with the Department of Energy’s Office of Inspector General, the three apparently entered Y-12 by traversing Pine Ridge on the north end of the 811-acre plant. They were able to cross the plant’s initial boundary fence on the ridge near a Y-12 patrol road and then traveled about 600 meters, crossing Bear Creek Road at one point, until they came to a series of 8-foot-high fences loaded with alarms and sensors. Collectively, those fences form the plant’s electronic Perimeter Intrusion Detection and Assessment System, (PIDAS) which is supposed to alert security personnel to unauthorized entry.

Dugger said the three would have passed many signs warning them against trespassing and unauthorized entry, including warnings of deadly force when they approached the high-security Protected Area. The special agent said the three defendants were able to cut through the PIDAS fences using bolt-cutters, setting off alarms in the process. Why Y-12 security forces did not respond sooner has not been fully revealed, but various reports have suggested, among other things, that there were technical problems with the cameras and surveillance equipment and that security guards failed to follow procedures. One official with knowledge of the incident said some of the problems had been known about for months, and another official told *NW&M Monitor* that DOE’s Office of Health, Safety and Security had previously flagged some issues with technology and guard procedures. It was not clear why those issues were not corrected. Another official suggested that there was a problem with coordination between the technology and the guards. WSI was in charge of the guards at the site through a prime contract with NNSA, while B&W manages the technology and sensors that make up the site’s perimeter defenses as part of its management and operating contract, and NNSA assigned WSI’s contract to B&W this week in response to the incident (*see related story*). “It was people. It was technology. It was a whole system breakdown,” one Congressional aide that had been briefed on the incident told *NW&M*

Monitor. “A weird sequence of events lined up to allow this to happen.”

The NNSA report is expected to be finished after Labor Day, and though the incident has touched off a debate about NNSA governance (*see related story*), Congress appears to be largely willing to wait for the results of that report before taking action. “There’s no reason to jump into the middle of this right now,” one Congressional aide said. “It’s way too early. You’ve got to give DOE a chance to analyze it so we can figure out exactly what went wrong.”

Personnel Moves Detailed

The changes at Oak Ridge are still being implemented. B&W Y-12 confirmed that Gen. Rod Johnson has been named the plant’s deputy general manager in charge of security. Johnson, deputy general manager at the Pantex warhead assembly plant in Texas, which also is managed by B&W, was assigned to B&W Y-12 “in response to the security event that occurred July 28,” the company said in its statement to employees at Y-12. “Rod is responsible to lead and direct the recovery necessary to re-establish the security posture,” the B&W statement said. “In this capacity, he will report to Darrel Kohlhorst, B&W Y-12 president and general manager.” Meanwhile, Tom Hayden was named acting director of Safeguards, Security and Emergency Services. He will report to Johnson. Hayden would be replacing Butch Clements, the former vice president for safeguards and security and emergency services, who the company said is retiring.

WSI replaced two top executives, general manager Lee Brooks and Director of Protective Force Operations Gary Brandon, bringing in Steve Hafner from the Hanford mission support contract to serve as acting general manager. WSI said that Director of Training and Emergency Management John Garrity is taking over for Brandon as the director of the site’s protective force, and CTF Manager Bryan Lambert will replace Garrity on an acting basis. Brooks and Brandon are awaiting reassignment by WSI parent company G4S Government Solutions.

The Department of Energy also “temporarily reassigned” a “relevant federal official” at Y-12, according to Chu. When asked which federal official had been reassigned, Wyatt said that the agency would not comment on “any personnel moves or disciplinary actions” at the NNSA Production Office. As of Aug. 3, Mary Helen Hitson was serving as the deputy assistant manager for safeguards and security at Y-12, and Wyatt said Y-12 security was being

overseen by NNSA Production Office Safeguards and Security Manager Gary Wisdom, whose job includes oversight of safeguards and security at both Y-12 and Pantex. Wisdom is stationed at Pantex but has been at Y-12 since the security breach, Wyatt said.

—Todd Jacobson and staff reports

STRATCOM CHIEF DISCOUNTS MOVE TO 900 TOTAL NUCLEAR WEAPONS

OMAHA, Neb.—Gen. Robert Kehler, the commander of U.S. Strategic Command, discounted recommendations made in a recent Global Zero report that suggested the U.S. should reduce the size of its stockpile to 900 total weapons and abandon the ICBM leg of the nuclear triad. Kehler said that current “glide slope” the nation is following to reducing the size of the stockpile is the right approach, and suggested that the Global Zero report—authored in part by former Strategic Command chief and former Vice Chairman of the Joint Chiefs of Staff Gen. James Cartwright—was too drastic a move. “I do not think we are in the place he suggests now nor do I see that particular place any time soon,” Kehler said during a press conference at StratCom’s fourth annual Deterrence Symposium. Kehler did, however, acknowledge that a case can be made for additional cuts and suggested that the nation’s reserve stockpile is ripe for reductions, echoing a statement earlier this week by Air Force Chief of Staff Gen. Norton Schwartz to the *Boston Globe*. Kehler said with an increased ability to reuse warhead components and a modernized infrastructure, “We think we can do something different with the stockpile going forward. I think that is right. That’s a position I’d like to be in in the future,” Kehler said.

Earlier this week, Schwartz offered a potential glimpse into the Obama Administration’s plans to reduce the nation’s nuclear stockpile as he suggested that cuts to the reserve stockpile of nuclear weapons could be made without much trouble. “We have more backup systems in terms of weapons systems than we actually have deployed,” Schwartz told the *Globe* in a recent interview. “Some of that is a reasonable hedge [but] there is probably room for reductions.” Schwartz didn’t provide any details about the Administration’s plans, but reports have indicated that the Administration has analyzed as part of its Nuclear Posture Review implementation study reductions to its strategic deployed stockpile as low as 300 to 400 nuclear weapons. Schwartz’s suggestion appeared to deal with the nation’s thousands of reserve nuclear weapons, which are not covered by any arms control treaties or international agreements.

Gottemoeller Optimistic About Future Negotiations

In a separate speech at the Deterrence Symposium, acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller discounted perceptions that the Russians appear disinterested in moving forward with a new round of arms control negotiations. The former director of the Carnegie Endowment's Moscow Center from 2006 to 2008, Gottemoeller likened Russia's posture to the way it acted in the lead up to negotiations on the New START Treaty. She noted that strategic stability talks begun by her predecessor, Ellen Tauscher, had begun to lay the groundwork for future discussions. "I have to say this period to me is very, very reminiscent of this period in which the Russians were keeping their powder dry so to say on the nuclear arms agenda but were very engaged and very involved behind the scenes," she said, later adding: "I don't particularly concern myself with the environment as it is at the present time. Again, I experienced it before and we'll see what happens in 2013."

Gottemoeller said the Administration was still in the "homework" phase of preparing for a new round of arms control negotiations. President Obama has signaled that he believes the U.S. nuclear arsenal could be reduced beyond the 1,550-warhead cap established by the New START Treaty and he has said he wants the next round of negotiations with the Russians to include non-strategic nuclear weapons as well as deployed and non-deployed weapons. "There is a lot that's out there in terms of setting the stage for further reductions, but in terms of where exactly we will be going and what we will be doing in terms of further reductions, it depends a lot on the work we're doing in house, our homework that is still in train, and in what we are able to establish with the Russians as the groundwork for further negotiations," Gottemoeller said.

Gottemoeller suggested that future discussions could also be informed by an ongoing study by the State Department's International Security Advisory Board, which was tasked by Tauscher with examining the components of moving toward "mutually assured stability" with other nuclear weapons states. The study, which she said is "forthcoming," would examine what international action the U.S. would need to see happen "to have confidence in considering very low numbers of nuclear weapons, and eventually agree to elimination of nuclear weapons."

—Todd Jacobson

NNSA MOVES Y-12 PROTECTIVE FORCE CONTRACT UNDER SITE M&O B&W Y-12

In the wake of the high-profile security breach at the Y-12 National Security Complex, the prime contract of security contractor WSI-Oak Ridge has been assigned to site management and operating contractor B&W Y-12. The action in effect makes WSI's contract a subcontract to B&W Y-12 rather than a prime contract to the National Nuclear Security Administration for the remainder of its term, which runs through Nov. 30. A senior NNSA official said the move was made to "strengthen the chain of command for this important work at Y-12, reduce layers of management, and to improve the span of control between management and members of the Y-12 Proforce" after three peace activists managed to reach the highest security areas of Y-12 in the early morning hours of July 28. The incident has led to the ongoing shutdown of operations at Y-12, the suspension of guards, and the replacement of several key contractor and federal officials. It also means that WSI leadership will report to B&W Y-12's new deputy general manager for security, retired Gen. Rod Johnson. "Right now it's better to have one voice rather than two," one official told *NW&M Monitor*. WSI's contract includes a provision allowing its contract to be assigned at the request of the Department of Energy. "The terms and conditions of the contract will not be changed as a result of this assignment, other than as needed to change the parties," WSI's contract says. The decision only impacts WSI's Y-12 contract; its contract to provide protective force services for Oak Ridge National Laboratory and other DOE sites in Oak Ridge, is unaffected by the action.

The move, however, raises questions about future protective force contracting plans—at Y-12 and beyond. The NNSA is currently competing a contract that would combine Oak Ridge, Y-12 and Pantex protective force work into one contract after it abandoned a plan last year to make the protective force work part of a combined management and operating contract at Y-12 and Pantex. In a statement, NNSA spokesman Josh McConaha said the agency was still planning to pursue the combined contract. "Our contracting strategy has not changed," he told *NW&M Monitor*.

Under the combined contract, the division of labor between the M&O and protective force contractors remains the same, with the M&O maintaining the technology and sensors that help guard the facility while the protective force contractor will continue to manage the guards themselves. One alternative to abandoning the combined protective force contract, which was suggested as a cheaper option than including the work within the M&O

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Portsmouth-Paducah Project Office, U.S.
DOE-EM

Robert Raines, Associate Administrator for
Acquisition and Project Management,
National Nuclear Security Administration

John Owsley, Director, Division of DOE
Oversight, Tennessee Department of
Environment and Conservation

Shelly Wilson, South Carolina Department
of Health & Environmental Control

Carol Johnson, President, Washington
Closure Hanford

Mike Johnson, President, Washington
River Protection Solutions

Steve Jones, President, Oak Ridge Atomic
Trades and Labor Council

John Lehew, President, CH2M Hill
Plateau Remediation Co.

Dave Olson, President, Savannah River
Remediation

Herman Potter, President, United
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Leo Sain, President, URS-CH2M Oak Ridge

Helena Tirone, Director, Supply Chain
Mgmt., Savannah River Nuclear Solutions

Jim Key, Vice President, United
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Hill Nuclear Group

Sandra Fairchild, Business Manager,
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Carl Strock, Manager of Functions,
Bechtel National

Ward Sproat, Safety Culture Lead,
Hanford Waste Treatment Plant

Taunja Berquam, Minority Staff, Energy
and Water Appropriations Subcommittee,
U.S. House of Representatives

Doug Clapp, Majority Clerk, Energy &
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Leonor Tomero, Minority Counsel, Armed
Services Strategic Forces Subcommittee,
U.S. House of Representatives

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Dr. Peter Winokur, Chairman

Defense Nuclear Facilities Safety Board

David G. Huizenga, Senior Advisor for Environmental
Management, U.S. Dept. of Energy

Mark Lesinski, Chief Operating Officer, Nuclear
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— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

**REFRESHMENTS AT
REGISTRATION**

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

Tom D'Agostino, Under Secretary
Nuclear Security, U.S. DOE

OPEN DISCUSSION

8:45 **DNFSB, DOE and the Contractors:
Roles, Responsibilities and the Road
Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety
Board

OPEN DISCUSSION

9:20 **Safety Challenges and Opportunities for
the Future Workforce**

(National Labor Speaker TBD)

OPEN DISCUSSION

9:50 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:20 **COFFEE BREAK**

10:40 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

11:15 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**,
Editor-in-Chief and Vice President,
EM Publications & Forums

George Dudich, President, B&W
Technical Services Group

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager-U.S.
Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

David Pethick, General Manager
Global Management and Operations
Services, URS

Greg Meyer, Senior Vice President
Fluor Government Group

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **State Regulators: Priorities for Future
Cleanup**

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson
South Carolina Department of Health and
Environmental Control

(Additional Speakers TBD)

OPEN DISCUSSION

2:15 **Union Concerns Across the DOE
Complex**

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Safety Culture Lead
Hanford Waste Treatment Plant

(Additional Speakers TBD)

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

John Lehew, President
CH2M Hill Plateau Remediation Co.

Carol Johnson, President
Washington Closure Hanford

Leo Sain, President
URS-CH2M Oak Ridge, LLC

Robert Nichols, Deputy Project
Manager, Fluor-B&W Portsmouth

OPEN DISCUSSION

5:45 **ADJOURN**

6:00 **COCKTAIL RECEPTION**

Wednesday, October 17

7:00 **CONTINENTAL BREAKFAST**

8:00 **The Path for Forward for Nuclear
Cleanup in the UK**

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

OPEN DISCUSSION

8:30 **Managing Risk in the DOE Complex:
What Changes in Risk-Sharing Will
Mean for DOE and its Contractors**

Paul Bosco, Director
Office of Acquisition and Project
Management, U.S. DOE

Robert Raines, Associate Administrator
for Acquisition and Project Management,
National Nuclear Security Administration

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

Ron Slottke, Vice President and CFO
CH2M Hill Nuclear Group

— *Raising the Bar on Project Performance to Address Long-Term Challenges* —

| | | |
|---|---|--|
| Carl Strock , Manager of Functions Bechtel National | 12:15 BOX LUNCH | OPEN DISCUSSION |
| Frank Sheppard , Business Manager Parsons-Salt Waste Processing Facility | 12:30 WORKSHOP | 9:30 Lessons Learned from Portsmouth, Paducah Cleanup |
| OPEN DISCUSSION | 7:00 SPECIAL EVENING SESSION | William Murphie , Manager Portsmouth-Paducah Project Office, U.S. DOE-EM |
| 9:45 EM Technology Development Priorities <i>(DOE Speaker TBD)</i> | MODERATOR: Edward L. Helminski , President, EM Publications & Forums | <i>(Additional Speakers TBD)</i> |
| OPEN DISCUSSION | Dave Huizenga , Senior Advisor Environmental Management, U.S. Department of Energy | 10:30 COFFEE BREAK |
| 10:15 COFFEE BREAK | OPEN DISCUSSION | 10:45 Upcoming Procurement Opportunities and Acquisition Process Changes |
| 10:35 Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION | 8:00 COCKTAIL RECEPTION | Jack Surash , Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM |
| MODERATOR: Martin Schneider , Editor-in-Chief and Vice President, EM Publications & Forums | 8:30 DINNER | OPEN DISCUSSION |
| John Robinson , Procurement Manager Washington River Protection Solutions | Thursday, October 18 | 11:15 Congressional Staff: Perspectives on the Future of DOE Cleanup |
| Sandra Fairchild , Business Manager Savannah River Remediation LLC | 7:00 CONTINENTAL BREAKFAST | MODERATOR: Mike Nartker , Associate Editor, <i>Weapons Complex Monitor</i> |
| Helena Tirone , Director Supply Chain Management Savannah River Nuclear Solutions | 8:00 Implementing EM's New Organization and Institutionalizing Changes for the Long-Term | Doug Clapp , Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate |
| <i>(Additional Speakers TBD)</i> | Alice Williams , Associate Principal Deputy Assistant Secretary, U.S. DOE- EM | Leonor Tomero , Minority Counsel Armed Services Strategic Forces Subcommittee, U.S. House of Representatives |
| OPEN DISCUSSION | 8:30 ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects | Taunja Berquam , Minority Staff House Energy and Water Appropriations Subcommittee |
| 11:50 Contracting and Procurement Lessons Learned: Analysis from WC Monitor | Ken Picha , acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM | 12:00 FORUM ADJOURNS |
| Martin Schneider , CEO ExchangeMonitor Publications & Forums | Mike Johnson , President Washington River Protection Solutions | |
| OPEN DISCUSSION | Dave Olson , President Savannah River Remediation, LLC | |
| | <i>(Additional Speakers TBD)</i> | |

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contract, would be to assign the contract to the combined M&O contract once it is awarded. That approach, which the NNSA did not comment on, would potentially allow the chain of command to remain strengthened while the agency continues to get the benefits of a separate protective force contract that is not burdened by the overhead costs of the M&O.

Due Date for Proposals Pushed Back 10 Days

The agency has not backed away from the combined protective force contract, and last week issued a second amendment to the final Request for Proposals that pushes back the due date for proposals 10 days, to Aug. 20. The amendment clarified that legacy defined benefit pension plans and post-retirement benefits should be categorized as Other Direct Costs by bidders when preparing proposals. Proposals are now due at 12 Mountain Time Aug. 20 rather than Aug. 10. The agency also indicated in the amendment that oral presentations would be pushed back to the week of Sept. 10 because of the delay. Because of the quick turnaround time, industry officials have suggested that the amendment did not appear to be related to the Y-12 security breach.

WSI and B&W are preparing to team together for the combined contract, and *NW&M Monitor* has learned that Johnson, the former Pantex Deputy General Manager that was brought into Y-12 to head up security work in the wake of the break-in, is heading up the team's bid. Other companies that have shown an interest in the contract include Los Alamos National Laboratory pro force contractor SOC Los Alamos, Secure Transportation support services contractor Innovative Technology Partnerships, Securigard, Inc., Paragon Systems, PAI Corp., Tetra Tech, Innovative Technology Partnerships, Netgain Corp., Triple Canopy Inc., and Golden Services.

—Todd Jacobson

USEC WORKING ON OPTIONS TO ADDRESS AMERICAN CENTRIFUGE FUNDING GAP

With a six-month Continuing Resolution threatening to leave an \$80 million funding gap in a Department of Energy program supporting the American Centrifuge Plant, USEC officials said this week that there are several options available to avoid a demobilization of the project. USEC officially kicked off the research, development and deployment cost-share program with an infusion of about \$88 million from DOE in June that will fund the program through November. However, last week Congressional leaders announced that they would work on a six-month CR that would run from October to March. Given spending

restrictions in USEC's credit facility, that could leave the program unfunded for four months. "One thing we clearly need as much stability on the funding side as we can get," USEC CEO John Welch told reporters this week. "If you can imagine what it was like for the people who were working on the project and doing things for the last six to eight months, we've lost a lot of very good people because there's too much uncertainty."

The exact language in the CR, which normally keeps spending at government programs at previous levels, will be critical for USEC as the Department did not provide the RD&D program funding as part of the regular appropriations process. Instead DOE freed up USEC money to spend on the project by taking over liability for \$87.7 million of the company's depleted uranium tails. Given the early nature of discussions on the CR, it is unclear how USEC could be affected. But there are several possibilities that USEC officials say supporters of the program in Congress and DOE may consider as spending ramps up to \$20 million per month. First, the Department could request an anomaly in the CR that would allow spending to continue. When the RD&D program was first announced last fall, DOE took a similar tack by requesting transfer authority from Congress to start the program, which ultimately was not granted.

DOE Could Give USEC \$44 million Back

Additionally, USEC Senior Vice President and General Counsel Peter Saba noted that the Department has \$44 million worth of uranium that it received from USEC early this year in exchange for taking on an equivalent amount of USEC's tails liability. However, Saba told reporters that \$44 million could be paid back to USEC as part of DOE's cost share. "So there are different mechanisms," he said. "The one thing I am pretty confident about, having funded it along this way and making good progress, and the support we've seen it would make no sense to do anything other than to find a way to do this and there are different avenues to do that. That's what we'll spend our time over the recess and over September to work with Congress and DOE to get to."

USEC Names B&W Exec To Manage ACP Program

USEC is continuing to organize the management of the RD&D program, and this week named to the deputy program manager post Robert Warther, who was formerly the vice president of environmental management at B&W Y-12. B&W is one of the project's partners along with Toshiba, and in addition to investing in ACP also manufactures centrifuge machines for the project. "When our strategic partners joined us, we looked forward to tapping into their expertise to help us successfully complete the

American Centrifuge project. Bob is the latest example of that relationship, and he is a welcome addition to our project leadership team,” RD&D Program Manager Paul Sullivan said in a statement.

A main condition for continued DOE support of American Centrifuge is an improved management structure for the project, a concern that had been emphasized by several lawmakers before DOE launched the program. USEC recently formed a new subsidiary with partner B&W called American Centrifuge Demonstration, LLC, and one of the first milestones agreed upon in the program was to put in place a board of managers not controlled by USEC. Last week USEC announced the seven-person board, which included representatives from Toshiba and B&W, two USEC executives, a executive from the utility Exelon and former Nuclear Regulatory Commission official Luis Reyes. USEC announced this week that the board of managers has selected Reyes to be its chairman.

Full Cascade Would Have Prevented Incident

The ultimate goal of the RD&D program, which is set to run until the end of 2013, is to build a full cascade of 120 centrifuges. USEC hopes that would increase the project’s eligibility for the \$2 billion loan guarantee, for which initial efforts were unsuccessful. Having a full cascade function could also quell uncertainties that arose from a June 2011 incident in which a circuit breaker failed at ACP’s lead cascade test program. That caused the failure of several operating centrifuge machines. “If you go back to the incident a year ago, one of the questions was you didn’t have all of the backup systems you would have had in the commercial plant. If we had those systems in place, we never would have had an incident last year,” Welch said. “So part of the demonstration program is to build 120 machines, put them in a cascade configuration, demonstrate them, accumulate run time on both machines, on gas, off gas, run time on specific components.”

Security Classification ‘Bugaboo’ to Private Investors

Welch also emphasized the ultimate need for a federal loan guarantee. He said that attracting private investment has been difficult for the plant, given that security classifications limit what can be revealed to investors. “The big bugaboo in the whole thing was the classification of the technology. It’s one of those that makes your traditional investment community nervous,” Welch said. “They don’t have access to the technology, you might be able to use an independent engineer, but the independent engineer will not be able to brief them on the technology because of its classification. So the DOE loan guarantee always made the

most sense because of the sensitive nature of the technology.”

—*Kenneth Fletcher*

CH2M HILL NAMES MARK FALLON TO LEAD EUROPEAN OPERATIONS

CH2M Hill executive Mark Fallon, who currently serves as President of the company’s Nuclear Business Group, is moving to the newly created position of Managing Director for CH2M Hill’s European operations, effective Jan. 1. In the new role, Fallon will oversee CH2M Hill’s European operations across all business units—including CH2M Hill’s cleanup work as part of the team at the UK’s Dounreay site and the company’s bid on the upcoming Magnox contract in the UK—and will be based in London. “CH2M HILL is an increasingly global company and Europe and the UK, specifically, are vitals markets for our firm where we serve strategic clients including the NDA [UK Nuclear Decommissioning Authority]. Mark Fallon will be an important leader and asset for this important market. We announced the change five months before Mr. Fallon begins his new assignment to enable a seamless transition for DOE, and our projects,” CH2M Hill spokesman John Corsi said in a written response.

Fallon’s current role includes oversight of CH2M Hill’s defense nuclear work for the Department of Energy, in addition to other nuclear work. He is expected to remain on the board of directors for CH2M Hill-led Idaho cleanup contractor CH2M-WG Idaho, but will leave his spot on the boards of other DOE site contractors where CH2M Hill holds some or all of the contract. There is no word yet on who will replace Fallon as head of the Nuclear Business Group. “To ensure continued continuity with DOE, Mike McKelvy, President, GEI Division, remains Chairman of PRC [Hanford cleanup contractor CH2M Hill Plateau Remediation Co.] and CWI and has served in this role since 2009. We will announce the successor to Mr. Fallon in the next few months,” Corsi said.

—*Mike Nartker*

BABCOCK & WILCOX REPORTS STRONG SECOND QUARTER EARNINGS

*Company ‘Working Closely’
With DOE on Y-12 Incident*

Babcock & Wilcox this week reported improved earnings for the second quarter of 2012 with revenue of about \$852 million total, about \$100 million more than the same quarter in 2011. “I am pleased to be able to report another strong quarter for the company. Our business units con-

tinue to perform well and in line with our overall expectations,” B&W President and CEO Jim Ferland said this week in a call with investors. He added, “It is worth pointing out that this is the seventh quarter in a row of consolidated revenue growth for the company.” The growth was due primarily to the company’s power generation segment and environmental control equipment. Revenue in B&W’s Technical Services segment, which performs most of the company’s government work, was down slightly from the same quarter last year, reporting \$28.2 million in revenue, compared to \$30.7 million in the same quarter in 2011.

Technical Services Decrease Blamed on ACP

The company’s \$2.4 million drop in technical services revenue was largely due to “a decrease in our specialty manufacturing work scope associated with the American Centrifuge Program,” according to a report filed with the Securities and Exchange Commission this week. B&W is an investor in USEC’s proposed enrichment plant and also part of a joint venture with USEC to manufacture centrifuges and related equipment for the facility. However, the project faced uncertainty for much of this year as USEC struggled with limited funds and awaited an infusion of cash from the Department of Energy to start up a research, development and deployment program. In June, DOE provided about \$88 million to kick off the program, which has a goal of manufacturing and demonstrating the centrifuges on a commercial scale.

B&W ‘Working Closely’ On Y-12 Breach

The company this week said that it is still investigating the recent security breach at the Y-12 plant, which the company manages in a partnership with Bechtel. In late July the plant experienced an unprecedented break-in by three peace activists. “Obviously, we are working closely with the government to understand the incident,” Ferland said in response to an investor question. B&W Y-12 Vice President for Safeguards, Security and Emergency Services Butch Clements was removed from his position following the incident, and Ferland noted that Pantex Deputy Manager Gen. Rodney Johnson was reassigned to Y-12 “to oversee the investigation and the corrective actions that are going to have to take place on that site.” He added, “So, still upfront and obviously this has our focus, as any of our government contracts, especially when they involve safety and security of the facilities. But we have the right people working on it and if anything else emerges going forward we’ll let you know.”

In addition to the removal of Clements, the company has already felt other impacts as a result of the incident. Shortly after the investor call, the prime contract for

security at the site was reassigned from WSI-Oak Ridge to B&W Y-12 (*see related story*). The company noted in the SEC filing that security at Y-12 had been managed by WSI-Oak Ridge, and added, “Given the early stages of the U.S. Government’s investigation, any consequences for us that result from this event are uncertain.”

The incident comes as the company awaits the award of the combined Y-12/Pantex management and operating contract. B&W, which currently manages both sites, is on a team with URS, Northrop Grumman and Honeywell, along with Shaw and EnergySolutions as subcontractors. The company is competing against teams led by Fluor and Bechtel. Ferland noted this week that it will still likely be several months before an award is made, and emphasized that it is the incumbent on both projects. “We are also awaiting the outcome of the rebid of the Pantex Y-12 contracts,” Ferland said in the investor call. “The NNSA has stated that an award were made no earlier than September and could be well after the November elections. The company is the lead contractor on both of these sites and is operating under contract extensions today.”

Company Looks at Reorganizing Cost Structure

Ferland also discussed the company’s “global competitiveness initiative” aimed at increasing profits, which will review all the company’s functions and business units. “With the company performing so well, you may ask why the company is taking on such an initiative. I believe that now while the company is enjoying strong cash flows and earnings and is not under financial stress is exactly the right time to be looking at optimizing our cost structure,” Ferland said. Investment Relations Officer Mike Dickerson, and Eileen Competti, president of B&W subsidiary Diamond Power International, have been reassigned to lead the effort. “As a team Eileen has a long history with the Company and Mike brings an external set of experiences. Mike, comes with a strong financial background and Eileen with an operational bend,” Ferland said.

—*Kenneth Fletcher*

HSS GIVES POSITIVE MARKS TO B&W Y-12 PROCUREMENT PROCESSES FOR UPF

A recent Department of Energy review has found the long lead procurement process used for the Uranium Processing Facility met requirements, but noted several areas that could be improved. While site contractor B&W Y-12 has not yet finalized its procurement processes for UPF, the review completed in July by the Department of Health, Safety and Security assessed the adequacy of the written

procurement program for nuclear safety related items. “The UPF program for procurement of nuclear safety related items and services is comprehensive,” the HSS report states, adding: “Much of the written program draws from B&W Y-12’s experience with similar previous projects and current operations. The written program appears to adequately address all critical components of the procurement process and satisfy the regulatory and contractual requirements for the program.”

B&W Y-12 expects to ramp up procurements in Fiscal Year 2013 for the facility planned at Oak Ridge, which will consolidate uranium processing operations at Y-12 (*NW&M Monitor*, Vol. 16 No. 30). That includes awards for early site preparation and some equipment. But the HSS report notes that “unresolved issues” remain with the draft Preliminary Safety Design Report and the associated hazard analysis, and “does not yet have a complete basis” to allow it to move to the next critical decision level to complete acquisition of safety-related long lead procurements. HSS plans to complete a follow-up review on implementation after the project has received approval to proceed with acquisition of those items. Commenting on the report’s findings, a senior project official told *NW&M Monitor* that “the project is on track to have an updated Preliminary Safety Design Report to support these future nuclear-related procurements. To prepare for these procurements, we’ve held several supplier forums and are planning more in the future.”

Room for Improvement Outlined

The report highlighted several opportunities for improvement of the processes. First it noted that staff training in some areas did not appear adequate, as several design engineers interviewed by HSS did not fully understand UPF procurement requirements. “Additional training of individuals responsible for the development, review, and approval of procurement specifications would help to ensure competence in performance consistent with assigned responsibilities,” the report states. Additionally the project had at the time of the review not yet assigned Cognizant System Engineers to each of the program’s safety significant systems. The report recommends expediting implementation of that program. HSS also notes that “the site office and project team are working to resolve the outstanding issues in the safety basis to assure clear identification of safety related system requirements. This effort is critical to assure the integration and interface of all the separate systems with the facility infrastructure for such issues as heating, ventilation, and air conditioning; effluent controls; fire protection systems; structural and piping seismic restraints; and criticality.”

Overall the report painted a positive picture of UPF procurement plans as they stand at this point. The requirements guides for the project “amplify and explain Engineering and Quality Assurance management expectations for the development of procurement related documentation. Responsibilities, authorities, and the organizational structure for procurement of safety related equipment, materials, and services are also appropriately established, as are requirements to flow down applicable regulations, contractor requirements, and applicable specifications, codes, and standards to all tiers of their subcontractors and suppliers,” the report states. It adds, “The UPF procurement processes also integrate requirements to facilitate maintaining the reliability and availability of safety related equipment, as required by DOE Order 433.1, by requiring sellers to identify spare and replacement parts or assemblies and the related data required for ordering these parts or assemblies.”

—Kenneth Fletcher

NEW LAW REQUIRES ADMIN. TO REPORT SEQUESTRATION IMPACTS TO CONGRESS

Department of Energy contractors may soon get more information on how the Obama Administration plans to implement significant funding cuts set to occur through the process known as sequestration thanks to legislation signed into law this week. Under the Sequestration Transparency Act, the Obama Administration has 30 days to submit a report to Congress outlining which accounts will be subject to the sequester “and resulting reductions at the program, project, and activity level,” as well as what programs and account may be exempt. The sequestration process would involve a total of \$1.2 trillion in funding cuts, equally divided between defense and non-defense funding, over 10 years unless Congress passes deficit reduction legislation targeting the same amount before Jan. 2, 2013. “If allowed to occur, the sequestration would be highly destructive to national security and domestic priorities, as well as to core government functions,” acting White House Office of Management and Budget Director Jeffrey Zients wrote in a July 31 memo.

DOE officials have largely declined to date to provide details as to their planning for the potential impacts of sequestration should it occur. “At this point we’re hoping that Congress does the work that they need to do to render this a non-issue, that we won’t have this sequestration problem. So that’s the current position,” DOE cleanup chief David Huizenga said in an interview with *NW&M Monitor* last month. In its memo last week, though, OMB informed federal agencies that it will be conducting discussions “over the coming months” on how sequestra-

tion may be implemented, including which programs and accounts may be exempt. The full impacts of sequestration cannot be determined, though, until Fiscal Year 2013 funding levels are finalized, the memo says. "Therefore, shortly before any sequestration order is issued, OMB will collect information from agencies on sequestrable amounts and, where applicable, unobligated balances, and calculate the percentage reductions necessary to implement the sequestration," the memo says. "In the meantime, agencies should continue normal spending and operations."

—Mike Nartker

DOE TARGETS SUPERCOMPUTING INNOVATION WITH \$62M IN AWARDS

Five high performance computing companies are receiving a total of \$62 million in research and development funding from the Department of Energy aimed at accelerating the nation's push toward exascale supercomputing, which would be 1,000 times faster than today's supercomputers. Through a combined National Nuclear Security Administration/Office of Science initiative dubbed FastForward, AMD, IBM, Intel, Nvidia, and Whamcloud received awards, which are targeted at advancing "extreme scale"

computing technology and producing innovative technologies to "deliver next generation capabilities within a reasonable energy footprint." AMD was awarded \$12.6 million, Intel received \$18.9 million, Nvidia was awarded \$12.4 million, IBM received \$10.5 million, and Whamcloud (which is now part of Intel), received a \$8 million grant. The companies are slated to complete their work by Sept. 30, 2014.

AMD and IBM are directing their research on processors and memory for extreme systems, Intel is focusing on energy efficient processors and memory architectures, Nvidia is researching processor architecture for exascale computing at low power, and Whamcloud is leading a team developing new storage and input/output technologies. "Recognizing that the broader computing market will drive innovation in a direction that may not meet DOE mission needs in national security and science, we need to ensure that exascale systems will meet the extreme requirements in computation, data movement and reliability that DOE applications require," William Harrod, the division director of research in the Office of Science's Advanced Scientific Computing Research program, said in a statement.

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT LIVERMORE . . . HOUSE LAWMAKERS APPEAL TO CHU ON NAT'L IGNITION FACILITY

A bipartisan group of 100 House lawmakers is appealing to Energy Secretary Steven Chu to preserve funding for Lawrence Livermore National Laboratory's National Ignition Facility. The facility has been beset by complications in its quest to achieve fusion ignition and after the facility missed a key milestone at the end of June, the National Nuclear Security Administration acknowledged that it was unlikely that the lab would achieve fusion ignition by the promised target of the end of the fiscal year. A potential \$30 million funding cut in Fiscal Year 2013 and a change in the way overhead rates are charged for the facility that would further cut into its budget has the lawmakers—led by California Democrats Pete Stark and Zoe Lofgren and Ohio Republican Michael Turner—worried about the future of the facility.

In the Aug. 3 letter, the lawmakers noted that the facility recently conducted the first 500 terawatt laser shot. "Given the tremendous progress to date, we are concerned that—rather than technical and scientific challenges—administrative, managerial and budgetary hurdles threaten to impede this promising research," the lawmakers wrote, suggesting that management problems at DOE and NNSA could impact the facility. "We are concerned that the scientific advances at NIF and around the DOE/NNSA complex are being stifled by micromanagement and burdensome administrative processes." The lawmakers encouraged Chu to "personally engage" on the management issues facing the NNSA and visit NIF. "It would be severely disappointing to get so close to a tremendous scientific breakthrough—fusion ignition at NIF—only to see it prevented by bureaucracy," the lawmakers wrote.

AT SANDIA APODACA TO HEAD UP LAB BUSINESS OPERATIONS

Bonnie Apodaca, a 24-year Sandia Labs employee, has been named the labs' vice president of business operations. Apodaca started as a contract auditor and has since held a

variety of business operations jobs at the nuclear weapons research center, including a stint from 1998 to 2005 as head of Sandia's pension management group and, more

recently, as director of the labs' business management center. "I am confident that her contributions will move Sandia forward, improve our business efficiencies and

ensure continued excellence in mission support," Kim Sawyer, Sandia's deputy laboratories director and executive vice president for Mission Support, said in a statement.

AT LOS ALAMOS SIX PROTESTORS ARRESTED AT LABORATORY

Six protesters entered "not guilty" pleas Aug. 9 after being arrested three days earlier as they blocked the road to Los Alamos National Laboratory during an event organized to remember the 67th anniversary of the bombing of Hiroshima. The protest capped four days of events in northern New Mexico held to commemorate the anniversary. In preparation for the event, the laboratory closed its normally-open gates, shutting down access to the roads crossing the lab to anyone without a government badge. In contrast to July's clandestine raid on the Y-12 plant in Tennessee, the Los Alamos protest was simply a daylight walk up the road to the lab's entrance by some 50 people

until they were stopped by lab security and Los Alamos police and told to clear the street. Those who refused to clear the street were arrested for blocking the roadway. The six were identified as Catherine Euler, Cathie Sullivan, Janet Greenwald, Benjamin Abbott, Barbara Grothus and Pamela Gilchrist. "I took part in the action to throw a wrench into the gears of the war machine. I oppose all weapons and military research that support U.S. imperialism across the world and the occupation of LANL," Abbott said in a statement issued by protest organizers.

AT OAK RIDGE SOME GLOVEBOXES OPERATIONS COULD BE ELIMINATED IN UPF

John Eschenberg, the federal project director for the Uranium Processing Facility, confirmed that the use of gloveboxes could be eliminated for some operations in the UPF—with machining operations among the likely candidates—in order to resolve the crunch for space as the facility design nears the final stages. Broad use of sealed gloveboxes has been a major selling point for the UPF, one of the most expensive government projects on the drawing board. The gloveboxes would reduce internal radiation exposures among employees at the Y-12 National Security Complex, which are far and away the highest in the Department of Energy complex, and modernize the enriched uranium processing operations now conducted in World War II-era facilities.

know about those specific reports, but said making things work is just one of the worries that keep him from sleeping well at night. Asked specifically if the UPF team was considering eliminating lines of gloveboxes in order to save space, Eschenberg said, "I'm looking at everything, top to bottom." He acknowledged that reducing internal rad doses was one of the drivers for UPF, and he emphasized that the "bulk" of operations in UPF would be done inside gloveboxes. "Casting is one of the largest contributors to internal dose," he said, noting that casting and chemical recovery are definitely areas that are going to have gloveboxes.

Eschenberg acknowledged there are issues, but he said it wasn't unusual or that significant. He suggested it was all part of the design process, but others have said time is running out as the facilities design approach the end result. "I think a fair way to say it is there are some pieces of equipment—gloveboxes and others—that need to be optimized, such that they fit in the building, that the building is operational and is maintainable," Eschenberg said. "Because you can jam everything in there, but you've got to give the operators room to operate. You've got to give yourself room to maintain the building. So you're trying to find this optimum amount of space."

But, Eschenberg said, there are other jobs that might not have to be done in gloveboxes. "There are a number of candidate areas—machining may be the best one—where we can eliminate the gloveboxes," the federal project director said. Eschenberg said that machining was a candidate because there are some machining operations that, ergonomically, may be difficult to accomplish inside gloveboxes because of the heavy weight of uranium. Even though machining operations are a contributor to internal rad dose at Y-12, there's a "balance" to be considered, he said. "If you look at the machining operation, much of the internal dose attribution is based on individual techniques, and how experienced the machinists are," he said. "Generally these things are done out in the open. But if the machinist is using the very best technique and using protective equipment like his gloves—and actually washing his hands in the machine shops—what you see is the internal doses come down."

Machining Operations a Prime Candidate

Some reports have suggested that the 350,000-square-foot facility could be 20-25 percent too small for all of the equipment envisioned for UPF. Eschenberg said he didn't

Designers Looking to ‘Smartly Optimize’ UPF

Eschenberg compared the challenge of fitting all the proposed equipment into the UPF building to the challenge of designing a car to meet a certain weight limit. “If you’re building a new Porsche, designers want the car to weigh 3,000 pounds, and they want it to go 0 to 60 in 3.2 seconds, want it to have so-and-so horsepower engine. And so the designers have to manage margin, design margin, and you’ve got the power train folks, the body folks, the sound system people, and everything that they design and build

weighs something. So they have to manage their weight and their margin,” he said. “UPF is no different. As you design equipment, and you design these processes, as you can imagine it’s a very iterative process. ... We’re looking at how we can smartly optimize the equipment spacing relative to a hard footprint of UPF.”

Even when the design is done, there’ll still be challenges when the electricians, the millwrights, and the pipefitters start putting in the bulk commodities, things that aren’t detailed in drawings, he said. “It’s a challenge,” he concluded. “It’s going to be challenge until the very end.” ■

Wrap Up

IN CONGRESS

The House Energy and Commerce Oversight and Investigations Subcommittee has rescheduled its hearing on NNSA governance for Sept. 12 at 10 a.m., and has added one item to its agenda: the recent security breach at the Y-12 National Security Complex. The subcommittee said this week that the hearing would examine “a range of management and administrative challenges confronting DOE, including a recent security breakdown at the Y-12 National Security Complex.” Deputy Energy Secretary Dan Poneman will testify at the hearing, supported by NNSA Administrator Tom D’Agostino and DOE Chief Health, Safety and Security officer Glenn Podonsky. Gene Aloise, the Director of Natural Resources and Environment for the Government Accountability Office will also testify along with DOE Inspector General Greg Friedman. While the subcommittee has raised concerns about the growing use of contractor assurance systems across the weapons complex, the Y-12 security breach is sure to be a hot topic at the hearing. The NNSA is investigating the incident, and Energy Secretary Steven Chu said that HSS would be conducting its own study of the breach, and Congressional aides have said that a study is expected to be completed after Labor Day.

IN THE GAO

Longtime Government Accountability Office executive Gene Aloise is retiring from the Congressional watchdog agency in early September to take a top position with the Special Inspector General for Afghanistan Reconstruction. Aloise, who has been the director of Nuclear Security, Safety and Nonproliferation on GAO’s Natural Resources and Environment team since 2002, will serve as the deputy inspector general for the U.S. government’s Afghanistan recovery watchdog agency, which oversees billions of dollars in Afghanistan reconstruction contracts. A replacement for Aloise has not been named. A 38-year veteran of

GAO, Aloise previously served as an assistant director for Nuclear Security, Safety and Nonproliferation from 1994 to 2002 and was an assistant director for Report and Testimony Quality Control from 1990 to 1994.

IN THE INDUSTRY

Shaw Group shareholders have filed two lawsuits in Louisiana in an attempt to block the company from being acquired by CB&I, according to reports. The lawsuits allege that Shaw’s board and executive management agreed to the purchase to enrich themselves and that Shaw failed to maximize value, according to the *Advocate* newspaper in Baton Rouge, La. CB&I announced last week that it was seeking to purchase Shaw in a deal worth approximately \$3 billion. The acquisition would involve CB&I paying approximately \$46.00 per share of Shaw stock—more than 70 percent above the \$26.69 share price Shaw’s stock closed at on July 27, the last work day before the deal was announced. CB&I currently expects the acquisition to be completed in the first year of 2013.

Former PricewaterhouseCoopers executive Donald Kintzer has been named as an Independent Governor on the Boards of Governors for Los Alamos National Security, LLC, and Lawrence Livermore National Security, LLC. Kintzer replaces Nicholas Moore, who is leaving his post Aug. 31, and will also chair the Boards of Governors’ Ethics and Audit Committee starting Sept. 1. Kintzer retired from PricewaterhouseCoopers after 31 years in 2008 and is currently working for Silicon Valley-based Korona Partners, a consulting firm focused on general business advisory and executive coaching and mentoring services. “Don Kintzer is a seasoned business professional with exceptional leadership skills, business expertise, and experience involving large complex organizations,” Norman Pattiz, the chairman of the Boards of Governors, said in a statement. “When the University of California was the sole manager of the laboratories, Don

was a senior advisory partner for the University and Los Alamos National Laboratory. He has an excellent under-

standing of the management and operations of the national labs and of business compliance activities.”■

Calendar

August

- 21 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Holiday Inn Express, Los Alamos, N.M., 5:30-8 p.m.
- 23 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Courtyard Marriott, 3347 Cerrillos Rd., Santa Fe, N.M., 5:30-8 p.m.
- 28 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Pecos River Village Conference Center, 711 Muscatel Rd., Carlsbad, N.M., 5:30-8 p.m.

September

3 EM PUBS CLOSED FOR LABOR DAY

4-7

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- 11 Speech: “Maintaining and Modernizing the Nuclear Enterprise,” John Foster, former director of Lawrence Livermore National Laboratory, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.
- 11 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Chattanooga Convention Center, 1150 Carter St., Chattanooga, Tenn., 5:30-8 p.m.
- 13 Discussion: “U.S. Strategic Triad,” with eight speakers, sponsored by the Reserve Officers Association and other organizations, part of the Congressional Breakfast Seminar Series, at the Reserve Officers Association, One Constitution Ave., NE, Washington, D.C., 8-11
- 13 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Calhoun Community College, Aerospace Building, 6250 Highway 31 North, Tanner, Ala, 5:30-8 p.m.
- 19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.
- 21 Speech: “Nukes, Missile Defense and U.S. Security,” Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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Volume 16 No. 35

August 31, 2012

— INSIDE HIGHLIGHTS —

Bidders will have wide latitude to revise the makeup of existing proposals for the NNSA's combined Y-12/Pantex M&O procurement, but some observers have suggested that the agency should have gone even further to revise the scope of the contract. 3

A number of pivotal decisions loom for the National Nuclear Security Administration's plutonium disposition plans as the Obama Administration wraps up a rebaselining review for the Mixed Oxide Fuel Fabrication Facility under construction at the Savannah River Site and undertakes public hearings on its disposition approach. 6

Y-12 security contractor WSI has undertaken a host of changes in the wake of a July security breach at the site, removing several top leaders and firing two guards. 7

With her time at the State Department officially in the rear view mirror, former Under Secretary of State and seven-term House Democrat Ellen Tauscher is taking a more prominent oversight role of two of the National Nuclear Security Administration's nuclear weapons laboratories 9

The Defense Nuclear Facilities Safety Board is looking to establish a formal "safety privilege" to help protect confidential information as part of a new proposed rule seeking to codify how the Board performs safety investigations at Department of Energy sites. 9

With teams bidding for the National Nuclear Security Administration's follow-on technical services blanket purchase agreement anxiously awaiting an award, task order protests of awards under the existing contract are becoming increasingly frequent. 10

URS has recently reorganized its Safety Management Solutions business into the new URS Professional Solutions, LLC. 11

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DOE IG: Y-12 SECURITY BREACH REVEALS 'TROUBLING DISPLAYS OF INEPTITUDE'

Report Calls Into Question Federal Oversight, Reliance on Contractor Assurance Systems

Numerous factors contributed to the high-profile security breach at the Y-12 National Security Complex late last month, the Department of Energy Inspector General said in a damning report released today that highlights broad concerns about the security approach at the facility, the appropriate level of federal oversight, and the use of contractor assurance systems. The review—which is sure to be the first of many studies of the incident—comes as the National Nuclear Security Administration is completing its own study of the security breakdown and the House Energy and Commerce Committee is preparing for a

hearing on the incident. And given the IG's conclusions, the report could have a lasting impact on efforts to reduce federal oversight and increase reliance on contractor assurance systems across the weapons complex. "The successful intrusion at Y-12 raised serious questions about the overall security approach at the facility," the IG said. "It also suggested that current initiatives to reduce Federal oversight of the nuclear weapons complex, especially as they relate to security functions, need to be carefully considered."

In its report, the IG said that the incident “represented multiple system failures on several levels” that could serve as an “important ‘wake-up’ call” for security at the site. “We identified troubling displays of ineptitude in responding to alarms, failures to maintain critical security equipment, over reliance on compensatory measures, misunderstanding of security protocols, poor communications, and weaknesses in contract and resource management,” the IG said. “Contractor governance and Federal oversight failed to identify and correct early indicators of these multiple system breakdowns. When combined, these issues directly contributed to an atmosphere in which the trespassers could gain access to the protected security area directly adjacent to one of the Nation’s most critically important and highly secured weapons-related facilities.”

D’Agostino: Changes in Place ‘Just the Beginning’

In a response to the IG report, NNSA Administrator Tom D’Agostino noted that a host of changes have been implemented in response to the security breach, including the removal of key contractor leadership, the suspension and dismissal of guards, additional training for site workers, equipment repairs, increased security patrols and the issuance of a “show cause” notice to contractor B&W Y-12 threatening to terminate its contract. “As Secretary [of Energy Steven] Chu has made clear, the incident at Y-12 was a completely unacceptable breach of security and an important wake-up call for our entire complex—one we must correct and learn from to assure the absolute protection of this Nation’s most sensitive nuclear materials,” D’Agostino wrote. “We have taken swift and decisive action to strengthen security and to replace key personnel, but these steps are just the beginning of the structural and cultural changes that we intend to make.”

Alarm Response ‘Inadequate’

The 18-page IG report provides the most complete picture yet of what went wrong during the breach, and implicates

almost every entity at the site, from management and operating contractor B&W Y-12 to security contractor WSI-Oak Ridge and the federal officials overseeing protective force operations. In the incident, which has made national headlines and led to the dismissal of top contractor officials at the site, three elderly peace activists managed to cut through several perimeter fences to reach the most secure area of the plant and defaced the Highly Enriched Uranium Materials Facility. The IG said that the peace activists set off several alarms along the way, but the response to the alarms was “inadequate.” The IG said that a guard was not immediately dispatched to investigate, and when the guard arrived, the individual did not immediately secure the scene, neutralize the trespassers or raise an alarm to lockdown the site. “In fact, the first responder remained in the patrol vehicle answering a cell phone call from a supervisor for a brief period,” the IG said. “The officer, in a personal interview, told us that he did not notice the trespassers until they approached the vehicle and ‘surrendered’ to the responder.” The guard also did not draw his weapon when he exited the vehicle, allowed the protesters to “roam about and retrieve various items from backpacks,” and didn’t provide cover when a supervisor arrived and was putting on protective gear. Kirk Garland, one of two guards that have been fired in the wake of the security breach, said he was the first to reach the scene (*see related story*).

Guards manning a post near the security breach also failed to notice the protesters as they cut through the fence though the protesters appeared on a camera, and another officer reset an alarm without looking to visually assessing the situation. According to the IG, the guards actually heard the protesters “beating on the external wall of the HEUMF with a hammer,” but assumed it was maintenance work. “The actions of these officers were inconsistent with the gravity of the situation and existing protocols,” the IG said.

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Delayed Technology Maintenance Called ‘Troubling’

Technology deployed to protect the facility also failed, according to the IG. One camera that provided coverage of the fence area that was breached had been inoperable for approximately six months, representing a pattern of delayed maintenance on key technology that the IG said it found to be “troubling.” According to the IG, both federal and contractor management at the site were aware that “a substantial backlog of degraded and/or nonoperational security equipment existed,” but confusing policies kept the equipment from being fixed quick enough. Y-12 policy for fixing security equipment also differed from other NNSA sites, like the Pantex Plant, where security equipment was classified as “critical” rather than “security significant” as it was at Y-12. “We found that security equipment repairs were not always treated as a priority at Y-12,” the IG said. “Inoperative cameras, devices that contributed [to] the delays in assessing alarms and identifying the trespassers in this case, were not considered to be critical security devices by Y-12.” NNSA spokesman Steven Wyatt said that the inoperable cameras had been fixed, but the IG noted that as a “demonstration of the need for continuing vigilance in this area, we noted that a camera repaired after the breach malfunctioned within days of its repair.”

Federal officials placed the blame on contractors at the site for not addressing the backlog of maintenance problems with cameras at the site, telling the IG that “with the advent NNSA’s contractor governance system (Contractor Assurance System), they could no longer intervene” because they had been instructed “not to evaluate and report on ‘how’ the contractors were conducting business, but to focus instead on ensuring that the mission was accomplished.” As long as compensatory measures were in place and the maintenance issues were identified by the contractor, the officials told the IG they could not intervene, but the IG suggested that compensatory measures like dispatching an officer to investigate an alarm when a camera was out were overused at the site. “A senior NNSA Headquarters security official noted that the overuse of compensatory measures, coupled with issues with false alarms, may have led to complacency of the Protective Force and diminished security at Y-12,” the IG said.

Contractor Assurance System Reliability Questioned

None of the problems that occurred were discovered by contractor governance systems or federal oversight, which raises questions about efforts to reduce oversight and give contractors more freedom to police themselves. Though maintenance backlogs on key security equipment was allowed to increase, site office quarterly reports based on contractor self assessments provided to the NNSA’s Chief

of Defense Nuclear Security revealed positive performance of site security, and NNSA assessments rated site security at high levels. “Senior NNSA officials told us that, prior to the recent incident, the site was considered to be one of the most innovative and higher performing sites in the complex,” the IG said. While the maintenance backlogs increased, neither contractor or federal officials at the site performed an analysis of the broad impact the outages might have.

Funding for maintenance also didn’t keep up with the site’s needs, the IG said. The site’s Security Improvement Program came with an \$85 million price tag but no increase in staffing, and the IG said that “contractor officials noted that maintenance assets were diverted to install security technology components. As a result, corrective maintenance backlogs grew and equipment repairs could not be completed in a timely manner.” At the same time, the contract structure at the site—with separate M&O and protective force contractors—“impeded the integrated management of the safeguards and security function,” the IG said, resulting in “bifurcated lines of contractor accountability and responsibility.” The NNSA has since assigned WSI-Oak Ridge’s contract to M&O contractor B&W Y-12 and cancelled plans to combine Y-12 and Pantex protective force work in a prime security contract.

—Todd Jacobson

NNSA AMENDS Y-12/PANTEX M&O RFP, BUT INDUSTRY SUGGESTS MORE BALANCE

Focus on Cost Savings Over Operations Questioned

In the wake of last month’s stunning security breach at the Y-12 National Security Complex, the National Nuclear Security Administration amended its combined Y-12/Pantex management and operating procurement to add in protective force work at the sites and allow wide latitude in revising the makeup of existing proposals, but some observers have suggested that the agency should have gone even further to revise the scope of the contract. Industry officials and Congressional aides suggested to *NW&M Monitor* that the NNSA should have reduced the focus on cost savings in the new contract, striking a balance between the savings it hopes to generate in the new contract and maintaining the mission at the sites. “There’s really nothing in the procurement about running the facilities,” one industry official told *NW&M Monitor*. “What, do they think it’s easy? The RFP is all about cost savings, and as you do that, the risk of running these facilities goes up.”

The industry official said the security breach has “highlighted the fact that NNSA maybe needs to think about that as they go forward on this procurement. How do they

strengthen the requirements for running the site?" A decreased focus on mission was among the concerns raised by members of Tennessee's Congressional delegation, which opposed the combined procurement. "These are nuclear sites, but that's an afterthought," one Congressional aide told *NW&M Monitor*. "As well as doing your job, they're saying we want you to cost-cut. It's not clear that's what happened at Y-12, but it shouldn't be a surprise when the focus on the mission isn't there. What you put your focus on is where people are going to concentrate."

Bidders Get Wide Latitude to Revise Bids

According to an amendment issued earlier this month, bidders on the combined contract are being given wide latitude in revising their bids—including submitting new key personnel—but the agency did not change the emphasis on cost savings or evaluation criteria, which is weighted heavily toward generating efficiencies through the merger. "I think they really missed a golden opportunity to shift the focus more toward the mission," another industry official said. "The security breach should have been a wake-up call." Bids for the contract were submitted in March, but under the amendment, each team will submit a revised proposal to be due in early September. Though oral presentations with the key personnel from each of the teams have already been completed, teams will have the opportunity to revise key personnel in the new submission—a key point for the team led by incumbent Y-12 and Pantex contractor B&W, which has dismissed several site executives believed to be part of its bid for the new contract in the wake of the security scandal. That includes Y-12 General Manager Darrell Kohlhorst, who was being bid as the chief operating officer of the new combined contract—second only to B&W corporate executive Mary Pat Salomone, who is leading B&W's bid. Other bidders include teams led by Bechtel, which is part of the M&O team at both Y-12 and Pantex, and Fluor. If a team chooses to change key personnel, orals would be redone, with the earlier orals scores thrown out. Regardless of whether there are key personnel changes, teams can choose whether or not to redo orals, which will take place about a week after the new proposals are due.

In addition, the amendment allows teams to alter the past performance portion of the proposal to reflect any incidents that have occurred since proposals were submitted and tells bidders to assume a Nov. 2 award date. A four-month transition, not a six-month transition, is now anticipated. The new proposal will also reflect the addition of protective force work in the wake of the security incident, but otherwise the scope remains the same. The NNSA also confirmed that it has changed contracting officers on the procurement. Leticia Barela has replaced Dan Saiz as the CO as Saiz shifts back to a full-time

supervisory role with the agency's M&O contracting group, NNSA spokesman Josh McConaha said. McConaha said Saiz had filled in as the contracting officer on the procurement when Kim Gallegos moved to another position in the agency, and Barela was formally tapped to take Gallegos' spot. Barela will also replace Saiz as a voting member on the Source Evaluation Board for the procurement, though Saiz will serve as an advisor to the SEB, McConaha said.

How Much Will Teams Shake Things Up?

It remains to be seen if the amendment—and the security breach—will have a drastic impact on the makeup of the teams. With B&W having received a "show cause" letter threatening termination of its contract, there are rumblings that B&W's other team members, URS, Northrop Grumman and Honeywell, are weighing whether to significantly reconfigure its proposal. "All the teams ought to really look at the constitution of the team and if they are structured in a way that is focused more on operations," said an industry executive with knowledge of the B&W bid. "Clearly we need to look at our team and how the team is constructed in light of the new incident." The NNSA declined to comment on the amendment or make any officials available to discuss the document and its decision-making. "We're not going to get into discussions about how we're evaluating proposals," NNSA spokesman Josh McConaha said. "We wouldn't have before this had happened either."

The context in which the RFP was originally issued has changed, another industry official noted. "Underlying the RFP was an assumption that really good performance would continue no matter who was selected," the official said. "The performance based on the evaluations and fee awards has been improving over time so your expectation would be that you would continue to get excellent performance and that the step up that you want is to keep that excellent performance. All that has changed now." The official noted that the RFP didn't diminish the importance of operations, but said that it should have been "highlighted" in the amendment. The official also noted that the amount of cost savings that companies will be able to achieve could be impacted by the fallout from the security breach. "The transition period is going to change now," the official said. "When you look at the cost reduction proposals, that's where you're going to change how you negotiate and how you approve the proposals, because you're going to be way more risk-averse than you were six weeks ago."

NNSA Raises Questions About 'Cultural Mind Set'

As a clearer picture has emerged of the security breach, when three elderly peace activists were able to cut through

GOP PLATFORM CALLS FOR MORE SUPPORT OF WEAPONS COMPLEX MODERNIZATION

The Republican National Committee's 2012 platform takes square aim at the Obama Administration's nuclear weapons policy, suggesting that President Obama's decision to scale back plans to modernize the nation's nuclear weapons complex and arsenal have weakened the nation's nuclear deterrent. The 2012 platform was ratified at this week's Republican National Convention. "The United States is the only nuclear power not modernizing its nuclear stockpile," the platform states. "It took the current Administration just one year to renege on the President's commitment to modernize the neglected infrastructure of the nuclear weapons complex—a commitment made in exchange for approval of the New START Treaty."

The platform also says that the Obama Administration failed to maintain the nation's nuclear arsenal at a level adequate for nuclear deterrence. "We recognize that the gravest terror threat we face—a nuclear attack made possible by nuclear proliferation—requires a comprehensive strategy for reducing the world's nuclear stockpiles and preventing the spread of those armaments," the platform states. "But the U.S. can lead that effort only if it maintains an effective strategic arsenal at a level sufficient to fulfill its deterrent purposes, a notable failure of the current Administration."

Before it was ratified, GOP Presidential candidate Mitt Romney was an outspoken critic of the New START Treaty, calling it Obama's "worst foreign policy mistake" in a 2010 *Washington Post* op-ed. In the op-ed, he argued that the treaty "impedes" U.S. missile defense efforts and let's Russia maintain a numerical edge in nuclear weapons because tactical nuclear weapons are not included in the treaty, which caps the strategic deployed arsenals of both countries at 1,550 warheads. "By all indications, the Obama administration has been badly out-negotiated," Romney wrote. "Perhaps the president's eagerness for global disarmament led his team to accede to Russia's demands, or perhaps it led to a document that was less than carefully drafted."

—Todd Jacobson

several fences to reach Y-12's most secure area, the NNSA determined that it exposed broader issues about "cultural mind set" and has raised concerns about lax procedures at other areas of the plant. The NNSA made those conclusions in an Aug. 10 "show cause" letter that threatens severing both B&W Y-12's management and operating contract as well as WSI-Oak Ridge's protective force contract that was assigned to BW Y-12 earlier this month. Operations at the plant were shut down for nearly two weeks after the incident. "Because our preliminary fact-findings reveal that contributing and direct causes of the Security Event include an inappropriate Y-12 cultural mind set, as well as a severe lapse of discipline and performance in meeting conduct of operations expectations, I am concerned that such issues may exist in other areas of Y-12 operations—and not just in the security program," NNSA Contracting Officer Jill Albaugh wrote in the letter to Kohlhorst, who along with Deputy General Manager Bill Klemm abruptly announced his retirement on the same day the letter was issued. Albaugh said that B&W Y-12 had 30 days to demonstrate why "termination for default proceedings" should not be initiated.

The letter details a host of issues that implicate both B&W Y-12 and WSI, confirming earlier reports that a series of miscues contributed to the security breach. According to

the letter, a "high number of primary assessment cameras" did not work, including a camera that was near a fence cut by the peace activists. WSI's guards also "failed to react" to numerous alarms from the sensor system in the fence line as the activists cut their way through the site's protective layers, and when the guards did respond, "it took excessive time for the patrol to arrive on scene" and they "failed to take appropriate steps to take control of the situation" and remove the activists. Additionally, the NNSA said plans and procedures for responding to multiple alarms from the same area were "inadequate," repair of broken cameras was delayed and plans and compensatory measures were not put in place to make up for the inoperable cameras, and both contractors "failed to properly coordinate and integrate respective requirements to assure adequate security at the site." Albaugh said that a comprehensive review and inspection is ongoing, but she said "preliminary findings indicate that both B&W Y-12 and WSI-OR are in substantial violations of certain subject contract clauses, as well as certain DOE orders, and its own internal procedures and processes." Albaugh also said the NNSA was not happy with the reaction to the event from B&W Y-12 and WSI and said that "procedural noncompliances and unauthorized reassignment of compensatory measures have demonstrated a serious breakdown in the security operations at Y-12, including a lack

of leadership and significant tactical, procedural, training, and communications deficiencies.”

Operations at Plant Restarted Aug. 16

Nuclear operations resumed at the plant Aug. 16. The NNSA said that all personnel at the site underwent additional security training to “ensure compliance with all site rules,” and protective force workers received additional tactical and security-related training since the security stand down began Aug. 1. “The authorization to resume operations was made possible through the completion of numerous improvements in security at Y-12 and completion of security training,” the NNSA said in a statement. Several reviews of the incident are ongoing, including analyses by the NNSA, a review by DOE’s Office of Health, Safety and Security, and a broad review of federal oversight of security across the weapons complex. That review will be headed up by Brig. Gen. Sandra Finan, the top active duty military officer within the NNSA’s weapons program and the Principal Assistant Deputy Administrator for Military Application, and is expected to be wrapped up in “several months,” NW&M Monitor has learned. While the review will encompass security oversight at all NNSA sites, federal oversight at Y-12 is expected to dominate the focus of the review team. Thus far, the NNSA has made few changes to its federal oversight staff in charge of security at Y-12 or at headquarters, removing a “relevant” federal official but refusing to identify the employee.

HSS Playing Significant Role in Reviews

HSS has several roles in the reviews of the incident. The office supported NNSA in its initial response to the incident, according to an Aug. 7 from Energy Secretary Steven Chu detailing HSS’ role, and when NNSA’s “Special Security Review” at Y-12 was completed—which was expected by Aug. 17—HSS was to conduct its own independent security inspection at Y-12, including a “rigorous force-on-force” exercise and “other performance testing activities,” Chu said. HSS is also leading an effort to assess the security postures at other DOE sites housing special nuclear material, which includes Savannah River, Los Alamos, Lawrence Livermore, Pantex, Oak Ridge National Laboratory, Idaho National Laboratory, Hanford, and the Nevada National Security Site. Those reviews are expected to be completed by the end of the year. “This effort will involve considering a broad spectrum of threats and adversary capabilities and developing additional performance testing methodologies, including no-notice and limited notice testing to obtain a more realistic assessment of site response capabilities,” Chu wrote. The HSS reviews are being headed up by Bill Eckroade, HSS’

principal deputy chief for mission support operations, and HSS Office of Security Director Larry Wilcher.

—Todd Jacobson

IMPORTANT DECISIONS LOOMING IN COMING MONTHS FOR MOX PROJECT

A number of pivotal decisions loom for the National Nuclear Security Administration’s plutonium disposition plans as the Obama Administration wraps up a re-baselining review for the Mixed Oxide Fuel Fabrication Facility under construction at the Savannah River Site and undertakes public hearings on its disposition approach. The MOX facility has faced a host of questions in the last year about rising costs, the lack of agreements for purchase of MOX fuel and a new plan to provide plutonium feedstock for the facility. While previous estimates put the construction costs for the facility at \$4.86 billion with a 2016 startup date, NNSA officials confirmed earlier this year that MOX is undergoing a rebaselining. NNSA’s formal review on the impact of the challenges faced by the project will be included in a baseline change proposal that is scheduled to be submitted in late 2012, NNSA spokeswoman Courtney Greenwald said this week. Though Administration officials have largely been tight-lipped about the review, the cost increase is expected to be significant—House appropriators suggested in a report accompanying the Fiscal Year 2013 Energy and Water Appropriations Act that it could be as much as \$600 million to \$900 million.

The MOX facility, which will convert weapons-grade plutonium into fuel burned in nuclear reactors, is the main component in the NNSA’s plans to disposition 34 metric tons of surplus plutonium. In late July, the NNSA released a draft Supplemental Environmental Impact Statement on its plutonium disposition plans that outlines its plans for MOX, as well as its new approach for providing a pit disassembly and conversion capability in order to produce plutonium feedstock for the plant. The NNSA’s new approach calls for the use of a mix of existing facilities at Savannah River and Los Alamos National Laboratory, rather than the standalone facility first envisioned that was scrapped due to cost concerns. While the Administration has not yet released a cost estimate for the new approach, it is expected to provide significant savings over previous plans that could partially offset cost increases for the MOX facility. The NNSA is in the process of completing a round of public hearings on the draft SEIS, with three taking place in New Mexico in late August and three hearings scheduled in early September near the Savannah River Site and two TVA reactors.

Number of Factors Contributed to Cost Increase

A number of factors have increased costs for construction contractor Shaw AREVA MOX Services since the project's first budget baseline was formulated in 2005. That includes hiring and retention issues, a large jump in the cost of diesel fuel, a lack of qualified vendors and subcontractors and problems with obtaining specialty components from the long-dormant nuclear industry. But officials from the contractor at the same time have vowed to seek ways to cut costs (*NW&M Monitor*, Vol. 16 Nos. 18&19). "As MOX Services continues constructing the MOX facility with an unsurpassed safety and quality record, we are working hard to continue finding cost savings and cost avoidances to relieve rising prices of goods and services," MOX Services President Kelly Trice said in April. "Despite these costs being driven up by the 'nuclear renaissance,' we are about 60 percent complete with the project and are currently on track to finish in approximately four years."

However, the expected cost increases have not been taken lightly by lawmakers. The House has cut \$170 million from the NNSA's plutonium disposition account in its version of the FY13 spending bill, and members of the Senate have also been critical of the project in recent hearings (*NW&M Monitor*, Vol. 16 No. 26). In addition to construction costs for the facility, MOX critics have noted that projected operating costs for the plant have more than doubled in recent years as additional expenses such as security and Nuclear Regulatory Commission fees were added to the estimate. The NNSA's latest budget request found it will cost an average of \$498.7 million a year to operate the facility—and \$7.1 billion over the life of the plant—up from an estimate of \$184.4 million two years ago. A year ago, the costs were expected to be \$356.1 million a year.

NNSA Seeks New Federal Project Director

Amid the rebaselining efforts, NNSA is seeking a new federal project director for MOX following the retirement in late August of Clay Ramsey, who had worked at the project since 2006. The NNSA posted a job opening announcement earlier this summer seeking a candidate for the position. "NNSA is actively pursuing a replacement for this vacancy. Until a permanent replacement is identified Mr. Kevin Hall, in his current capacity as Deputy Federal Project Director, is the POC for the MOX project," Greenwald said.

MOX Fuel Still Awaiting Dedicated Buyer

Meanwhile, the NNSA is still seeking a utility willing to sign up to buy MOX fuel for use in its reactors. While

earlier this summer Energy Northwest backed away from undertaking a study on using the fuel in its Columbia Generating Station (*NW&M Monitor*, Vol. 16 No. 32), the Tennessee Valley Authority is still considering using the fuel and project officials say they are continuing to reach out to other utilities. Officials from TVA have said that they will not make a decision on whether to proceed with licensing and engineering for use of the fuel until the NNSA completes its SEIS, which is expected to occur at some point in 2013 (*NW&M Monitor*, Vol. 15 No. 41).

And as the NRC continued efforts to license the fuel, the question remains as to whether the regulatory agency will require additional testing of the fuel before it can be used in U.S. reactors. Such a move could delay use of the fuel by up to a decade. An initial round of tests were undertaken in 2005 in Duke Energy's Catawba Reactor in South Carolina, but those were removed early from the reactor following fuel growth issues. Critics have stated that a full cycle of testing needs to occur before the fuel can be deemed safe (*NW&M Monitor*, Vol. 16 No. 11).

—Kenneth Fletcher

Y-12 SECURITY BREACH TRIGGERS CHANGES TO GUARD FORCE

Y-12 security contractor WSI has undertaken a host of changes in the wake of a July security breach at the site, removing several top leaders and firing two guards. One of them is Kirk Garland, a 52-year-old veteran security officer with experience in dealing with protesters at both Rocky Flats and the Pantex Plant before coming to Oak Ridge five years ago. Garland was the first guard to encounter three protesters who had managed to cut through at least four fences to reach Y-12's most secure areas outside the Highly Enriched Uranium Materials Facility in the predawn hours of July 28. Garland said he was fired on Aug. 10 and told that he was terminated because he showed a "blatant disregard for the situation."

Garland alleges that he was fired because some officials didn't believe he treated the three protesters in a tough-enough way. He said he was being used as a scapegoat for the embarrassing security breach, even though he couldn't have done anything about it. "I just think it's ridiculous that I was the one that was fired," he said. Garland said he was sent to the scene by a supervisor, but apparently without any details of what was going on at the site because the cameras and surveillance equipment were broken and hadn't given the security force a good idea of what was there. Once there, Garland said he did not pull his gun or take physical actions against the intruders because it wasn't necessary. He said he quickly established

they were peace protesters and not a physical threat. An official with knowledge of Garland's actions and security protocol at the site said he should have immediately raised a Level 2 security alarm, shutting down the facility, and separated the protesters. "As soon as he discovered people there he should've signaled a red alert," one official told *NW&M Monitor*. "Regardless of who he thought they were, whether they were actually protesters, he didn't know for sure. They could've been a diversion. There could have been others. How could he know? The immediate response should've been lockdown and then investigate further."

Guard Defends Actions

Garland said he radioed for help while he watched the three protesters, who he said were reading from the Bible. He said he was the only guard at the scene for about four minutes. The security police officer said he followed his training and the "force continuum," which establishes guides on how much force is needed in given situations and elevates depending on the response. "There was no threat for me to pull a gun," he said. Among the accusations against him is that he turned his back on the protesters at one point while they lit a candle, Garland said. He didn't recall doing that, but he said he had plenty of experience dealing with protesters. "They got to where they shouldn't have been, but that's not my fault," he said. "So I handled them the way I was trained to handle passive protesters."

He suggested that because managers are bent on finding blame, he's afraid he's going to lose his livelihood and all that he owns. "I have a sick wife who needs medical care and now I have no way to provide that," he said. Getting a new security job will be difficult, if not impossible, because of the situation, he said.

Guards Union Files Grievance Over Firing

The International Guards Union of America is contesting Garland's firing. Randy Lawson, the president of the IGUA Local 3 said Garland responded properly in the situation. Lawson said the union had filed a grievance in order to get the security police officer reinstated. Unfortunately, Lawson said, grievances sometimes take six months to a year to resolve, and that can impose severe financial hardships. Lawson said the Y-12 protesters didn't do anything that required the heavy use of force by responding security police officers. "Thank God, Kirk didn't shoot one of these [protesters]," Lawson said. "He would probably be in jail and being sued. ... He was in a no-win situation."

Lawson said the union also is contesting a disciplinary action taken against another security police officer who was at the site when the break-in occurred. WSI spokeswoman Courtney Henry declined to discuss the details of the cases. Earlier, she had said that one individual (apparently referring to Garland) was fired for "failing in his responsibilities as a Security Police Officer. A thorough investigation is being conducted that could result in additional disciplinary actions." Sister Megan Rice, the 82-year-old nun who's gain much attention during the protest coverage, said Garland showed his humanity and acted maturely during the situation inside Y-12's Protected Area. She expressed concern about the firing of Garland and said the protesters did not want to see people at Y-12 lose their jobs, but rather would like to see the Oak Ridge facilities transformed to non-production roles.

Second Guard Resigns Over Procedural Slipup

Another Y-12 guard who was facing termination was allowed to resign on Aug. 1. That was the first day of the "security stand-down" that followed the high-profile breach. He reportedly allowed an Oak Ridge Police Department officer to enter the plant without advance permission. Steven Wyatt, a spokesman for the National Nuclear Security Administration, confirmed the incident. "A Y-12 SPO [security police officer] failed to follow established procedures and allowed an Oak Ridge Police Department officer into the plant," Wyatt said by email. He would not comment on whether the ORPD officer had weapons in his car at the time and if that was a complicating factor. "We cannot provide any further details on this incident and will not discuss specific Proforce tactics, procedures, or practices." Lawson said the IGUA would not file a grievance in the second case because the security police officer chose to resign rather than fight the firing.

WSI Layoffs Scrapped

Meanwhile, WSI has abandoned its plan to eliminate more than 30 security jobs at Y-12, as previously planned. In fact, a voluntary reduction in force was already under way when the security incident occurred. In response to questions, the NNSA's Wyatt said the workforce restructuring plan had been cancelled, but he wouldn't comment or provide details beyond that. Under the plan, WSI had said it planned to eliminate as many as 51 security jobs in Oak Ridge, with most of them coming from the Y-12 guard force. Courtney Henry, a contractor spokeswoman, previously said up to 34 security police officer jobs would be eliminated at Y-12, along with three other security-related staff positions at the plant.

Those jobs were supposed to be off the payroll by the end of September as a cost-cutting measure to address results

of a funding review and appraisal of Oak Ridge security needs conducted earlier by the NNSA. Lawson said some workers had already made preparations to leave the payroll when the program was retracted. He also noted that the guards at Y-12 have been working heavy hours in recent weeks following the security incident, with some working up to 80 hours a week because of additional training and other demands. He also said new patrols had been added since the security incident.

Damages to PIDAS Repaired, Cameras Fixed

In the immediate wake of the security breach, Wyatt said that the cameras that were not working during the breakin were repaired and damages to the perimeter intrusion detection and assessment system (PIDAS) that the protesters cut through were fixed. However, the NNSA has declined to release details about the repairs, including how much they cost. "The PIDAS (Perimeter Intrusion Detection and Assessment System) fence has been repaired," Wyatt said in an email response to questions. "Any cost estimates on the damage to the fence are considered confidential portions of criminal proceedings."

Meanwhile, attorneys representing the three protesters are seeking a postponement of the trial, which is currently scheduled for Oct. 10. Francis Lloyd, the attorney representing Rice, asked for a continuance of the trial and wrote in a motion this week, "This is a case which has drawn international media attention. As was true in past, similar cases, it presents significant and complex issues for both pretrial litigation and trial, including national security and First Amendment issues, and issues of the legality of nuclear arms under American law, and under international law applicable in the United States."

—From staff reports

TAUSCHER SET TO JOIN LOS ALAMOS, LIVERMORE BOARDS OF GOVERNORS

With her time at the State Department officially in the rear view mirror, former Under Secretary of State and seven-term House Democrat Ellen Tauscher is taking a more prominent oversight role of two of the National Nuclear Security Administration's nuclear weapons laboratories. Tauscher this week was named to the Boards of Governors of Los Alamos and Lawrence Livermore national laboratories, effective Sept. 17, as she continued her return to the private sector. Earlier this month, Tauscher joined Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, as Strategic Advisor and is a member of the firm's Federal Public Policy Group. "I am honored to serve on the LLNS and LANS Boards of Governors and use the expertise

gained over 35 years serving in the Congress, the State Department and the private sector to support the national security mission and critical science initiatives at both laboratories," Tauscher said in an Aug. 27 statement.

Tauscher played a prominent role in the creation of the NNSA more than a decade ago and was an ally of the nation's nuclear weapons laboratories during her 13 years in Congress, especially Livermore, which was located in Tauscher's Congressional district. She left Congress in 2009 to serve in the Obama Administration, first as Under Secretary of State for Arms Control and International Security, where she helped negotiate the New START Treaty with Russia, and later as the State Department's Special Envoy for Strategic Stability and Missile Defense. She formally left the State Department earlier this month. "Ms. Tauscher has a distinguished record as a seven-term member of Congress with expertise in national security matters, a former Under Secretary of State for Arms Control and International Security, and as an investment banker," Norm Pattiz, the chair of the Los Alamos and Livermore Boards of Governors, said in a statement. "She is respected by the national and international arms control communities, by members of Congress, and by the business community. She will add greatly to our Boards and the national laboratories."

—Todd Jacobson

DNFSB LOOKS TO CODIFY SAFETY INVESTIGATION PROCEDURES

Public Comment Period on Proposed Rule Now Runs Through Sept. 26.

The Defense Nuclear Facilities Safety Board is looking to establish a formal "safety privilege" to help protect confidential information as part of a new proposed rule seeking to codify how the Board performs safety investigations at Department of Energy sites. Currently, the Board performs preliminary and formal investigations using "standard safety investigation policies, practices and procedures," a notice published in the *Federal Register* in late July states. "The proposed rule will ensure a more efficient investigative process and promote uniformity in the investigation of events or practices that have adversely affected, or may adversely affect, health and safety of the public and workers at DOE defense nuclear facilities. The proposed rule also serves the Board's duty to protect confidential and privileged safety information."

Under the proposed rule, information obtained during the course of an investigation could be treated as "safety privileged" and "non-public" by the Board "to the extent permissible under existing law." Such information could include identity of witnesses, statements, testimonies,

transcripts, all documents, any conclusions based on privileged information, any deliberations or recommendations on policies to be pursued and all other related proceedings and activities. “The Board shall have the discretion to assert the safety privilege when safety information, determined by the Board as protected from release, is sought by any private or public governmental entity or by parties to litigation who attempt to compel its release,” the Board’s notice says, adding that the proposed rule would not eliminate the Board’s existing obligations under the Freedom of Information Act and the Government in the Sunshine Act.

Stressing the need for a safety privilege, the Board said, “Frank, open communications are critical if Board investigators are to be effective. The Board must also be viewed as uncompromising in maintaining non-disclosure of privileged safety information. The Board must be able to assure complete confidentiality in order to encourage future witnesses to come forward without fear of reprisal from employers. As such, the Board requires the authority to offer witnesses enforceable assurances of confidentiality in order to encourage their full and frank testimony. Without such authority, witnesses may refrain from providing the Board with vital information affecting public health and safety, which will, in turn, frustrate the efficient operation of the Board’s oversight mission.” The Board is taking public comment on the proposed rule through Sept. 26.

Access to Information has been Challenged

In a written response this week, DNFSB Chairman Peter Winokur said the proposed rule is “simply to formalize” the Board’s investigative processes. “These procedures will ensure a more efficient investigative process and promote uniformity of future safety investigations of events or practices that have adversely affected, or may adversely affect, health and safety of the public and workers at DOE defense nuclear facilities. Additionally, to encourage candor, facilitate the free flow of information, and to assure complete confidentiality for witnesses to come forward without fear of reprisal, the Board has decided to adopt procedures establishing a safety privilege to protect confidential witness statements from disclosure,” Winokur said.

The proposed rule may also be in reaction to a disagreement between the DNFSB and DOE last year over the Department’s efforts to obtain information compiled as part of the Board’s investigation into the safety culture at the Hanford Waste Treatment Plant. DOE had requested that the Board provide full access to its investigative record, including all transcripts, interview notes and exhibits, to help it prepare a response to the formal recom-

mendation the DNFSB developed in response to its investigation. The DNFSB denied the request, though, and in an interview last year with *NW&M Monitor*, Winokur said he had been surprised that the request had even been made. “The Deputy Secretary asked for our transcripts, our interview notes and exhibits. That’s not something I think you typically ask an investigative body to provide to you,” Winokur said.

Could Proposed Rule Hurt Transparency?

Former DNFSB Member Larry Brown charged this week, however, that the proposed rule could have the consequence of hurting transparency into the Board’s actions. “The public interest is crushed by this rule,” Brown told *NW&M Monitor* in a written response. “It appears to be without precedent (none are cited) and contrary to the principle of open and transparent government. Like the ‘privilege’ the Board seeks to invent ... and protect, there is no adequate explanation why this has become necessary. There appears to be no opportunity for the public to learn what is going on, so the public will have little opportunity to inquire and/or exercise their rights under existing transparency law.”

Brown added, “The terminology is so poorly defined that it grants the Board (which really means the Chairman) extraordinary unchecked power. Not even the resulting ‘privileged report’ is releasable for study or validation—to anyone. It is tantamount to grading your own homework, and then only turning in the grade. However, in light of the recent past, it should come as no surprise that the Board seeks this level of insularity from public scrutiny or external oversight.”

—Mike Nartker

SYSTEMATIC MGMT. SERVICES TEAM PROTESTS NNSA TECH. SERVICES AWARD

With teams bidding for the National Nuclear Security Administration’s follow-on technical services blanket purchase agreement anxiously awaiting an award, task order protests of awards under the existing contract are becoming increasingly frequent. A team led by Systematic Management Services became the latest to protest a task award, filing its protest with the Government Accountability Office of an award to MELE Associates’ MAX3 Team. On Aug. 14, MELE was awarded a \$2.3 million task order to provide support to the NNSA’s Office of Enterprise Project Management under the existing technical services blanket purchase agreement. Brian Gocial, a lawyer representing the SMS team, declined to comment this week on the grounds for the protest, but SMS is believed to have

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM



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Portsmouth-Paducah Project Office, U.S.
DOE-EM

Robert Raines, Associate Administrator for
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National Nuclear Security Administration

John Owsley, Director, Division of DOE
Oversight, Tennessee Department of
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Shelly Wilson, South Carolina Department
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Closure Hanford

Mike Johnson, President, Washington
River Protection Solutions

Steve Jones, President, Oak Ridge Atomic
Trades and Labor Council

John Lehew, President, CH2M Hill
Plateau Remediation Co.

Dave Olson, President, Savannah River
Remediation

Herman Potter, President, United
Steelworkers Local 689, Piketon, Ohio

Leo Sain, President, URS-CH2M Oak Ridge

Helena Tirone, Director, Supply Chain
Mgmt., Savannah River Nuclear Solutions

Jim Key, Vice President, United
Steelworkers Local 550, Paducah, Ky.; Vice
President Atomic Energy Workers Council

Ron Slotke, Vice President/CFO, CH2M
Hill Nuclear Group

Sandra Fairchild, Business Manager,
Savannah River Remediation LLC

Robert Nichols, Deputy Project Manager,
Fluor-B&W Portsmouth

John Robinson, Procurement Manager,
Washington River Protection Solutions

Frank Sheppard, Business Manager,
Parsons-Salt Waste Processing Facility

Carl Strock, Manager of Functions,
Bechtel National

Ward Sproat, Safety Culture Lead,
Hanford Waste Treatment Plant

Taunja Berquam, Minority Staff, Energy
and Water Appropriations Subcommittee,
U.S. House of Representatives

Doug Clapp, Majority Clerk, Energy &
Water Development Appropriations
Subcommittee, U.S. Senate

Leonor Tomero, Minority Counsel, Armed
Services Strategic Forces Subcommittee,
U.S. House of Representatives

Keynote Speakers...

Dr. Peter Winokur, Chairman
Defense Nuclear Facilities Safety Board

David G. Huizenga, Senior Advisor for Environmental
Management, U.S. Dept. of Energy

Mark Lesinski, Chief Operating Officer, Nuclear
Decommissioning Authority, United Kingdom

Also Featuring...

Matt Moury, Deputy Assistant Secretary for Safety, Security &
Quality, Environmental Management, U.S. DOE

Ken Picha, acting Deputy Assistant Secretary for Tank Waste &
Nuclear Material, Environmental Management, U.S. DOE

Jack Surash, Deputy Assistant Secretary for Acquisition &
Project Management, Environmental Management, U.S. DOE

Terry Tyborowski, Deputy Assistant Secretary for Program
Planning Budget, Environmental Management, U.S. DOE

Alice Williams, Associate Principal Deputy Assistant Secretary,
Environmental Management, U.S. DOE

Paul Bosco, Director, Office of Acquisition and Project
Management, U.S. DOE

Rod Baltzer, President, Waste Control Specialists

George Dudich, President, B&W Technical Services Group

Mark Fallon, President, Nuclear Group, CH2M Hill

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— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

REFRESHMENTS AT REGISTRATION

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

**DNFSB, DOE and the Contractors:
Roles, Responsibilities and the Road
Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety Board

OPEN DISCUSSION

9:00 **Safety Challenges and Opportunities for
the Future Workforce**

(National Labor Speaker TBD)

OPEN DISCUSSION

9:50 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:20 **COFFEE BREAK**

10:40 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

11:15 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**,
Editor-in-Chief and Vice President,
EM Publications & Forums

George Dudich, President
B&W Technical Services Group

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager
U.S. Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

David Pethick, General Manager
Global Management and Operations
Services, URS

Greg Meyer, Senior Vice President
Fluor Government Group

OPEN DISCUSSION

12:15 **LUNCH**

1:15 **State Regulators: Priorities for Future
Cleanup**

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson
South Carolina Department of Health and
Environmental Control

(Additional Speakers TBD)

OPEN DISCUSSION

2:15 **Union Concerns Across the DOE
Complex**

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Safety Culture Lead
Hanford Waste Treatment Plant

(Additional Speakers TBD)

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

John Lehew, President
CH2M Hill Plateau Remediation Co.

Carol Johnson, President
Washington Closure Hanford

Leo Sain, President
URS-CH2M Oak Ridge, LLC

Robert Nichols, Deputy Project
Manager, Fluor-B&W Portsmouth

OPEN DISCUSSION

5:45 **ADJOURN**

6:00 **COCKTAIL RECEPTION**

Wednesday, October 17

7:00 **CONTINENTAL BREAKFAST**

8:00 **The Path for Forward for Nuclear
Cleanup in the UK**

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

OPEN DISCUSSION

8:30 **Managing Risk in the DOE Complex:
What Changes in Risk-Sharing Will
Mean for DOE and its Contractors**

Paul Bosco, Director
Office of Acquisition and Project
Management, U.S. DOE

Robert Raines, Associate Administrator
for Acquisition and Project Management,
National Nuclear Security Administration

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

Ron Slotke, Vice President and CFO
CH2M Hill Nuclear Group

Carl Stroock, Manager
Functions, Bechtel National

Frank Sheppard, Business Manager
Parsons-Salt Waste Processing Facility

OPEN DISCUSSION

9:45 **EM Technology Development Priorities**

(DOE Speaker TBD)

— *Raising the Bar on Project Performance to Address Long-Term Challenges* —

| | | |
|---|---|--|
| OPEN DISCUSSION | 7:00 SPECIAL EVENING SESSION | OPEN DISCUSSION |
| 10:15 COFFEE BREAK | MODERATOR: Edward L. Helminski , President, EM Publications & Forums | 9:30 Lessons Learned from Portsmouth, Paducah Cleanup |
| 10:35 Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION | Dave Huizenga , Senior Advisor Environmental Management, U.S. Department of Energy | William Murphie , Manager Portsmouth-Paducah Project Office, U.S. DOE-EM |
| MODERATOR: Martin Schneider , Editor-in-Chief and Vice President, EM Publications & Forums | OPEN DISCUSSION | <i>(Additional Speakers TBD)</i> |
| John Robinson , Procurement Manager Washington River Protection Solutions | 8:00 COCKTAIL RECEPTION | 10:30 COFFEE BREAK |
| Sandra Fairchild , Business Manager Savannah River Remediation LLC | 8:30 DINNER | 10:45 Upcoming Procurement Opportunities and Acquisition Process Changes |
| Helena Tirone , Director Supply Chain Management Savannah River Nuclear Solutions | Thursday, October 18 | Jack Surash , Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM |
| Robert Nichols , Deputy Project Manager, Fluor-B&W Portsmouth | 7:00 CONTINENTAL BREAKFAST | OPEN DISCUSSION |
| <i>(Additional Speakers TBD)</i> | 8:00 Implementing EM's New Organization and Institutionalizing Changes for the Long-Term | 11:15 Congressional Staff: Perspectives on the Future of DOE Cleanup |
| OPEN DISCUSSION | Alice Williams , Associate Principal Deputy Assistant Secretary, U.S. DOE- EM | MODERATOR: Mike Nartker , Associate Editor, <i>Weapons Complex Monitor</i> |
| 11:50 Contracting and Procurement Lessons Learned: Analysis from WC Monitor | 8:30 ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects | Doug Clapp , Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate |
| MODERATOR: Martin Schneider , CEO ExchangeMonitor Publications & Forums | Ken Picha , acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM | Leonor Tomero , Minority Counsel Armed Services Strategic Forces Subcommittee, U.S. House of Representatives |
| OPEN DISCUSSION | Mike Johnson , President Washington River Protection Solutions | Taunja Berquam , Minority Staff Energy and Water Appropriations Subcommittee, U.S. House of Representatives |
| 12:15 BOX LUNCH | Dave Olson , President Savannah River Remediation, LLC | |
| 12:30 WORKSHOP | <i>(Additional Speakers TBD)</i> | 12:00 FORUM ADJOURNS |

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Registration opens at 3:00 p.m. Monday, Oct. 15 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary is at 8:00 a.m., Tuesday, Oct. 16 The Forum ends at noon, Thursday, Oct. 18.

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argued in its protest that the NNSA misevaluated its proposal and didn't do an adequate best-value tradeoff analysis. Under the three-year contract, MELE is expected to "assess NNSA documents, manuals, procedures, and project development" and provide "subject matter expertise and aid with project development" while providing staff for technical review teams, evaluate scope, cost and risk, and prepare drafts of review reports. The NNSA is expected to submit its response to the protest by Sept. 20, and the Government Accountability Office is expected to make its decision on the case by Nov. 29.

Along with MELE and Navarro Research and Engineering, SMS had been short-listed in a previous task order for similar support of the Office of Enterprise Project Management, but when the NNSA recompleted the task order this year, it chose to award the contract to only one team. The NNSA is currently competing a follow-on to the existing technical services BPA, which has been extended through Sept. 28. At least six teams—and perhaps more—have submitted bids for the new BPA, including teams led by MELE, SMS, TechSource, Longenecker & Associates, Navarro, and Vector Resources. Previously, the agency selected five Team Leads for the contract, and MELE Associates has by far been the most successful in winning task orders. Notably, MELE unsuccessfully protested an Office of Fissile Materials task order award to Navarro earlier this year.

—Todd Jacobson

URS CREATES NEW PROFESSIONAL SOLUTIONS BUSINESS UNIT

URS has recently reorganized its Safety Management Solutions business into the new URS Professional Solutions, LLC. Heading the new unit is Jimmy Angelos, who for the past eight months has led the Consulting and Engineering business segments of Professional Solutions as its Acting President, according to URS. Previously, Angelos served for more than three years as Senior Vice President of Consulting Solutions with URS Safety Management Solutions. "Jimmy Angelos has earned an outstanding professional reputation for himself and URS by delivering excellent performance for our customers," URS Global Management & Operations Services Group General Manager David Pethick said in a release.

According to URS, the new Professional Solutions business unit "was established following an extensive evaluation of the products, services, markets, structure and staffing of its long-standing Safety Management Solutions business enterprise." In an interview with *NW&M Monitor* this week, Angelos outlined some of the "new offerings"

URS Professional Solutions hopes to offer customers in areas such as project management. "Obviously we do engineering design and conceptual engineering studies, but we're looking at how do we continue to provide support to our customers just past engineering," he said. "For example, when you do engineering design for a new facility, there's procurement that has to be done. Typically the engineer of record has the experience and the qualifications to prepare the procurement specs. So assisting the customer with developing the procurement specs, and even if you would like for us to do the procurement, we can handle that." Angelos added, "From a programmatic or project management standpoint, could we do one step further and assist them in some of their early project management as they pull their team together and translate the engineering work that we've done to the customer's project management team."

Concerning consulting services, Angelos said, "Obviously, there's been a lot of technology improvements related to environmental remediation and environmental monitoring and cleanup. So how can we take some of the technology enhancements and provide a better service and an expanded service to our customers so they don't have to go to a variety of, I'll say half-a-dozen or so, speciality contractors? How can you provide them a set of bundled services that would be more efficient and provide some continuity?"

Growth Opportunities

Going forward, Angelos said he sees potential growth opportunities for URS Professional Solutions in the National Nuclear Security Administration marketplace, as well as internationally. "We haven't played as large a role in NNSA as we have in EM [DOE's Office of Environmental Management], so we think there's opportunities there, potentially with some of the new facilities that have been talked about going forward in the future. The other thing ... is our company has been successful in expanding internationally. So those are opportunities ... related to continuing to support Sellafield, to continuing to support whatever activities come out of the recommendations opposite the Fukushima incident, as well as continuing to support design there," he said. Concerning the DOE cleanup program, Angelos said, "The EM market is kind of plateauing out. A lot of work—good work—has been done by EM to clean up the sites and we've been privileged to be part of that. So we see us sustaining our position opposite supporting our customers in EM as they continue to cleanup."

Angelos acknowledged that one of the major challenges he and URS Professional Solutions face is the overall federal budgetary climate. "The continuing federal budget pres-

... it is getting tougher, even for the big M&O contractors, with all of the budget constraints that are coming down,” he said. “So one, we have to be competitive, which leads me to my second item. ... We are not a small business. So in the market out there, DOE is driving

some pretty stringent goals and targets for small business involvement. So that’s the market we play in. So, again, we have to provide value for our customers. They have to appreciate what we do. We have to do it at a cost competitive price and if we tell them we’re going to deliver something to them, we need to deliver it to them on time and within budget.”

—Mike Nartker

At the Weapons Labs/DOE Sites

AT LOS ALAMOS 10th CIRCUIT RULES AGAINST CMRR-NF OPPONENTS

In a federal court decision that felt almost like an afterthought, the Tenth Circuit Court of Appeals ruled Aug. 27 that the National Nuclear Security Administration had not violated the National Environmental Policy Act in its pursuit of the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory. With the project indefinitely deferred, however, it was unclear what impact the decision would have on the possibility of CMRR-NF’s resurrection going forward.

The ruling, in a lawsuit brought by the Los Alamos Study Group, turned on the technical legal question of whether the lawsuit was “ripe” for legal action given the state of the project at the time of the litigation. The NNSA had originally completed an Environmental Impact Statement on the project in 2003. The study group sued in 2010, arguing that the original EIS was inadequate given significant changes to the project in the years since, and also arguing that the federal government had not properly considered alternatives to going forward with CMRR-NF. The federal government’s defense was two-fold: it said that it completed a Supplemental Environmental Impact Statement and argued that the Study Group’s lawsuit was not timely because construction had not actually begun on the project.

A lower court sided with the federal government on both points, and the Study Group appealed.

Court Decision Hinged on Construction Timing

The Court of Appeals ruled in favor of the second argument—that construction had not actually begun and therefore NEPA had not been violated. “[T]he case was not yet ripe because there had been no final agency action,” the court concluded. Because of that issue, no other arguments needed be engaged, the court concluded. Mello had argued that a series of defacto decisions to proceed with the project meant the NNSA had, for all practical purposes, made a decision to proceed, regardless of whether construction had actually begun. The court’s decision essentially allows an agency to flaunt NEPA requirements, he said.

Ironically, with the project deferred for at least five years, the NNSA is now in the midst of trying to do what the Los Alamos Study Group claimed the agency had not done in the past—a thorough analysis of alternatives to construction of CMRR-NF. What NEPA analysis might be required for the agency’s alternative approach, likely to include the use of existing facilities at Los Alamos and elsewhere, remains unclear.

AT LOS ALAMOS 19 EXPOSED TO TECHNETIUM AT LABORATORY

Los Alamos National Laboratory identified 19 workers contaminated with radioactive Technetium-99 on their skin, clothing or shoes in an incident first discovered Aug. 25 at the lab’s Lujan Neutron Scattering Center (also known as the Los Alamos Neutron Science Center), according to lab spokeswoman Nancy Ambrosiano. The lab called in the Department of Energy’s Radiological Assistance Program (RAP) team after officials realized that some of the material had been tracked off site. The material was not detected by routine employee scanners that normally are used to check workers leaving radiation areas because the area in question was “not expected to have

contamination based on authorized operation,” Ambrosiano said.

In all cases, the level of radiation detected was below legally allowed limits, she said. In a statement, the lab said that the contamination “poses no danger to the public.” The contamination involved beta radiation, which comes from “low-power, fast-moving electrons that can travel through several feet of air, but are generally stopped by clothing and skin,” the lab said. “Beta emitters occur naturally in the environment, and this incident involved approximately the same radiation levels that occur natu-

rally in bricks or stone flooring in the Southwest.” The lab said decontamination practices involve washing with soap and water. Ambrosiano said the lab has determined that some of the workers did travel by air after the incident, but

surveys of their clothes and bags “have given us assurance there has not been contamination to airlines or those traveling on airlines,” she said. Eighteen of the workers were lab employees and one was a subcontractor.

AT KANSAS CITY LOCALS TO VOTE ON KC INVOLVEMENT IN NUKE PROJECTS

Voters in Kansas City are going to get a say on whether the city becomes financially involved in future nuclear weapons construction efforts in the city. Though most of the Kansas City Council opposes the measure proposed by a local peace group known as the Kansas City Peace Planters, the council voted Aug. 30 to place a referendum on the ballot for an April 2 election that would allow voters to choose whether the city financially supports future nuclear weapons work within city limits. Through a complicated financing arrangement, the Kansas City Council signed off on bonds that are financing the construction of the National Nuclear Security Administration’s new non-nuclear component production facility in Kansas City, which is expected to be completed later this year. The ordinance would not impact the current facility, but could impact the city’s involvement in improvements to the facility, or for suppliers of nuclear parts. If approved by voters, the ordinance would say that the city “shall not enter into, facilitate, nor give permission for any future contracts whereby it will be directly financially involved in any facilities that produce or procure components for, assemble, or refurbish nuclear weapons (except for outside infrastructure improvements customarily provided by cities and governmental services ordinarily provided to citizens.”

The city council noted its disapproval of the language by adding an amendment to the ordinance that says that if the ordinance is approved, “it could cost the city numerous private and public sector jobs in the future” and it “could discourage defense industries such as suppliers of the National Nuclear Security Administration and other federal agencies from locating in the city and would be extremely difficult to enforce due to its vague and contradictory nature.” City attorney William Geary had found that the ordinance would nonetheless be constitutional if approved by voters and supported the ballot referendum. Rachel MacNair, the petition coordinator for the Kansas City Peace Planters, didn’t object to the language because it would not appear on the ballot. The group collected 3,791 signatures to get the issue placed on the ballot, and had tried for two years to convince the council to give its approval. MacNair said she’ll be pleased no matter the outcome of the election. “The purpose is to use this as a vehicle for public education,” she told *NW&M Monitor*, “and we have done way more to raise public awareness than anything else we could’ve been doing with our time, and we have absolutely succeeded in making clear that this plant is controversial.”

AT KANSAS CITY NNSA PICKS CENTERPOINT TO REDEVELOP OLD PLANT

CenterPoint Properties, one of the companies building a new home for the National Nuclear Security Administration’s Kansas City Plant, has been selected to help deal with the plant’s old digs as well. The NNSA said in an Aug. 21 announcement that CenterPoint had been picked as a “preferred planning partner” to develop possible reuse options for the plant’s Bannister Federal Complex home. CenterPoint teamed with Zimmer Real Estate Services to build a new \$700 million home for the Kansas City Plant, which is expected to be completed later this year. A phased move will start in January and will take place over part of two years, and the NNSA expects to be completely out of its former home by 2014. Though the facility, which was built during World War II to manufacture airplane engines, outlived its usefulness as the NNSA’s main non-nuclear production plant, the NNSA said it received a “substantial” response from companies about redeveloping the site.

CenterPoint will take place over the coming months on the specifics of the company’s plan, which the NNSA said includes options for all or parts of a complex that also houses General Services Administration Region 6 headquarters. Negotiations are expected to be completed by April of 2013, which coincides with the completion of a National Environmental Policy Act study of on the impact of transferring the property. A Record of Decision is expected in March of 2013, the NNSA said. “We’re very excited to engage in continued negotiations with CenterPoint Properties in the months ahead,” Kansas City Site Office Manager Mark Holecek said in a statement. “CenterPoint Properties is recognized nationally as having expertise in repurposing brownfield properties. We believe CenterPoint Properties presented an initial proposal that has the best potential to achieve transfer of the property in a manner that is timely, cost-effective, environmentally responsible, and economically beneficial to the community.”

The NNSA declined to specify any details about potential reuse options for the Bannister facility as negotiations with

AT OAK RIDGE B&W, CONSTRUCTION COMPANIES SETTLE HEUMF LAWSUITS

Bitter wrangling over the costs of constructing the Highly Enriched Uranium Materials Facility, which began long before the project was completed in 2008 (or 2009, depending on which party is describing what amounted to “completion”), finally ended with an out-of-court settlement in early August—with both the construction companies and the government’s managing contractor at Y-12 pledging to keep all aspects of the settlement confidential. The nominal price tag for the uranium storehouse, which now holds the nation’s primary supply of weapons-usable uranium, was \$549 million, but the National Nuclear Security Administration has not responded to questions about the final cost. Nor has the NNSA commented on the settlement.

Caddell/Blaine Joint Venture, which managed construction of the \$549 million facility at the Y-12 National Security Complex, and its team of subcontractors filed claims totaling more than \$60 million in U.S. District Court. There were a series of lawsuits filed in 2010 that were ultimately combined in negotiations with B&W Y-12, the government’s managing contractor at the Oak Ridge plant. In a countersuit, B&W had sought \$17 million in damages from Caddell/Blaine, and both parties had claimed breach of contract.

Companies Traded Barbs During Negotiations

Some of the smaller companies involved in the project reportedly teetered toward bankruptcy during the years-long wait for payments. The construction team claimed that their work often got delayed or had to be redone as the designs for HEUMF continually changed after construction began because of continuing changes in the terrorist threat—known at the time as the Design Basis Threat. That, in turn, increased costs and made the job much more difficult. B&W argued that some of the

problems were due to the Caddell/Blaine team’s lack of experience in constructing high-end nuclear facilities. “Caddell/Blaine struggled with the quality of its work,” B&W said in its lawsuit.

Warren Barrow, executive vice president with Alabama-based Caddell Construction of Alabama, which managed the HEUMF construction in a joint venture with Blaine Construction of Knoxville, confirmed the settlement and said the claims were settled in early August. “The terms of the settlement are confidential, so I am not at liberty to comment on any part of the agreement,” he said. In earlier interviews before the settlement, Barrow had said B&W reneged on reassuring statements made during the closing parts of the project that the cost increases associated with the project changes would be covered. Ellen Boatner, a spokeswoman for B&W Y-12, said in email, “All claims relating to HEUMF have been settled, and the terms of the settlement are confidential.”

HEUMF at Center of Security Breach

In a July 30 order, U.S. District Judge Thomas W. Phillips granted a stay of the court proceedings because of the pending agreement. “The parties state they recently reached a global agreement in principle and are in the process of executing settlement documents and satisfying settlement obligations,” he wrote. The HEUMF has become an iconic symbol of modernization of Y-12, which began operations during the World War II Manhattan Project and enriched the uranium used in the atomic bomb dropped on Hiroshima, Japan. In recent times, the facility gained notoriety as a target for protesters, who in a daring pre-dawn intrusion July 28 spray-painted messages on the exterior of the facility and splashed human blood at the site.

AT OAK RIDGE DNFSB TO HOLD HEARING ON Y-12 OPERATIONS

The Defense Nuclear Facilities Safety Board will hold a hearing on operations at Y-12 in Knoxville, Tenn. on Oct. 2, a meeting that comes amidst continued fallout from a high-profile security breach at the site in late July but does not appear to be specifically directed at the scandal. In a notice earlier this month, the DNFSB said that in the first part of the hearing, “the Board will receive testimony from NNSA and its contractors concerning the operations at existing Y-12 defense nuclear facilities, including Building 9212, Building 9204-2E, and Building 9215. The Board is interested in actions taken to address recent issues with conduct of operations, maintenance, and work planning;

the contractor’s processes for identifying and resolving safety issues; and the effectiveness of NNSA’s oversight for nuclear operations. The Board will also examine the status of emergency preparedness at Y-12 and will receive testimony concerning how well NNSA and its contractor are prepared to respond to severe events and site emergencies.”

In the second part of the hearing, the Board “will receive testimony regarding factors that could affect the timely execution and safety of the Uranium Processing Facility (UPF) project. These factors include the federal project

team's strategy for identifying and resolving safety issues in a timely manner. The Board is also interested in exploring the potential safety impacts of NNSA's decision to

accelerate the acquisition of select processing capabilities and defer others to a later date, as well as the potential for weaknesses in technology development to impact safety."

AT OAK RIDGE SPALLATION NEUTRON SOURCE BACK UP AND RUNNING

The Spallation Neutron Source at Oak Ridge National Laboratory was restarted Aug. 21 following a two-month summer outage for maintenance and installation activities. According to George Dodson of SNS, the outage was used to change the target vessel, which holds the mercury target that produces the neutron when struck by the proton beam. The stainless steel vessel is changed twice a year because

of radiation damage. Workers also changed the proton beam window during the longest outage of the year. The proton beam window is replaced annually. The SNS is operating with a beam power averaging one megawatt, a level that was first achieved about three years ago and is consistent with research goals and funding levels for the foreseeable future.

AT SAVANNAH RIVER . DETECTION TECHNOLOGY CHOSEN FOR SMALL BIZ PROGRAM

For its new Small Business Innovation Research program, the Department of Energy has chosen a neutron detection technology developed at Savannah River National Laboratory that provides an alternative to helium-3. The lab's boron-structured nano-proportional counter will participate in the program. The counter uses boron to capture neutrons instead of He-3, a gas currently used in most radiation detection technologies that is a byproduct of the radioactive decay of tritium but has skyrocketed in price in recent years. The scarcity of the isotope has led to the cooperation of a number government agencies starting in 2009, including DOE, the Department of Homeland Security and the National Nuclear Security Administration, to develop a number of alternatives to He-3 detectors (*NW&M Monitor* Vol. 15 No. 43).

The SBIR program that will use the new technology allows small businesses to propose applications for technologies developed at national labs, which provides for research and development at the labs and the possibility of the eventual transfer of intellectual property rights to businesses. The boron-based counter "has the potential to renovate an age-old detector design and lead the way for the advancement of radiation detection technology through the use of nanomaterials," according to an SRNL release. It adds that the instrument will have a higher sensitivity, shorter count times and lower operating voltage, "which allows for a smaller, more portable power supply" than the helium monitors. "The use of boron as the neutron capture material means that scarce resources, such as helium-3, should not be needed in large-area neutron detectors like portal monitors," it states. ■

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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Wrap Up

IN CONGRESS

Sen. Bob Corker (R-Tenn.), one of the strongest supporters of modernizing the U.S. nuclear weapons complex, has made a key staff change. This week, his office announced that Rob Strayer would be taking over as the senator's legislative director and general counsel. He will assume the job Sept. 4, overseeing the legislative staff and serving as the senator's chief advisor on legislation and Senate procedure. Strayer replaces Ryan Berger, who will remain on staff as a policy advisor, the announcement said. John Lipsey has been promoted to chief counsel. Strayer most recently was on the staff of the Bipartisan Policy Center in Washington, where he was director of the Homeland Security Project. He previously served (2006-2011) as deputy staff director of the Senate Homeland Security and Government Affairs Committee. "Rob has a strong record of leadership and accomplishment as a manager and as a policy and legal expert," Corker said in a statement. "He'll be a tremendous asset in our efforts to serve Tennesseans and implement effective policy to solve the big issues facing our country."

IN THE NNSA

The National Nuclear Security Administration and the Air Force recently successfully tested three mock nuclear bombs during surveillance flight tests at the Tonopah Test Range in Nevada. Using Joint Test Assemblies, the NNSA and Air Force tested three bombs: the B61 Mod 7, the B61 Mod 11, and the B83, dropping the bombs from a B-2A Spirit stealth bomber. Joint test assemblies are produced by the NNSA to simulate the performance of warheads and bombs during flight tests, and the assemblies built to simulate actual weapons configurations with as much war reserve hardware as possible. The JTAs are assembled at the NNSA's Pantex Plant, and data is collected via a telemetry system on the assembly and is fed into a model developed by Sandia National Laboratories to assess the reliability of the weapon. The NNSA said there is no special nuclear material on the JTA, and a nuclear yield is not possible. "The recent JTA tests demonstrate NNSA's commitment to ensuring that all weapons systems perform as planned and that systems are safe, secure and effective," said Air Force Brig. Gen. Sandra Finan, NNSA's Principal Assistant Deputy Administrator for Military Application. "The strong partnership between NNSA and Department of Defense is a vital part of our commitment to national security."

IN THE DNFSB

David Jonas has been named as the new General Counsel for the Defense Nuclear Facilities Safety Board. Jonas previously served as Director of Legal Strategy and Analysis in the Department of Energy's Office of the General Counsel; and as General Counsel and Deputy General Counsel for the National Nuclear Security Administration. From 1997 through 2001, Jonas served on the Joint Chiefs of Staff as the nuclear nonproliferation planner, "providing legal and policy analysis to the JCS Chairman on nuclear non-proliferation, arms control and disarmament treaties, and international negotiations," according to a DNFSB release.

IN THE INDUSTRY

Cabrera Services has named former Shaw Group executive Alan Solow as its new Chief Executive Officer. Solow replaced Lorenzo Cabrera, who led the company since it was created and will remain Chairman of Cabrera Services' Board of Directors, according to a company release. Solow previously served as Shaw Group Senior Vice President responsible for managing that company's Federal Operations for Environment, Energy, and Response. Before joining Shaw in 2010, Solow had a 17-year career at Weston Solutions, most recently serving as Chief Operations Officer. "In Alan Solow, we have found a highly qualified leader who possesses profound knowledge of the industry," Lorenzo Cabrera said in the release. "With his leadership and insight, we will be able to grow the company while continuing to build on the company's tradition of excellence."

Canadian engineering firm SNC-Lavalin has chosen Robert Card as its new President and CEO, effective Oct. 1. Card served as Under Secretary of Energy from 2001-2004. Aside from his time at DOE, Card has held a variety of positions at CH2M Hill, including President and Group Chief Executive of the International division; President of the Government, Environment & Nuclear division; President of the Facilities & Infrastructure division; and President of the Energy, Water & Facilities division. "Our key focus was to identify an experienced senior leader with both an extensive background in the international engineering and construction (E&C) sector and a deep understanding of the complexities of operating internationally," SNC-Lavalin Board Chair Gwyn Morgan said in a statement. "The Selection Committee's lengthy and thorough interviews, followed by an assessment by the entire Board and independent, external corroboration all reveal an exceptionally intelligent, energetic and ethical leader, well-equipped to deal with both the specific issues

that face SNC-Lavalin and the broader strategic challenges of global political and economic changes.”

Linda Bauer is set to take over as B&W Y-12’s Vice President of Facilities, Infrastructure and Services, B&W Y-12 President and General Manager Chuck Spencer said in a statement this week. Bauer, who takes over for Steve Little, joins B&W Y-12 after a stint at Los Alamos Technical Associates, where she worked on the Portsmouth Environmental Restoration Project and the Depleted Uranium Hexafluoride Conversion Project. She previously held several senior positions at Babcock & Wil-

cox, including management roles at BWXT Savannah River Company. “B&W Y-12 is fortunate to have someone with Linda’s experience and leadership join our team,” Spencer said. “Our ability to effectively complete facilities and maintenance work is critical to both our daily and long-term success. Linda has my full confidence as she leads her team in keeping Y-12 running in a safe, secure and compliant manner.” Little shifts to a role as senior director and will serve as a deputy to Bauer, while former deputy Scott Underwood moves to support the Uranium Processing Facility on special assignment. ■

Calendar

September

3 EM PUBS CLOSED FOR LABOR DAY

4-7

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4 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, North Augusta Municipal Center, 100 Georgia Ave., North August, Ga., 5:30-8 p.m.

11 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Chattanooga Convention Center, 1150 Carter St., Chattanooga, Tenn., 5:30-8 p.m.

12 Hearing: “Department of Energy’s Nuclear Weapons Complex: Challenges to Safety, Security and Taxpayer Stewardship,” House Energy and Commerce Subcommittee on Oversight and Investigations, with Deputy Energy Secretary Daniel Poneman; National Nuclear Security Administration Administrator Thomas D’Agostino, DOE Chief Health, Safety and Security Officer Glenn Podonsky, DOE Inspector General Gregory Friedman, and a speaker from the Government Accountability Office, Room 2123 Rayburn House Office Building, Washington, 10 a.m.

13 Discussion: “U.S. Strategic Triad,” with eight speakers, sponsored by the Reserve Officers Association and other organizations, part of the Congressional Breakfast Seminar Series, at the Reserve Officers Association, One Constitution Ave., NE, Washington, D.C., 8-11 a.m.

13 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Calhoun

Community College, Aerospace Building, 6250 Highway 31 North, Tanner, Ala, 5:30-8 p.m.

19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.

21 Speech: “Nukes, Missile Defense and U.S. Security,” Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

October

15-18

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November

22-23 EM PUBS CLOSED FOR THANKSGIVING

December

24-Jan. 1 EM PUBS CLOSED FOR HOLIDAYS

January 2013

21 EM PUBS CLOSED FOR MLK DAY

(Changes from previous Calendar in Bold)

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Volume 16 No. 36

September 7, 2012

— *INSIDE HIGHLIGHTS* —

The three bidders for the NNSA’s combined Y-12/Pantex management and operating contract submitted revised proposals this week, and none of the bidders are believed to have brought on a new company to handle protective force work. 2

Still reeling from an unprecedented security breach in late July, Y-12 protective force contractor WSI-Oak Ridge is under fire again, this time over allegations that a senior manager provided illicit copies of testing and inspection materials to guards in advance of testing last week by the DOE’s Office of Health, Safety and Security. 3

The Obama Administration is pushing to boost funding for the NNSA’s weapons program and USEC’s research and development program for its American Centrifuge enrichment project in the FY2013 Continuing Resolution being developed in Congress. 4

The managerial shakeup following the July 28 security breach at the Y-12 National Security Complex continued last week, this time reaching high atop the federal organizational structure at the NNSA. 5

The union representing protective force officers at the Y-12 National Security Complex has lodged a complaint with DOE’s Office of Inspector General alleging that guards at the site are being forced to work too much overtime in the wake of the July 28 security breach at the facility. 5

***Procurement Tracker* 6**

The late-July security breach at the Y-12 National Security Complex will be a hot topic on Capitol Hill next week as two House committees are scheduled to hold hearings about the unprecedented break-in. 8

DOE plans to conduct a review of Savannah River Nuclear Solutions’ Earned Value Management System later this year in response to concerns raised over the contractor’s handling of the Waste Solidification Building project at the Savannah River Site. 9

DOE said this week that it was set to release a new Request for Proposals today for its stripped down Oak Ridge protective force contract, and industry officials expect a wide open race for the contract in the wake of the July security breach at the Y-12 National Security Complex. 9

The United States has lost its only commercial uranium conversion facility for at least a year following the shutdown of the Metropolis Works Plant, leading to questions for DOE given its recent emphasis on the importance of a domestic supply of enriched uranium. 10

At the Weapons Laboratories/DOE Sites 15

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REVISED BIDS GO IN FOR Y-12/PANTEX M&O CONTRACT

With Protective Force Scope Added, None of Three Bidders Believed to Bring in Security Contractor

The three bidders for the National Nuclear Security Administration’s combined Y-12/Pantex management and operating contract submitted revised proposals this week, and none of the bidders are believed to have brought on a new company to handle protective force work. The NNSA amended the Request for Proposals in the procurement to include protective force work at Y-12 and Pantex and give bidders wide latitude to change out key personnel and adjust their proposals in the wake of the Y-12 security breach that occurred in July, but it mandated that protective force work not be subcontracted out. That left companies with a choice—bring a new company into its management team, or have existing teams self-perform the protective force work—and industry officials say that none of the three teams brought in new companies. “There’s not a lot of other companies with the DOE experience that WSI has, and you’d be hard-pressed to find someone that would want WSI on a team right now,” said one industry official, referring to Y-12 security contractor WSI.

Each of the three teams bidding on the contract—groups led by B&W, Bechtel and Fluor—have the qualifications to self-perform the work, various industry officials suggested. Self-performing appeared to be a natural fit for B&W, which manages the protective force at Pantex under its management and operating contract there. “The Pantex model is being held up as the model now,” another industry official said. “They brought in the head of the Pantex security team to fix the Y-12 issue. I can’t imagine that team wouldn’t proceed with a similar approach.” What is unclear about the three bids is whether each team added new key personnel to their proposals to deal specifically with security. While the amendment gave bidders an extra 10 pages to deal with the new protective force scope, it did not require that new key personnel be added to handle the security work. “It really depends on who you’ve got as your keys already,” one industry official said. “It’s possi-

ble that someone already could have those kinds of qualifications.”

Wide Latitude to Change Bids, But Did Teams Use It?

Beyond protective force work, bidders also had freedom to change their proposals as they saw fit. On no team was that more important than on the B&W team, which lost its chief operating officer when B&W Y-12 President and General Manager Darrel Kohlhorst retired in the wake of the security breach. “The B&W team probably made some significant changes,” another industry official said. “I doubt that either of the other teams made the same kind of changes they had to make.” Another industry official suggested, though, that the changes to the B&W team were “not drastic” and didn’t include a more significant role by B&W team members URS, Northrop Grumman and Honeywell. “There just wasn’t time,” the official said. “Think about it. We had two weeks to put this all together.” That doesn’t mean that there weren’t discussions about shifting responsibilities, another official said. “When something like this happens with a member of your team, clearly there’s a debate about what’s the best value to the government, what the government perceives as the best value, and are we structured the right way for what the government wants,” the official said, adding: “It was more about how do you get the right people in the right positions and how do we cover the scope of work and give the best value to the government.”

Other teams struggled with how much else to change about their bids. “Obviously we did make some changes and we think that we addressed what the protective force needs are but at the same time is this when you should reopen the proposal and go through everything else,” one industry official said. “Some people say take every opportunity you have to improve it. Others say don’t mess with it; unless you’re told it’s weak it’s probably OK.”

Whether or not bidders made drastic changes to their proposals, the NNSA gave teams the opportunity to redo

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oral presentations, which are likely to be held next week, using the same questions as the first round of orals. With a new COO, it's a certainty that the B&W team will redo orals, but the decision was not as clear cut for the other teams. "In general, if you get a second bite at the apple you always want to take that chance but you've got to plan on doing better than you did the first time," one official said. "If you felt like you did well the first attempt do you want to take the risk of going up in front of the evaluation board again." Compounding the issue is the fact that none of the original questions for orals dealt with security largely because protective force management was not part of the contract. "I'm sure all three teams are looking at which questions were related to security and can you elaborate enough to make it worth your while," the official said.

Sandia RFI Deadline Passes

The deadline for companies interested in bidding for the NNSA's Sandia National Laboratories and Kansas City Plant contracts to respond to a Request for Information about consolidating the two contracts also passed this week. In the RFI, the NNSA said it wanted feedback from industry about merging management of the Sandia contract, or just Sandia's non-nuclear production mission, with management of the Kansas City Plant. Two companies have publicly expressed interest in the Sandia contract—incumbent Lockheed Martin and Fluor—but a host of other companies are expected to compete for the contract, including Bechtel, URS, Babcock & Wilcox, Northrop Grumman, Battelle, Jacobs Engineering, and SAIC. Kansas City Plant incumbent contractor Honeywell Federal Manufacturing & Technologies also has signaled its intention to pursue the Kansas City Plant contract and responded to the RFI.

—Todd Jacobson

CHEATING CHARGES SURFACE AGAINST WSI DURING POST-BREACH INSPECTION

Still reeling from an unprecedented security breach in late July, Y-12 protective force contractor WSI-Oak Ridge is under fire again, this time over allegations that a senior manager provided illicit copies of testing and inspection materials to guards in advance of testing last week by the Department of Energy's Office of Health, Safety and Security. Prompted by the latest incident, Y-12 management and operating contractor B&W Y-12 notified WSI Aug. 31 that it would terminate its contract for default if "actions are not taken to address all of the issues to date," and the senior WSI official has been suspended, according to a senior DOE official. *NW&M Monitor* has learned that the official involved in the cheating allegations is protec-

tive force manager John Garrity, who was promoted after a July 28 security breach led to a house-cleaning at WSI. WSI spokeswoman Courtney Henry said Garrity had been "administratively reassigned" as a result of the incident and has been replaced by protective force chief Billy Mullins.

Bill Eckroade, the principal deputy chief for Mission Support Operations at HSS and the head of the Y-12 investigation, said that federal officials discovered sensitive testing materials in a protective force vehicle during inspection activities Aug. 29. He said the materials included knowledge tests that were to be given to randomly selected guards the following day, the answer key to those tests, as well as forms detailing interview questions that would be use in on-post inspection activities known as "post-checks." The knowledge tests and "post-checks" are part of an exhaustive review of security at the site ordered by Energy Secretary Steven Chu that began last week. "We reported our concerns about having these sensitive materials out in the field where they could be accessed by the protective force members we are testing. That would certainly bias the test," Eckroade told *NW&M Monitor*. "We are very concerned about why they were there." Eckroade said the protective force manager, who had been sent encrypted versions of the materials to validate the questions and help tailor the tests to Y-12, said the materials were planned for use as a training guide. "We aren't sure how they were used but finding them in places they clearly are not supposed to be is an indicator they were used, or could have been used, inappropriately," Eckroade said.

WSI Conducting Its Own Investigation

In a statement, Henry said WSI is conducting its own investigation into the allegation, but urged patience with the process. "WSI Oak Ridge is conducting a full investigation after test questions associated with the current HSS inspection were released to employees who could have been administered the test during the inspection," Henry said. "The investigation is underway to determine if this act was intended to advantage participants, or, if it was an unintentional act as part of overall knowledge testing for the security police officers." Henry said it was "premature to deny due process and speculate on the potential outcomes." She added: "We appreciate the cooperation from B&W, NNSA and DOE as we gather the vital information. With over 50 continuous years of support to DOE, WSI recognizes the importance of basic test integrity, and we stand ready to fully support the continuation of the revised material necessary to restart and conclude the HSS inspection."

Eckroade said HSS postponed the knowledge tests when the materials were found and will redo the “post-checks” because its inspection activities were compromised. New questions will be generated and different guards will be picked for the knowledge tests, and the criteria and interviews for the “post-checks” will be changed, he said. The information will also be more closely held. “It certainly raised concerns with us for the protocol of sharing sensitive test information and so we’re going to make sure as we do our knowledge tests and post-check interview forms we’re going to more tightly control how they’re shared,” he said.

Eckroade expressed some disbelief that the training documents were distributed to guards. “It’s a tight community. You know if you’re getting inspected by HSS you are going to have knowledge tests. This is sensitive information; you don’t go then train to the test. You can do preparation materials on your own but you don’t train to the test. Clearly that was inappropriate to the extent that they were used, which we’re not sure.” He said the incident will cause some delays in the inspection, but won’t threaten the targeted completion date of Sept. 28. “Our responsibility is to run a good inspection. When we find barriers to a good inspection we get those barriers out of the way,” Eckroade said. “We think we’ve been effective at getting this barrier out of the way. It’s going to cost us some extra time. It’s been an inefficiency on the review but we will catch up and we’re confident we can have the necessary data.”

B&W Issues ‘Cure’ Notice to WSI

The incident prompted B&W Y-12, which is managing WSI’s contract after it was shifted under its control last month, to increase pressure on WSI to make improvements after the security breach. B&W Y-12 said it had already issued a “show cause” notice to WSI-Oak Ridge on Aug. 11—one day after the M&O contractor received its own “show cause” notice from the NNSA—and it issued a “cure” notice to WSI Aug. 31 after the latest incident, notifying WSI “that its contract would be terminated for default if actions are not taken to address all of the issues to date.” B&W Y-12 President and General Manager Chuck Spencer said that the M&O contractor has already taken “dramatic actions and [is] making major security improvements at the site,” which management and contractual changes as well as enhanced training of protective force officers, increased security patrols, added security barriers, repairs to fencing and security cameras, and a new system for prioritizing maintenance repairs. “

Moving forward, B&W Y-12 management continues to carefully examine the circumstances that led to the security incursion and make effective improvements that are

identified through ongoing internal review processes,” Spencer said in a statement. “We are committed to applying lessons learned to all of our operations in order to maintain the highest levels of performance in security, safety and quality.”

—Todd Jacobson

OMB PUSHES FOR ‘ANOMALY’ IN CR FOR NNSA WEAPONS PROGRAM, USEC

The Obama Administration is pushing to boost funding for the National Nuclear Security Administration’s weapons program and USEC’s research and development program for its American Centrifuge enrichment project in the Fiscal Year 2013 Continuing Resolution being developed in Congress. The two programs were included in a list of “anomalies” recently sent to Congress by the White House Office of Management and Budget. While most federal programs—and the bulk of the Department of Energy—would be funded at Fiscal Year 2012 levels under what is expected to be a six-month stopgap funding measure, the White House is pushing for Congress to allow the NNSA’s weapons program to spend at the level of its FY 2013 request—approximately \$7.6 billion, \$344 million more than in FY 2012—while \$100 million would keep the ACP project afloat for the first half of FY 2013.

In its justification for the anomalies, OMB said that the spending increase for the weapons program would fund commitments made as part of the New START Treaty with Russia and in the Nuclear Posture Review to modernize the nation’s nuclear weapons complex and arsenal. NNSA spokesman Josh McConaha declined to comment this week on the CR. If the NNSA were constrained to FY 2012 funding levels during the first half of FY 2013, several major programs tied to the agency’s modernization efforts would be impacted. In particular, the NNSA requested significant increases for the B61 life extension program as well as other warhead refurbishment work, and accelerated construction on the Uranium Processing Facility.

‘Momentum’ For Anomaly

Congressional aides say widespread support for the NNSA’s weapons program request has increased confidence that the Congress will sign off on the anomaly. House and Senate appropriators have largely supported the Administration’s \$7.6 billion request, with both the House and Senate Energy and Water Appropriations subcommittee’s matching what the NNSA asked for. Historically, Congress has also supported anomalies in stopgap funding measures for NNSA’s weapons program—at least since promises about modernization during debate in 2010 on

the New START Treaty elevated the issue. “There seems to be a bipartisan commitment to nuclear modernization,” one Congressional aide said. “If you look at the Senate and House Energy and Water bills, both provide the President’s requested amounts. There are differences, caveats, and different provisions in each, but both provide the increase so I think there’s going to be pressure and momentum to provide that exception.”

OMB also noted that the USEC project supports the only domestic uranium enrichment technology, which is needed to build international confidence in the U.S. commercial enrichment market and supports the nation’s long-term tritium production needs. Without an anomaly in the CR, USEC would face an \$80 million funding gap on the ACP project. USEC officially kicked off the program with an infusion of about \$88 million from DOE in June that will fund the program through November. That would cover the first two months of the CR, but could leave the program unfunded for the final four months of the legislation. “One thing we clearly need as much stability on the funding side as we can get,” USEC CEO John Welch told reporters last month. “If you can imagine what it was like for the people who were working on the project and doing things for the last six to eight months, we’ve lost a lot of very good people because there’s too much uncertainty.”

—Todd Jacobson

LEADERSHIP SHAKEUP CONTINUING IN WAKE OF Y-12 SECURITY BREACH

The managerial shakeup following the July 28 security breach at the Y-12 National Security Complex continued last week, this time reaching high atop the federal organizational structure at the National Nuclear Security Administration. NNSA Administrator Tom D’Agostino said in a message to employees Aug. 31 that the agency’s Defense Nuclear Security chief, Doug Fremont, had been “temporarily reassigned” within the agency while Brig. Gen. Sandra Finan leads a review of the organizational structure and chain of command of security at the agency. According to D’Agostino’s message, Office of Secure Transportation Director Jeff Harrell will replace Fremont as the acting Associate Administrator for Defense Nuclear Security, while Deputy Associate Administrator for Defense Nuclear Security Frank Lowery remains in his role as the NNSA’s No. 2 security official. Acting OST Deputy Director Kerry Clark will head up OST while Harrell is at NNSA headquarters. “We believe that this is the best way to proceed with the review process,” D’Agostino said. “Doug is a respected federal leader and we continue to value his contributions to our organization. . . . We all know that the security of our nation’s nuclear assets is and must always

remain our top priority. It is one of the most important things we have to deal with every day.”

NW&M Monitor has also learned that Dan Hoag, the Deputy General Manager of the new NNSA Production Office, had been moved to a new federal oversight position at Oak Ridge National Laboratory. Hoag had responsibility of Y-12 and the Pantex Plant in his position, but he was based out of Y-12, where he had served as the deputy general manager and acting manager of the Y-12 Site Office before the creation of the new NNSA Production Office.

The shakeup has also continued at protective force contractor WSI, extending to the company’s headquarters. *NW&M Monitor* has learned that John Burleson, the company’s Senior Vice President for DOE Operations, has been reassigned to a new position within the company in the wake of the security breach. WSI Protective Force Director John Garrity has also been reassigned within the company last week after he admitted to distributing sensitive test information and inspection protocols during an investigation by the Department of Energy’s Office of Health, Safety and Security (*see related story*). Garrity had been promoted after the security breach when two other senior WSI officials were removed after the security breach: general manager: Lee Brooks and Director of Protective Force Operations Gary Brandon. Two top B&W Y-12 leaders were also removed, General Manager Darrel Kohlhorst and Deputy General Manager Bill Klemm, and DOE said that a “relevant federal official” within the NNSA Production Office was also removed.

—Todd Jacobson

Y-12 UNION RAISES COMPLAINTS ABOUT LONG WORK HOURS FOR GUARDS

The union representing protective force officers at the Y-12 National Security Complex has lodged a complaint with the Department of Energy’s Office of Inspector General alleging that guards at the site are being forced to work too much overtime in the wake of the July 28 security breach at the facility. Randy Lawson, the president of the International Guards Union of America Local 3, told *NW&M Monitor* that some guards at the site are working in excess of 80 hours a week as site management deals with the fallout from the security breach. Since the breach, Y-12 workers have received additional security training, new barriers have been installed to add protection to the site, and security patrols have increased. Protective force contractor WSI-Oak Ridge also abandoned a plan to lay off approximately three dozen guards that had been in place before the breach. But Lawson said that the long

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|--|--|-----------------------------|----------------|--|---|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Reopen | Contract with CH2M-WG Idaho to expire in 2012. | Sources sought notice issued June 24, 2010. | Undetermined/Up to 10 years | Undetermined | Environmental Remediation, D&D, Waste Management | DOE still in negotiations with CWI on three-year extension. |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2012. | DOE has authorized a five-year extension for Battelle to stretch its contract through 2017. | Undetermined | Unrestricted | Laboratory Management | Negotiations between DOE and Battelle are ongoing. |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | Request for Information on consolidating all or part of Sandia contract with Kansas City contract issued Aug. 8. Comments were due Sept. 6. | Undetermined | Unrestricted | Laboratory Management | NNSA official Ike White leading acquisition strategy team. |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2012. | Energy Secretary Steven Chu has authorized a five year extension. | Undetermined | Unrestricted | Laboratory Management | Negotiations on contract details ongoing. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Sept. 30, 2012, with two three-month options; SRS tritium current-ly part of Savannah River Nuclear Solutions contract. | Y-12, Pantex protective force work added to contract in Aug. 17 amendment. New proposals submitted Sept. 5. | Undetermined | Full and Open | Management and Operation | Teams allowed to change key personnel, redo orals. Award expected around Nov. 2. |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expires Sept. 28, 2012. | Final Request for Quotes issued May 3. Approximately nine teams submitted bids June 13. | Up to 5 years/\$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER (Continued)

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|---|------------------------------------|--------------------------|-----------------------|---|
| OAK RIDGE RESERVATION Y-12, Pantex and Oak Ridge Security | Y-12 and Oak Ridge contracts held by WSI extended through end of November 2012. Pantex security currently provided by B&W Pantex. | Y-12, Pantex protective force work stripped from contract. | Undetermined | Full and Open | Security Services | New Request for Proposals expected early September. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | DOE considering cancelling project. |
| MISC. SITES/PROJECTS Legacy Management Supportive Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | |
| Paducah Environmental Technical Services | N/A | Request for Quotations issued Aug. 13, 2012. | 5 years/ \$24.5 million | Small Business Set-Aside | Support Services | |
| Portsmouth Environmental Technical Services | Contract held by Restoration Services, Inc. set to expire by Sept. 30, 2013. | Final Request for Proposals issued Aug. 21, 2012. Bids due by Oct. 4, 2012. | 5 years/ \$65 million | Small Business Set-Aside | Support Services | |
| WIPP Mobile Loading Unit Support Services | Contract held by S.M. Stoller set to expire by April 30, 2013. | New contract awarded to Celeritex, LLC, Aug. 27, 2012. | 5 years/ \$17.8 million | Small Business Set-Aside | Support Services | |

hours are taking a toll on the guard force. “The company is going to do everything it can now to prove the site is in top shape,” Lawson said. “But our question is, at what expense to us?”

Lawson said that some guards have been OK with working the long hours, but others have struggled with the grueling work schedule. He said the result could be a potential dip in performance. Lawson said that the IG had previously said that mandatory overtime should be capped at 62 hours a week with a ceiling of 80 hours for voluntary overtime. “People are working long hours. They don’t get their regular scheduled days off. They’re there. And some of the posts, you’re in a vehicle driving around in a circle half the length of a football field. It’s just constant patrol. Our guys are top notch but you put anyone in these conditions, what state are you going to be in? That’s my concern.” WSI did not address the concerns about long hours when contacted by *NW&M Monitor*, but said that it had no notice of an IG complaint from the guards. The DOE Inspector General’s Office did not return calls for comment this week.

Guard Resigns After Unauthorized Offsite Trip

Lawson suggested that the issue may have manifested itself this week when a security police officer left the site without authorization to get something to eat. When confronted by site management, the guard resigned before any punishment could be doled out. Site contractor B&W Y-12 and WSI declined to comment on the incident, but Lawson said on the morning of Sept. 4, the guard was on a break and left the site to go to a nearby McDonald’s in a WSI vehicle, using the restaurant’s drive-thru to purchase food.

Lawson said that it’s possible for guards to leave the site, but in this case, the guard likely violated site regulations by not getting permission to leave the site. The guard was not considered a member of the site’s primary response force, Lawson said. “It may not have been a big deal, but he decided to go ahead and resign,” Lawson said. Lawson said it’s unclear what punishment the guard might have received. “Everyone is working a lot of long hours. He was tired and didn’t use the best judgment by going on his own,” Lawson said. One guard has been fired in the wake of the July security breach, another resigned in lieu of termination after violating procedures in the days after the break-in, and several have been suspended as a result of the incident.

—Todd Jacobson

Y-12 SECURITY BREACH TO BE TOPIC OF TWO HOUSE HEARINGS NEXT WEEK

The late-July security breach at the Y-12 National Security Complex will be a hot topic on Capitol Hill next week as two House committees are scheduled to hold hearings about the unprecedented break-in. The House Energy and Commerce Oversight and Investigations Subcommittee scheduled a hearing for Sept. 12 on the topic last month, and the House Armed Services Strategic Forces Subcommittee said this week that it would hold a hearing at 2 p.m. Sept. 13. Deputy Energy Secretary Dan Poneman and NNSA Principal Deputy Administrator Neile Miller are scheduled to testify at the House Armed Services hearing, while Poneman, NNSA Administrator Tom D’Agostino, DOE Health, Safety and Security chief Glenn Podonsky, DOE Inspector General Gregory Friedman and an official with the Government Accountability Office will appear before the House Energy and Commerce subcommittee at 10 a.m. Sept. 12. A classified briefing will take place following the House Armed Services hearing. “The committee has serious concerns about the Y-12 incident and the sole oversight responsibility to make sure there is a full accounting of what happened, why, and how to ensure it doesn’t happen again,” committee spokesman Claude Chafin said in a statement to *NW&M Monitor*. “To the extent these matters can be dealt with in unclassified session, they will be.”

Contrary to the House Energy and Commerce Committee, Republicans on the House Armed Services Committee have backed efforts to reform the NNSA, which includes greater reliance on contractor assurance systems and performance-based oversight and the elimination of DOE-HSS oversight of the agency. In a statement released in early August, Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, resisted suggestions that the amount of oversight was to blame for the security breach. “The number of oversight employees has been going up steadily for almost a decade,” Turner said. “It’s clear that’s not a solution, as simple as it appears, because we’ve tried it and yet this latest incident still happened. Contractors must be held accountable for their failures. That’s the way to ensure the highest standards are met.” However, his counterpart on the panel, Rep. Loretta Sanchez (D-Calif.), said the “baffling failures in security readiness” at Y-12 provide a clear example for why oversight of the agency should not be scaled back.

—Todd Jacobson

DOE MOVES UP REVIEW OF SRNS' EVMS OVER WSB PROJECT CONCERNS

The Department of Energy plans to conduct a review of Savannah River Nuclear Solutions' Earned Value Management System later this year in response to concerns raised over the contractor's handling of the Waste Solidification Building project at the Savannah River Site. While DOE's Office of Acquisition and Project Management had planned to conduct its next three-year review of SRNS' system in 2013, the review has been pushed to 2012 after a request was made by a National Nuclear Security Administration contracting official, a DOE spokeswoman said late this week. SRNS' earned value management system covers all of the Fluor-led contractor's work at Savannah River, where SRNS serves as the M&O contractor, and it remains to be seen what impact the DOE review could have on SRNS. The contractor did not respond to a request for comment this week on the planned review.

In June, an NNSA contracting officer issued SRNS a strongly worded letter criticizing the contractor's performance on construction of the Waste Solidification Building, which is intended to process waste from the Mixed Oxide Fuel Fabrication Facility being built at Savannah River. Among the concerns raised was that SRNS' earned value management system did not meet industry standards and had painted an inaccurate picture of the project by having "artificially high" cost and schedule performance data. "NNSA's review team found inadequate detail of schedule activities which demonstrated your poor project planning. Our review team further found an over use of milestones and 'level of effort' activity types that reduced the visibility of critical path activities," the June 12 letter said. "You schedules lacked significant coding structures as required by a meaningful EVMS. ... Just as troubling, NNSA's review team found actual dates of activities were changed from update to update and original durations were changed to reflect actual dates." SRNS, for its part, said in a brief message to employees following the letter that it planned to refute the claims, but has not made its response to NNSA public.

While the Office of Acquisition and Project Management plans to conduct its follow up review this year, the DOE Savannah River Operations Office said shortly after the release of the NNSA letter that no investigation of the system was planned given that the EVMS system had been re-certified by the Department in early 2012. "The SRNS EVMS is a quality system that was certified to meet contract requirements by the DOE Office of Engineering and Construction Management (OECM), and was recently re-evaluated by the same organization in January 2012 and found to be in compliance," DOE Savannah River spokes-

man James Giusti said in a written response in June, adding, "At this time, we do not plan any investigation of the SRNS EVMS based on the concerns raised in the NNSA letter." An NNSA spokeswoman also noted in June that its review focused on WSB, and that there was no indication that there were issues at other SRNS projects.

—*Kenneth Fletcher*

SCALED DOWN OAK RIDGE PRO FORCE CONTRACT EXPECTED TO DRAW CROWD

The Department of Energy said this week that it was set to release a new Request for Proposals today for its stripped down Oak Ridge protective force contract, and industry officials expect a wide open race for the contract in the wake of the July security breach at the Y-12 National Security Complex. Whereas DOE mainstay and Oak Ridge incumbent WSI appeared to have a stranglehold on the contract before the breach, the incident has potentially opened up the procurement to a host of companies looking to carve out a piece of the DOE protective force market. While industry officials say WSI will not play a part in the Y-12/Pantex combined management contract, it is expected to bid for the scaled down Oak Ridge opportunity—which until the breach had also included protective force work at Y-12 and Pantex—though it faces an uphill battle to convince DOE to look past the high-profile security breach that has led to the dismissal of top WSI leaders, threats of terminated contracts and a pair of Congressional hearings scheduled for next week. WSI spokeswoman Courtney Henry declined to comment on WSI's interest in the Oak Ridge contract. "WSI will make the case that it has years and years of solid performance, but it's hard to imagine DOE getting over the break-in this quickly," one industry official said.

Out of all the NNSA sites that contract out its protective force work rather than performing the work in-house, WSI currently holds contracts at three: Savannah River, the Nevada National Security Site, and the Y-12 National Security Complex. Only Los Alamos National Laboratory has gone with a different contractor, using SOC Los Alamos through a unique subcontracting arrangement. But a handful of companies had already expressed interest in the combined protective force contract, including SOC. Also expressing interest were Secure Transportation support services contractor Innovative Technology Partnerships, Securigard, Inc., Paragon Systems, PAI Corp., Tetra Tech, Innovative Technology Partnerships, Netgain Corp., Triple Canopy Inc., and Golden Services, though not all the companies would be able to lead a team. "There's no doubt that a lot of WSI's competitors are

thinking this is the time they can gain a foothold in DOE,” another industry official said.

Moving Quickly

The agency has moved quickly to reshape the Oak Ridge protective force procurement after the Y-12 and Pantex work was eliminated, and it released a draft of the performance work statement for the contract late last month. What remains of the contract is work to guard Oak Ridge National Laboratory, the East Tennessee Technology Park and the Office of Science Federal Building Complex. In the draft performance work statement, DOE said it was seeking an “effective and efficient” protective force system that is “robust, resilient, adaptive, and consistent with the changing mission needs of the protected facilities.” It added: “An effective system also must provide a coordinated risk-based approach to providing protection of multiple facilities at multiple sites with operations ranging from open collaborative science research to protection of [special nuclear material] and classified matter. An efficient system operates at reasonable cost and imposes minimal burdens on the organizations carrying out primary missions at the facilities. Therefore, the objectives of this contract is to improve performance in the execution of PF security services at DOE-OR facilities and increase the effectiveness and efficiency of PF operations.”

In questions and answers released this week, the majority of queries from potential bidders focused on the use of Oak Ridge’s Central Training Facility, which will be managed separately from the Oak Ridge protective force contract by the Y-12/Pantex management and operating contractor. DOE clarified that non-Y-12 Oak Ridge guards will train at the facility, but the Oak Ridge security contractor will still have to come up with its own training program.

—*Todd Jacobson*

CONVERDYN NOTIFIES CUSTOMERS OF HALT TO URANIUM CONVERSION SERVICES

Honeywell Plant Shutdown Leads to Questions on DOE’s Focus On Domestic Supply of LEU

The United States has lost its only commercial uranium conversion facility for at least a year following the shutdown of the Metropolis Works Plant, leading to questions for the Department of Energy given its recent emphasis on the importance of a domestic supply of enriched uranium. The Metropolis plant in Illinois was first shut down in early June for planned annual maintenance. However, the Nuclear Regulatory Commission brought up a number of issues at the plant this summer that arose as a result of its post-Fukushima review, and in July Honeywell agreed with the NRC to extend the shut down of the facility until

necessary upgrades have been put in place. Those upgrades could take about 12-to-15 months and include hardening buildings and equipment to withstand strong earthquakes and tornadoes, according to Peter Dalpe, a spokesman for plant operator Honeywell.

Uranium conversion company ConverDyn, a partnership between Honeywell and General Atomics, recently notified customers that it will not be able to fulfill its contracts. That follows a formal notification of force majeure from Honeywell last month, a contract clause that frees it from liability due to circumstances beyond its control. Dalpe did not comment on the long-term financial impacts of the shutdown, but said it was not expected to affect Honeywell’s earnings guidance for the year. In an enforcement conference with Honeywell Metropolis Works and the NRC last week, Honeywell said it is “dedicating significant resources” to the issues identified by the NRC and is taking prompt action on the matter. It also emphasized that it needs regulatory certainty, especially with regards to clarity related to the required post-Fukushima enhancements. Outside observers say that the Metropolis plant could be shut down permanently if the upgrades required by the NRC prove to be too costly to justify a restart.

Because the Metropolis plant is the only U.S. facility that converts mined uranium oxide into uranium hexafluoride that can be used in enrichment plants, it plays a large role in maintaining a domestic supply of enriched uranium. The Department is currently supporting a research, development and deployment cost-share program for USEC’s American Centrifuge enrichment plant, largely justifying the funding on national security concerns. Those concerns are based on the need for a supply of domestic enriched uranium that can be used for tritium production, given that the Obama Administration has said that a number of international agreements limit the use of uranium enriched using foreign technology for weapons production. However, a number of critics of federal support for USEC have challenged that interpretation, and it is unclear if those same agreements would govern uranium conversion technology.

Critics Accuse DOE of Selective Support

In response to questions about the issues at ConverDyn, a DOE spokeswoman did not detail any specific plans to support the facility. “Ensuring that there is the domestic infrastructure to support civil nuclear reactor operations in the U.S. and abroad remains a priority for the Department,” DOE spokeswoman Jen Stutsman said in a written response. “The Department of Energy supports efforts to advance a safe, secure and competitive nuclear fuel-cycle, and we are confident that the NRC and US industry are

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Portsmouth-Paducah Project Office, U.S.
DOE-EM

Robert Raines, Associate Administrator for
Acquisition and Project Management,
National Nuclear Security Administration

John Owsley, Director, Division of DOE
Oversight, Tennessee Department of
Environment and Conservation

Shelly Wilson, South Carolina Department
of Health & Environmental Control

Carol Johnson, President, Washington
Closure Hanford

Mike Johnson, President, Washington
River Protection Solutions

Steve Jones, President, Oak Ridge Atomic
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Doug Clapp, Majority Clerk, Energy &
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Mark Lesinski, Chief Operating Officer, Nuclear
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Nuclear Material, Environmental Management, U.S. DOE

Jack Surash, Deputy Assistant Secretary for Acquisition &
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Terry Tyborowski, Deputy Assistant Secretary for Program
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Alice Williams, Associate Principal Deputy Assistant Secretary,
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Paul Bosco, Director, Office of Acquisition and Project
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Rod Baltzer, President, Waste Control Specialists

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Mark Fallon, President, Nuclear Group, CH2M Hill

Greg Meyer, Senior Vice President, Fluor Government Group

Michael Graham, Mgr., U.S. Environmental, Bechtel National

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— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

- 2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**
- REFRESHMENTS AT REGISTRATION**
- 6:00 **COCKTAIL RECEPTION**
- 7:00 **OPENING DINNER**

Tuesday, October 16

- 7:00 **CONTINENTAL BREAKFAST**
- 8:00 **WELCOME REMARKS**
- Edward L. Helminski**, President
ExchangeMonitor Publications & Forums

- 8:05 **OPENING KEYNOTE ADDRESS**
- MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

**DNFSB, DOE and the Contractors:
Roles, Responsibilities and the Road
Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety Board

OPEN DISCUSSION

- 9:00 **Safety Challenges and Opportunities for
the Future Workforce**
- (National Labor Speaker TBD)*

OPEN DISCUSSION

- 9:50 **A New Disposal Option for the DOE
Cleanup Complex: WCS**
- Rod Baltzer**, President
Waste Control Specialists

OPEN DISCUSSION

- 10:20 **COFFEE BREAK**

- 10:40 **Charting a Path for Cleanup Amidst
Future Budget Constraints**
- Terry Tyborowski**, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

- 11:15 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**,
Editor-in-Chief and Vice President,
EM Publications & Forums

George Dudich, President
B&W Technical Services Group

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager
U.S. Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

David Pethick, General Manager
Global Management and Operations
Services, URS

Greg Meyer, Senior Vice President
Fluor Government Group

OPEN DISCUSSION

- 12:15 **LUNCH**

- 1:15 **State Regulators: Priorities for Future
Cleanup**

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson
South Carolina Department of Health and
Environmental Control

(Additional Speakers TBD)

OPEN DISCUSSION

- 2:15 **Union Concerns Across the DOE
Complex**

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

- 3:15 **COFFEE BREAK**

- 3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Safety Culture Lead
Hanford Waste Treatment Plant

(Additional Speakers TBD)

OPEN DISCUSSION

- 4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

John Lehew, President
CH2M Hill Plateau Remediation Co.

Carol Johnson, President
Washington Closure Hanford

Leo Sain, President
URS-CH2M Oak Ridge, LLC

Robert Nichols, Deputy Project
Manager, Fluor-B&W Portsmouth

OPEN DISCUSSION

- 5:45 **ADJOURN**

- 6:00 **COCKTAIL RECEPTION**

Wednesday, October 17

- 7:00 **CONTINENTAL BREAKFAST**

- 8:00 **The Path for Forward for Nuclear
Cleanup in the UK**

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

OPEN DISCUSSION

- 8:30 **Managing Risk in the DOE Complex:
What Changes in Risk-Sharing Will
Mean for DOE and its Contractors**

Paul Bosco, Director
Office of Acquisition and Project
Management, U.S. DOE

Robert Raines, Associate Administrator
for Acquisition and Project Management,
National Nuclear Security Administration

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

Ron Slotke, Vice President and CFO
CH2M Hill Nuclear Group

Carl Strock, Manager
Functions, Bechtel National

Frank Sheppard, Business Manager
Parsons-Salt Waste Processing Facility

OPEN DISCUSSION

- 9:45 **EM Technology Development Priorities**
- (DOE Speaker TBD)*

— *Raising the Bar on Project Performance to Address Long-Term Challenges* —

| | | |
|---|---|--|
| OPEN DISCUSSION | 7:00 SPECIAL EVENING SESSION | OPEN DISCUSSION |
| 10:15 COFFEE BREAK | MODERATOR: Edward L. Helminski , President, EM Publications & Forums | 9:30 Lessons Learned from Portsmouth, Paducah Cleanup |
| 10:35 Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION | Dave Huizenga , Senior Advisor Environmental Management, U.S. Department of Energy | William Murphie , Manager Portsmouth-Paducah Project Office, U.S. DOE-EM |
| MODERATOR: Martin Schneider , Editor-in-Chief and Vice President, EM Publications & Forums | OPEN DISCUSSION | <i>(Additional Speakers TBD)</i> |
| John Robinson , Procurement Manager Washington River Protection Solutions | 8:00 COCKTAIL RECEPTION | 10:30 COFFEE BREAK |
| Sandra Fairchild , Business Manager Savannah River Remediation LLC | 8:30 DINNER | 10:45 Upcoming Procurement Opportunities and Acquisition Process Changes |
| Helena Tirone , Director Supply Chain Management Savannah River Nuclear Solutions | Thursday, October 18 | Jack Surash , Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM |
| Robert Nichols , Deputy Project Manager, Fluor-B&W Portsmouth | 7:00 CONTINENTAL BREAKFAST | OPEN DISCUSSION |
| <i>(Additional Speakers TBD)</i> | 8:00 Implementing EM's New Organization and Institutionalizing Changes for the Long-Term | 11:15 Congressional Staff: Perspectives on the Future of DOE Cleanup |
| OPEN DISCUSSION | Alice Williams , Associate Principal Deputy Assistant Secretary, U.S. DOE- EM | MODERATOR: Mike Nartker , Associate Editor, <i>Weapons Complex Monitor</i> |
| 11:50 Contracting and Procurement Lessons Learned: Analysis from WC Monitor | 8:30 ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects | Doug Clapp , Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate |
| MODERATOR: Martin Schneider , CEO ExchangeMonitor Publications & Forums | Ken Picha , acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM | Leonor Tomero , Minority Counsel Armed Services Strategic Forces Subcommittee, U.S. House of Representatives |
| OPEN DISCUSSION | Mike Johnson , President Washington River Protection Solutions | Taunja Berquam , Minority Staff Energy and Water Appropriations Subcommittee, U.S. House of Representatives |
| 12:15 BOX LUNCH | Dave Olson , President Savannah River Remediation, LLC | 12:00 FORUM ADJOURNS |
| 12:30 WORKSHOP | <i>(Additional Speakers TBD)</i> | |

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Registration opens at 3:00 p.m. Monday, Oct. 15 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary is at 8:00 a.m., Tuesday, Oct. 16 The Forum ends at noon, Thursday, Oct. 18.

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working cooperatively together to advance that goal.” This week several USEC critics questioned whether the potential loss of a domestic uranium conversion capacity would galvanize DOE in the same way USEC’s Ohio-based American Centrifuge Project has. “It certainly suggests that the emergencies are very selectively focused upon,” Nonproliferation Policy Education Center Executive Director Henry Sokolski told *NW&M Monitor*. “They are banking on nobody really trying to hold them to the fire on each case, but rather to take the case that is popular, which is the one in Ohio, and use that argument.”

USEC competitor URENCO Inc., which owns the URENCO USA enrichment facility in New Mexico, has taken issue with the government’s national security arguments. Earlier this year, URENCO President and CEO Kirk Schnobelen, whose company is owned by several European countries, suggested that if the government emphasizes the necessity of a domestic uranium enrichment capacity then other portions of the fuel cycle should be examined as well (*NW&M Monitor*, Vol. 16 No. 28). “The fact that you have an enrichment plant in the U.S. doesn’t mean you have uranium resources. It just means you have a piece in the nuclear fuel cycle chain,” Schnobelen said in a June discussion at the Center for Strategic and International Studies, bringing up the example of foreign-owned fuel fabrication plants, which make fuel used in tritium production.

Administration ‘Consistently Inconsistent’

Rep. Steve Pearce (R-N.M.), whose district includes the URENCO plant, has also been an outspoken opponent of government support for USEC’s technology, and this week, Pearce’s chief of staff, Todd Willens, told *NW&M Monitor* that the Administration has not been consistent in its uranium policy. “We are not familiar with all the details of the Illinois facility, and defer to others who are familiar with it to comment on the specifics,” Willens said. “What I do know is that this Administration has a problem looking beyond their noses when it comes to domestic uranium production and enrichment. They are consistently inconsistent and need to wake up to what the real national security issues are facing our nation’s long-term energy production.”

—*Kenneth Fletcher*

DEMOCRATS LAY OUT 2012 NUCLEAR SECURITY PLATFORM

The Democratic National Committee released its 2012 platform this week, and provisions involving nuclear weapons and nonproliferation policy not surprisingly

mirror the Obama Administration’s nuclear security agenda. The platform, which was adopted at this week’s Democratic National Convention, indicates Obama’s interest in working with Russia on a new arms control agreement with “responsible reductions” to the size of the each nation’s stockpile of nuclear weapons and delivery vehicles as well as push for the Senate ratification of the Comprehensive Test-Ban Treaty and a Fissile Material Cutoff Treaty. “President Obama and the Democratic Party are committed to preventing the further spread of nuclear weapons and to eventually ridding the planet of these catastrophic weapons,” the platform says. “This goal will not be achieved overnight. It will require patience, perseverance, and the steady accumulation of concrete actions. But real progress has already been made. ... The Obama administration has moved away from Cold War thinking by reducing the prominence of nuclear weapons in America’s national security strategy, and it has urged others to do the same. As long as these weapons exist, the United States will maintain a safe, secure, and effective arsenal to deter any adversary and guarantee the defense of our allies. But President Obama has taken important steps to decrease America’s nuclear arsenal and is committed to further responsible reductions.”

Platform Pits Obama vs. Romney on New START

The platform notes that Republican Presidential candidate Mitt Romney opposed the New START Treaty “despite bipartisan consensus among former National Security Advisors, Secretaries of Defense, and Secretaries of State that New START makes America safer. Moving forward, the President will work with Russia to achieve additional reductions in stockpiles and nuclear delivery vehicles, including tactical and non-deployed nuclear weapons. We will also work to ratify the Comprehensive Test Ban Treaty and seek a new Fissile Material Cut-off Treaty that prohibits the production of fissile materials intended for use in nuclear weapons.”

The platform emphasized another pillar of Obama’s nuclear security agenda: securing loose nuclear material. Obama has pledged to secure vulnerable nuclear material around the world by 2013, which is a goal that has been criticized by some as too ambiguous but experts largely agree that Obama has helped accelerate efforts to lock down nuclear material around the world. That has come in part through two global nuclear security summits that he helped initiate. “This is an important goal because the prospect that al-Qaeda or another terrorist organization might acquire a nuclear device represents an immediate and extreme threat to global security,” the platform states. “At the same time, the United States will continue to work with international partners to break up black markets,

detect and intercept nuclear materials in transit, and use financial tools to disrupt this dangerous trade.”

The platform also recommits the Administration to strengthening the Nuclear Nonproliferation Treaty. “As we work to uphold our obligations under the treaty by reducing stockpiles and recognizing the rights of all rule-abiding states to peaceful nuclear energy, we will insist that countries without nuclear weapons comply with their obligations not to develop them, and we will ensure that violators face real consequences,” the platform states.

—*Todd Jacobson*

DNFSB AGAIN PUSHES FOR OVERHAUL OF DOE WORK PLANNING PROCESSES

Following numerous incidents in recent years at Department of Energy sites linked to work planning and control issues, the Defense Nuclear Facilities Safety Board is calling on DOE and the National Nuclear Security Administration to improve those processes. In a report released late last week, the DNFSB details eight accidents at DOE sites since 2006 where work planning deficiencies were a prominent factor, as well as 15 reviews done by Board staff since June 2008 identifying deficiencies in work planning. After numerous recommendations over more than 15 years questioning those processes, the Board once again urged DOE to focus on that area. “DOE’s approach to addressing weaknesses in work planning and control was ineffective and relied primarily on ownership and action on the part of the local site offices to address the problems identified without continued direction, guidance, and involvement from headquarters,” according to the Aug. 30 DNFSB report.

The Department’s official work planning procedures are designed to follow Integrated Safety Management (ISM) systems, an approach adopted by DOE in 1996 following an initial DNFSB recommendation. The system’s purpose “is for DOE and its contractors to integrate safety systematically into management and work practices at all levels,” according to the report. But after a number of safety management issues in the following years, the Board recommended in 2004 that DOE and NNSA “revitalize the implementation” of the system, according to last week’s report. However, efforts to improve work planning and control since that recommendation “have not been effective in the long term in improving the implementation of ISM at the activity level,” the report states. “A renewed focus and emphasis in this crucial area would be a great improvement.” It adds that many of the issues that existed prior to the 2004 recommendation still exist.

Application of Work Control Principles Not Effective

ISM is based on five core functions and seven guiding principles, and while those seem to be understood at DOE facilities, the application of those principles is not always successful, according to the Board. “In particular, the implementation of ISM at the activity level is frequently incomplete. As a result, hazards are not properly identified and documented during work planning or controlled while work is being executed,” the report states. “Work packages and documents used to direct the execution of work at the activity level lack integration.” The Board reviewed DOE accident investigations, notices of violation, and occurrence reports that show a need for improvement. “Reviews of activity-level work planning and control across the DOE complex conducted by the Board’s staff have indicated a consistent set of weaknesses shared by nearly all contractors attempting to implement ISM at the activity level,” according to the report.

Little Improvement Noted Since 2003 Incident

The Board assessed the effectiveness of DOE’s actions so far by comparing incidents that occurred before and after DOE’s 2004 effort to revitalize its work control and planning implementation. For example, that includes a large fire that occurred in May 2003 in a highly contaminated glovebox at Rocky Flats. The contractor used a standard work package that “failed to take into account the unique configuration of this glovebox,” according to the report. It then goes on to detail a number of incidents since 2004 that were partially the result from weaknesses in work planning. That includes a 2010 puncture wound at the Savannah River Site that occurred during transuranic waste remediation work, which resulted from “a weak hazard analysis process and the failure to work within specified controls.” Additionally, the 2010 contamination spread at the Separations Process Research Unit site was partially the result from a failure to “fully understand, characterize, and control radiological hazards.” And a worker fall at Hanford from an open bridge crane hatch in 2009 was the result of “a weak hazard analysis process and the failure to work within specified controls.”

Steps Taken So Far Not Enough

The Department and contractors have undertaken several initiatives to make improvements in those areas, but the Board remains skeptical on the long-term effectiveness of those steps. “All of DOE’s efforts to improve work planning and control have resulted in multiple sets of guidance issued via memorandum outside of the DOE directives system. This situation is a main factor contributing to the deficiencies identified in this report,” it states. In one such move toward improvement, in April 2010, the

Office of Environmental Management issued work planning and control program guidelines. "However, recent reviews by the Board's staff have revealed that not all site offices have provided the guidelines to their contractors or required their contractors to implement them completely," according to the report.

Additionally, in May 2012 a working group from the Energy Facility Contractors Group (EFCOG) developed a plan for a work planning and control guideline document. While calling it "a move in the right direction," the report adds that "unless requirements and guidance are incorporated into DOE's directives system, however, this effort will likely have no lasting effect," the report states, noting that guidance developed by the NNSA and DOE after the 2004 recommendation did not eliminate the issue.

Board Calls For Development of Directives System

The Board called for a renewed focus on work planning and control, and as a first step suggested the development of requirements and guidance in the DOE directives system that would govern the "necessary elements of a strongly functioning work planning and control program," which would incorporate lessons learned over the years. It adds that a formal set of criteria review and approach documents should be developed, along with plans for routine assessments. "Moreover, the most robust approach would be to leverage subject matter experts in work planning and control and supporting disciplines assigned to DOE site and field offices in addition to the work already being done in this area by DOE's facility representatives," the report states. The Board requested a report and briefing by DOE within 60 days "that details the actions taken and planned by DOE to address the lack of comprehensive requirements and guidance," and a follow up briefing after one year.

The Department plans to continue working to improve its work planning and control processes, according to DOE spokeswoman Niketa Kumar. "The Department is committed to integrating safety into management and work practices at all levels, including across its contractor functions and activities. We are committed to encouraging a questioning work environment and making sure that executing the mission safely is not just a policy statement, but a value shared by all," Kumar said in a written response late this week. "The Department appreciates the DNFSB's recommendations and is closely reviewing the report to identify and implement improvements in our integrated safety management approach across all levels of work planning and control processes."

—*Kenneth Fletcher*

ACTIVISTS CALL FOR NRC PROLIF. REVIEW BEFORE LASER ENRICHMENT LICENSING

A group of 19 individuals and organizations are calling on the Nuclear Regulatory Commission to undertake a formal nuclear proliferation assessment on GE-Hitachi's proposed Global Laser Enrichment plant in North Carolina before granting it an operating license. The NRC is in the final stages of licensing the plant, and is expected to make a decision later this month. However, in a letter sent this week to NRC Chairman Allison Macfarlane, the activists said that the NRC should conduct a review of the technology in light of proliferation concerns expressed by some groups. "It is a widely shared view that laser enrichment could be an undetectable stepping-stone to a clandestine nuclear weapons program," Catherine Thomasson, executive director of Physicians for Social Responsibility, said in a statement. "To strengthen U.S. policy and protect the U.S. and the world from nuclear proliferation, the NRC should systematically and thoroughly assess the proliferation risks of any new uranium enrichment technology before issuing a license allowing their development."

The proliferation potential of the separation of isotopes by laser excitation (SILEX) technology proposed by GE-Hitachi has been a topic of Capitol Hill briefings and think tank discussions in recent months. While proponents say that laser enrichment will provide for more efficient, less expensive uranium enrichment for reactor fuel, critics emphasize that it is also well suited for highly enriched uranium production for nuclear weapons. The letter sent this week expresses "grave concern that licensing technology for laser enrichment of uranium poses a serious threat to our security." It adds, "We request an adequate Nuclear Proliferation Assessment before a licensing decision is made by the Nuclear Regulatory Commission on the newly developed laser technology for enrichment of uranium." The letter was signed by individuals and representatives from 19 groups including the Arms Control Association, the Federation of American Scientists, the Natural Resources Defense Council, the Physicians for Social Responsibility, the Alliance for Nuclear Accountability and Frank von Hippel from Princeton University.

Previous Efforts by Groups 'Rebuffed' by NRC

Many of the same groups have signed on to previous letters to the NRC requesting proliferation assessment, but those efforts have all been "rebuffed," notes a release by the groups. The NRC has also stated that the National Environmental Policy Act does not require a proliferation assessment, according to the release. The groups suggest that the Agency could be setting a dangerous precedent by allowing new technology to be approved without an

adequate proliferation review. “The pursuit of sound, consistent and effective U.S. nonproliferation policies is an important role of the Commission. We believe that it is clear what action you must take on behalf of the entire U.S. Government in this matter,” the letter states. “Your requirement for the preparation of an adequate Nuclear Proliferation Assessment will not only strengthen U.S. nonproliferation policies but also garner widespread support for the Commission’s work in promoting ‘the Nation’s common defense and security.’”

—*Kenneth Fletcher*

DOE IG CALLS FOR ENERGY EFFICIENCY IMPROVEMENTS AT SITES

The Department of Energy and the National Nuclear Security Administration could improve energy efficiency initiatives at a number of sites and realize significant annual cost savings, according to a DOE Inspector General’s Office report released this week. The IG reviewed energy saving initiatives at five sites, and found that “if more aggressive energy conservation measures had been taken, the Department could have saved about \$6.6 million annually.” Of the five sites reviewed by the IG, Oak Ridge National Laboratory, Los Alamos National Laboratory and Brookhaven National Laboratory did not always identify or implement “low- and no-cost, quick payback energy conservation measures,” according to the report. Additionally, ORNL and the Y-12 National Security Complex had not fully evaluated buildings to see whether systems were operating as intended.

The results of the IG’s review are important because facility evaluations and monitoring of electricity metering are an opportunity to “identify low- and no cost, quick payback energy conservation projects that can generate continuous savings that may be applied to other facility improvements,” the report states. However, the measures identified at ORNL and LANL were not always implemented. Those include at ORNL modifications to supply and exhaust air fans and well as the installation of temperature redistribution fans. At Los Alamos, that would include the implementation of building system controls and maintenance and electronics usage. Meanwhile, Brookhaven’s evaluations did not identify any low-cost measures. “Instead, Brookhaven’s facility evaluations mostly identified capital-intensive energy conservation measures,” the report states.

Systems at Sites Not Implemented Properly

The report also noted several instances at ORNL and Y-12 where the sites had not made sure that systems in place were operating properly. At ORNL, that included the implementation as recommended of temperature setbacks for heating and cooling when the buildings were not occupied. Those could save the site \$227,000 annually with no upfront investment. At Y-12, facility evaluations had not completed required assessments on whether existing systems were operating as intended. Additionally, in a 2009 report the IG noted that facilities had not always used or maintained heating, ventilation and air conditioning equipment, a move that could lead to an estimated \$11.5 million annual savings in utility costs through setbacks.

Report Raises Issues With Electricity Metering

Some sites were found to have had issues with using data compiled from electricity metering to implement conservation measures. For example, Y-12 had not used data it had compiled on any projects, and the IG report also questioned the accuracy of that data. “Of the 47 buildings for which Y-12 had compiled data, at least 7 buildings were based on estimated usage, rather than actual usage, because meters were nonoperational, inaccessible or not installed,” the report states. “In, particular, Y-12 had compiled the same reading for a meter for nearly 5 years because it was behind a locked door and reportedly inaccessible.” At Los Alamos, metering data was used to illustrate energy consumption at each of the site’s five internal divisions. However, the data did not incentivize conservation by charging users based on consumption. On the other hand, ORNL had successfully used metering data to reduce its energy consumption.

There were a number of reasons given by DOE that contributed to the facility evaluation and electricity metering issues. “These included a lack of prioritization in implementing low- and no-cost, quick payback measures; insufficient resources to complete numerous required evaluations; billing practices that did not promote and encourage efficient energy use; and difficulties in revising accounting systems to support billing users based on energy consumption,” the IG report states.

The IG recommended a number of steps to be taken to improve energy efficiency measures, including evaluating “opportunities to more effectively utilize facility evaluations and electricity metering to decrease energy costs and

improve operations of facilities,” as well as prioritizing projects, streamlining performance and reporting of facility evaluations and implementing best practices for billing electricity usage. DOE and NNSA management agreed with the recommendations in separate responses accompa-

nying the report, and said they would be addressed in the Consolidated Energy Data Reports and Site Sustainability Plans due in March 2013.

—Kenneth Fletcher

At the Weapons Labs/DOE Sites

AT LIVERMORE . . . DNFSB RAISES CONCERNS ABOUT SAFETY CONTROL STRATEGIES

The Defense Nuclear Facilities Safety Board has identified “systemic deficiencies” in safety strategies developed for nuclear operations at Lawrence Livermore National Laboratory, the Board said in a recent letter to National Nuclear Security Administration chief Tom D’Agostino. DNFSB Chairman Peter Winokur outlined several areas of concern in an Aug. 30 letter to D’Agostino, including lingering issues with the safety basis at the lab’s Tritium Facility. The DNFSB has raised concerns about the safety basis at the facility for the last two years, and it said while improvements have been made, issues still remain with the performance criteria and surveillance test for the facility’s glovebox confinement system and controls to protect workers in the case of a fire rely too much on worker self protection. The Board said that the issues “collectively” indicate that the Livermore Site Office and laboratory are “applying insufficient rigor and conservatism in the development, review, and approval of safety control strategies.” It requested a report and briefing on NNSA’s “perspective and plans to improve” the safety control strategies in 60 days.

The laboratory defended its approach in a statement to *NW&M Monitor*. “The Laboratory welcomes input that can help improve safe and compliant operations of its nuclear facilities and looks forward to further discussions with the DNFSB in this regard,” lab spokeswoman Lynda Seaver said. “Nevertheless, while committed to continuous improvement, LLNL believes its current safety strategies and safe operations in both the tritium and plutonium facilities are robust.

AT LIVERMORE . . . GOLDSTEIN TO BE ACTING SCIENCE AND TECH. DEPUTY DIRECTOR

Bill Goldstein has taken over as Lawrence Livermore National Laboratory’s acting Deputy Director for Science and Technology, laboratory Director Parney Albright said in a statement last week. Goldstein replaces Tomas Diaz de la Rubia, who left the laboratory this summer. “Bill was selected for this position because of his proven scientific leadership abilities, his passion for developing and sustain-

Board Details Concerns

The Livermore Site Office in June approved a new safety basis for the Tritium Facility after more than two years of discussion with the Board, designating certain gloveboxes where tritium work is performed as “safety-significant engineered confinement boundaries.” But the Board said that leak rates attributed to the gloveboxes are not conservative enough, and it said the lab’s safety strategy relies too heavily on tritium room monitors to alert workers to a tritium release rather than implementing controls to prevent the release. “This safety strategy indicates a continued reluctance to adhere to DOE’s preferred hierarchy of controls, despite the opportunity to credit existing engineering features” like qualified process piping and fire detection and alarm systems.

The Board also said that the hazard analysis for a classified experiment at the lab’s Plutonium Facility was deficient, and it said the lab “mischaracterized” increased risk in operating the Plutonium Facility while its safety-class fire suppression system was down. The Board said in May that a safety-class nitrogen system to discharge water to protect air filters from excessive heat during a fire began leaking in May, making it inoperable. Livermore requested a deviation from the safety basis and continued operations at the facility with daily checks of the regular water supply. “The Board agrees that the overall risk of the deviation was low,” an attachment to Winokur’s letter said. “However, LLNL and LSO personnel developed and approved the temporary deviation without (1) justifying the need to continue normal operations while the credited fire suppression system was inoperable, and (2) identifying effective compensatory measures.”

ing science, technology and engineering excellence, and his ability to manage strategically to meet the critical national security missions of the Laboratory,” Albright said in a statement. “Bill is a respected and trusted scientist and manager among Laboratory employees and senior management, and with key government sponsors and academic and private industry collaborators.”

Goldstein most recently served as the lab's associate director of Physical and Life Sciences. He has spent 27 years at the lab, working in support of the National Nuclear Security Administration, the Department of Energy's Office of Science, the Department of Homeland Security and other federal agencies. He'll still remain as a "champion" of the lab's scientific and technical programs, Albright said, but will also help chart its strategic development in his new role. "I have asked him to lead and manage the portfolio of world-class S&T activities, taking

line responsibility for the ST&E institutional Roadmap portfolio, including the Laboratory Directed Research and Development Program, collaborative research with academia and private industry, and institutional planning activities," Albright said in a statement. Glenn Fox will temporarily replace Goldstein and will serve as the acting associate director of Physical and Life Sciences. A search for a permanent deputy director for Science and Technology will begin in the near future, the lab said.

AT OAK RIDGE ORNL MAKING PROGRESS TOWARD TITAN SUPERCOMPUTER

Oak Ridge National Laboratory, home of the Department of Energy's Leadership Computing Facility and a stable of top supercomputers, has taken the next step toward a 20-petaflops (or greater) machine that will be called Titan and possibly become the world's fastest computer in coming months. The new Cray machine, which has a hybrid architecture that is being rebuilt in the existing cabinets of its predecessor, Jaguar, will be boosted by the addition of Nvidia's next generation Kepler graphical processing units (GPUs) that will complement the AMD CPUs already installed in the 200-cabinet supercomputer. Jeff Nichols, ORNL's associate lab director for scientific computing, confirmed that the lab had received its initial delivery of Kepler GPUs and has installed them in a "development platform" that was made up of some of the Jaguar units and separated in order to test the new architecture. "We have received 32 Keplers and put them in our development platform," Nichols said. "Everything is going as [or better than] expected."

Nichols said ORNL is expected to begin receiving another 1,000 of the Kepler GPUs in the next few days. "We are really excited to get them in and begin increasing our science capabilities," he said. Titan, much like Jaguar, will be applied to the greatest scientific challenges, such as advanced models for global climate change, unanswered questions about fusion energy, and a better understanding of natural phenomena. It's still not clear when the Jaguar system will be configured with all the new processors and reach its maximum capability. Nichols wasn't too specific about installation, but said the target for making the newly revamped machine available to researchers is March 2013. "We will change the name [from Jaguar to Titan] once we have gotten through acceptance [most likely sometime between December 2012 and March 2013]," he said. DOE has approved the purchase and installation of 14,592 GPUs in Titan, Nichols said.

AT OAK RIDGE NEW SIRENS BEING INSTALLED AT Y-12

The Y-12 National Security Complex is in the process of updating its emergency warning systems, with the installation of new sirens. The first public test of the new sirens is scheduled for Sept. 26. According to B&W Y-12, the government's managing contractor at Y-12, an engineering study found that the number of siren locations could be reduced from 22 to 12 by installing the new mechanical

sirens—replacing those that have been in the place since the 1980s—and still provide the same coverage "with increased reliability and efficiency." A private company is currently removing the old sirens and will have the new sirens installed by Sept. 14, based on the current schedule. Additional work will be conducted before the public testing of the sirens.

AT SAVANNAH RIVER DOE FINALIZES THREE-YEAR EXTENSION FOR SRNS

The Department of Energy this week finalized a planned 38-month contract extension for Savannah River Nuclear Solutions, the managing contractor for the Savannah River Site. The extension will run from August 2013 to September 2016, and comes out of a total five-year option period available for SRNS. The extension brings the total value of the SRNS contract, which was awarded to the Fluor-led contractor in early 2008, to approximately \$8 billion, according to DOE. "By exercising the option to extend the

term of the contract, DOE and SRNS will continue uninterrupted management and operation activities defined in the contract," the Department said.

NW&M Monitor first reported early this year that the DOE Savannah River Operations Office had recommended to DOE headquarters that SRNS be given an extension of approximately three years. When asked in April why the full five-year extension was not planned, DOE Savannah

River Operations Office Manager Dave Moody said it would increase contractor accountability. "We always like to hold our contractors accountable, and that gives us the option to do that, so that I can turn the heat up a little bit," Moody said. Moody also said in April the 38 months

provided for the extension in the notice was "just a number," and declined to elaborate on why DOE chose that particular time period. "38 months is as good a number as any, and there is nothing magical to be read into that number," he said. ■

Wrap Up

IN THE NNSA

The National Nuclear Security Administration has extended the public comment period by 15 days for its Draft Surplus Plutonium Disposition Supplemental

Environmental Impact Statement and added a hearing. The original 60-day public comment period was extended by 15 days, and now runs through Oct. 10. An hearing was also added for Sept. 18 at Northern New Mexico College in Espanola. ■

Calendar

September

- 11 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Chattanooga Convention Center, 1150 Carter St., Chattanooga, Tenn., 5:30-8 p.m.
- 12 Hearing: "Department of Energy's Nuclear Weapons Complex: Challenges to Safety, Security and Taxpayer Stewardship," House Energy and Commerce Subcommittee on Oversight and Investigations, with Deputy Energy Secretary Daniel Poneman; National Nuclear Security Administration Administrator Thomas D'Agostino, DOE Chief Health, Safety and Security Officer Glenn Podonsky, DOE Inspector General Gregory Friedman, and a speaker from the Government Accountability Office, Room 2123 Rayburn House Office Building, Washington, 10 a.m.
- 13 Discussion: "U.S. Strategic Triad," with eight speakers, sponsored by the Reserve Officers Association and other organizations, part of the Congressional Breakfast Seminar Series, at the Reserve Officers Association, One Constitution Ave., NE, Washington, D.C., 8-11 a.m.

- 13 Hearing: "Y-12 Intrusion: Investigation, Response and Accountability," House Armed Services Strategic Forces Subcommittee, with Deputy Energy Secretary Daniel Poneman, NNSA Principal Deputy Administrator Neile Miller, Room 2118 Rayburn House Office Building, Washington, D.C., 2 p.m.
- 13 Public hearing: NNSA Draft Surplus Plutonium Disposition Supplemental Environmental Impact Statement, Calhoun Community College, Aerospace Building, 6250 Highway 31 North, Tanner, Ala, 5:30-8 p.m.
- 18 Discussion: "Making Sense of the Nuclear Posture," Christopher Ford, Hudson Institute, and Janne Nolan, George Washington University, BASIC Strategic Dialogues Series. Capitol Hill Club, 300 1st St., SE, Washington, D.C., 8-9:30 a.m.
- 19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, 755 E. Flamingo Rd., Las Vegas, Nev.
- 21 Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, 300 First St., SE, Washington, D.C., 8 a.m.

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NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
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— *INSIDE HIGHLIGHTS* —

DOE has not gone far enough in its response to the July security breach at the Y-12 National Security Complex, lawmakers from both sides of the aisle argued this week, with some suggesting at a pair of hearings that more accountability is needed within the top ranks of DOE and the NNSA. 2

Efforts by Republicans on the House Armed Services Committee to reform the NNSA came under fire from lawmakers on both sides of the aisle at a House Energy and Commerce Oversight and Investigations Subcommittee hearing this week. 4

Management issues at the Waste Solidification Building under construction at the Savannah River Site have resulted in a delay of nine months for completing the facility and an increase in total project cost of about \$39.5 million, according to a reprogramming request sent to Congress by the Obama Administration last week. . . . 5

Y-12 National Security Complex contractor B&W Y-12 believes it has made a “compelling case” to the NNSA that its contract should not be terminated as a result of the July 28 security breach at the site. 6

A recent review of the NNSA’s refurbishment plans for the B61 nuclear bomb by the JASON Defense Advisory Group reveals no technical show-stoppers while suggesting that the biggest risks to the project involve money. 8

House appropriators this week approved a Continuing Resolution that will fund the government for the first six months of FY 2013, and the stopgap measure includes exceptions that would boost funding for the NNSA and USEC’s American Centrifuge Plant project. 9

DOE late this week released an amended Request for Proposals for its scaled-down Oak Ridge protective force procurement, largely maintaining the structure of the RFP with two very big exceptions. 10

The White House this week formally nominated Rose Gottemoeller to serve as the Under Secretary of State for Arms Control and International Security, reaffirming her spot in a role that she has filled in an acting capacity since earlier this year. 10

Despite having spent \$105 million to complete security upgrades at several hundred medical facilities identified as high-risk, the National Nuclear Security Administration has failed to secure sealed sources and other radiological materials that could be used to create a dirty bomb at a majority of those sites, a Government Accountability Office report released this week concludes. 11

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LAWMAKERS GRAPPLE WITH Y-12 BREACH; RADICAL CHANGES FOR NNSA SUGGESTED

The Department of Energy has not gone far enough in its response to the July security breach at the Y-12 National Security Complex, lawmakers from both sides of the aisle argued this week, with some suggesting at a pair of hearings that more accountability is needed within the top ranks of DOE and the National Nuclear Security Administration. The impacts on the NNSA could be felt in both the short and long-term, with several lawmakers pushing—albeit indirectly—for the removal of key DOE and NNSA officials and House Armed Services Strategic Forces Subcommittee Chairman Michael Turner (R-Ohio) suggesting more drastic changes may be needed to the structure of the agency itself.

Two Congressional subcommittees held hearings about the July 28 Y-12 security breach, in which three peace activists penetrated the site’s highest level of security to reach the Highly Enriched Uranium Materials Facility. And both Republican and Democratic lawmakers strongly asserted that the response to the incident has been inadequate, using words like “appalling,” “outrageous” and “mind boggling” to describe the breach. “There is no margin for error for security at these facilities and it is outrageous to think that the greatest threat to the American public from weapons of mass destruction may be the incompetence of DOE security,” Turner said at a Sept. 13 House Armed Services Strategic Forces Subcommittee hearing.

Lawmakers Seek Accountability

At the House Energy and Commerce Oversight and Investigations Subcommittee hearing, Rep. Michael Burgess (R-Texas) suggested that federal officials haven’t taken appropriate responsibility for the breach, likening the incident to the inadvertent cross-country flight of nuclear warheads aboard an Air Force bomber in 2007 that led former Defense Secretary Robert Gates to remove the secretary and chief of staff of the Air Force. “Who in the

agency has taken responsibility?” Burgess asked to a witness panel that included Deputy Energy Secretary Dan Poneman and NNSA Administrator Tom D’Agostino. “Secretary Gates asked for the resignation of the secretary of the Air Force. Where is the accountability in this situation, which I would submit is no less serious than what occurred in Minot, N.D.” Poneman said six top contractor executives with site contractor B&W Y-12 and protective force contractor WSI-Oak Ridge had been removed, top security experts were brought into the site, a “show cause” notice threatening to terminate B&W Y-12’s contract was issued, and reviews by DOE’s Office of Health, Safety and Security as well as by NNSA were ongoing. NNSA nuclear security chief Doug Fremont and NNSA Production Office Deputy Manager Dan Hoag have also been temporarily reassigned while the agency reviews the incident. “The Secretary and I intend to send a clear message. Lapses in security will not be tolerated,” Poneman said. “We will leave no stone unturned to find out what went wrong and we will take the steps necessary to provide effective security at this site and across our enterprise.”

‘People Need to Lose Their Jobs’

Like Burgess, Turner said he ranked the security breach alongside the Air Force incident and the Air Force’s mis-shipment of nuclear weapons components to Taiwan in 2008. “As the Y-12 investigations proceed, I expect to see similarly strong action with regards to the July 28 incident and the leadership, management, and oversight failures that enabled it to occur,” he said during the hearing. Later, he told *NW&M Monitor* that “people need to lose their jobs and the culture needs to change,” adding: “There were people who knew that the security systems in place had failed: That cameras were not working, that sensors were giving false positives, that personnel were inadequately trained. Clearly they were not prepared. They weren’t prepared for a nun. Imagine if they had really been under attack.”

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He stopped short of calling for top NNSA and DOE leadership to resign, but said the subcommittee was still looking for answers and more accountability from NNSA and DOE. “The issue we have asked is how far up the chain was their knowledge that these failures were systemic and ongoing. And we want that answer quick,” Turner said, adding that the next question he would ask if top leaders didn’t know about the problems is, “Why didn’t they?”

D’Agostino: ‘We Have Work to Do’

D’Agostino asserted that the problems were fixable and more actions would be taken by the agency. “We have work to do. It’s inexcusable. It’s appalling. The language the committee has used here I would agree with,” he said. “We have to work aggressively. We’ve taken unprecedented steps to address this particular problem. It’s important to hold organizations accountable. It’s important to hold people accountable for this. And we are working through that particular process. In addition to the steps we’ve taken, we believe there are more steps to take, and we’re working very closely with Glenn Podonsky and the HSS organization to make sure we actually have that right.” Partially in response to criticism from lawmakers that DOE and NNSA hadn’t done enough to penalize contractors B&W Y-12 and WSI-Oak Ridge, Poneman also hinted that the contractors involved would have a tough time getting more work with the NNSA. “Past performance, including deficiencies and terminations, would be considered in the awarding of any future contracts,” he said.

Rep. Marcia Blackburn (R-Tenn.) was angered by reports that classified reviews had identified security problems at Y-12 that were not addressed, such as inoperable cameras and as many as 200 false alarms a day that appeared to desensitize the site’s guard force as the protesters cut through fences on their way to HEUMF. “It just seems incomprehensible that you could’ve said we have this report, we’re doing this review, we have these problems, the problems are not fixed ... to completion. How could you continue the contract if they are not completed,” Blackburn said, adding: “This is classic bureaucratic pass the buck.”

DOE: Problems Identified in 2008

Glenn Podonsky, DOE’s chief Health, Safety and Security officer, told the panel that a number of serious problems were identified during a 2008 review and identified to NNSA in 2009. Those problems were corrected, he said, but the problems resurfaced in 2010 and 2011. “Many of those findings, we believe if they were completely fixed and maintained, then perhaps the events that occurred in

July of 2012 would not have occurred,” Podonsky said. Poneman noted that the agency has made repairing security at Y-12 and across the weapons complex its highest priority. “We had specific shortcomings that were not adequately identified or addressed or if they were fixed the system was not fixed to the point that it was sustained,” Poneman said. “These are the things we’re trying to get our arms around right now.” When he said that the issues that led to the July security breach had been fixed, Blackburn interjected. “You fixed them after you were embarrassed and you fixed them two years too late,” she said.

Protesters Draw Praise, Criticism

Two of the protesters that were arrested drew praise and criticism while in attendance at both hearings: 82-year-old nun Meghan Rice and 57-year-old Michael Walli. Turner met briefly with Rice before his hearing, thanking her for bringing the security issues to light. A DOE IG report issued Aug. 31 described a series of miscues that allowed the protesters to reach HEUMF, including inoperable cameras and inadequate guard response, but Rice told *NW&M Monitor* after the hearing that she and her fellow peace activists were expecting to be apprehended when they began cutting through fences and they were surprised they reached HEUMF. “We didn’t know any of that,” Rice said of the security problems that contributed to their success. “We didn’t know what was there. .. I thought we wouldn’t get any farther than the first fence and it would be electrified. We agreed we would be happy if we got that far. But we got through.”

At a Sept. 12 House Energy and Commerce Oversight and Investigations Subcommittee hearing, Burgess (R-Texas) questioned why the protesters were allowed to attend the hearing, but Rep. Joe Barton (R-Texas) asked Rice to stand during the hearing and publicly thanked her. “While I don’t totally agree with your platform that you were espousing, I do thank you for bringing out the inadequacies in our security system,” Barton said, later adding: “That young lady there brought a Holy Bible. If she had been a terrorist, the Lord only knows what would have happened.”

Turner: NNSA ‘Fundamentally Broken’

Beyond leadership changes, Turner suggested that he wants to explore more radical efforts to reform NNSA, including changes that could involve removing the agency from under the umbrella of the Department of Energy or moving it to the Department of Defense. “I think next year we’re going to have to have a serious conversation about whether NNSA and DOE should remain responsible for some core functions of NNSA,” Turner told *NW&M*

Monitor. “They cannot and will not do the job. We have absolutely seen it. This is no longer my opinion. This is hard, cold fact. They can’t modernize our weapons. They can’t build and undertake new facilities. They can’t even budget. And they can’t even protect our nuclear weapons. I know of no other agency so absolutely critical to our national security that is so broken.”

The NNSA is currently the target of reform provisions authored by Turner in the Fiscal Year 2013 Defense Authorization Act (*see related story*), but he suggested to *NW&M Monitor* that those provisions might not go far enough. “Next year, this is going to give us the impetus to be much more proactive in our reforms,” he said. During the hearing, he noted that the NNSA was created by Congress in 1999 in response to security problems and mismanagement at DOE. “This Y-12 incident is just one more indicator that the creation of NNSA has not fixed the problems—12 years later and the entire nuclear weapons enterprise, from the budget process to facilities construction and now even basic security, is fundamentally broken,” he said.

Turner, Sanchez Suggest Problems Permeate Complex

Turner and Rep. Loretta Sanchez (D-Calif.), the ranking member of the House Armed Services Strategic Forces Subcommittee, also suggested in a Sept. 13 letter to President Obama that the security problems at Y-12 exist across the weapons complex. “We write to share our deep concerns that the security at DOE-NNSA facilities is inadequate and the facilities could be gravely at risk,” Turner and Sanchez wrote. The lawmakers said that “lapses at every level in terms of process, personnel, and accountability could have allowed a disaster. We believe these issues may not be limited to Y-12. We ask your personal attention to this matter. We further ask that you take decisive action to ensure that in the aftermath of this incident the highest standards for accountable leadership and tough oversight are put into place at the DOE-NNSA.”

After a brief public hearing Sept. 13, the House Armed Services Strategic Forces Subcommittee convened for a classified briefing with Poneman and NNSA Principal Deputy Administrator Neile Miller. While Turner did not disclose information that was talked about during the briefing, he said the private details did little to quell the anger among lawmakers. “I would say as a result of the classified briefing every member who was present was even more concerned and shaken as to the level of incompetence and insufficiency and security—on a bipartisan basis,” he told *NW&M Monitor*.

—Todd Jacobson

LAWMAKERS RAISE CONCERNS ABOUT EFFORTS TO ALTER OVERSIGHT OF NNSA

Efforts by Republicans on the House Armed Services Committee to reform the National Nuclear Security Administration came under fire from lawmakers on both sides of the aisle at a House Energy and Commerce Oversight and Investigations Subcommittee hearing this week. But Rep. Michael Turner (R-Ohio), who as the chairman of the House Armed Services Strategic Forces Subcommittee authored the provisions, said the July 28 security breach at the Y-12 National Security Complex makes the reform provisions even more important now. “The reforms that we have in our bill are essential and the problem is they didn’t go far enough,” he told *NW&M Monitor* after his subcommittee held a hearing on the issue Sept. 13. “We’ve got basically Barney Fife bureaucrats guarding our nuclear weapons systems and engaging themselves in meeting after meeting about theoretical and procedural issues. We need someone that can actually do the job. That’s what our reform bill is about, tearing through the bureaucracy and putting people in charge with full responsibility.”

Stoked by the Y-12 security breach, other House lawmakers said the incident reinforces the need for strong oversight across the weapons complex. In an effort to increase efficiency and productivity at the agency, language in the Fiscal Year 2013 Defense Authorization Act that would eliminate oversight of the NNSA by DOE’s Office of Health, Safety and Security, move the agency toward performance-based oversight, reduce the number of federal officials overseeing the weapons complex and strengthen the authority of the NNSA Administrator. “This effort to weaken oversight of nuclear facilities makes absolutely no sense,” said Rep. Henry Waxman (D-Calif.), the top Democrat on the full House Energy and Commerce Committee. He added: “We need multiple layers of strong oversight at our nuclear facilities. We can’t simply assume that NNSA and its contractors are making appropriate security and safety decisions.”

Rep. Diana DeGette (D-Colo.), the ranking member of the House Energy and Commerce Oversight and Investigations Subcommittee, said it was “absolutely necessary” to retain a strong oversight role of the weapons complex. “Strong, independent oversight ... forces NNSA to take better care of our nuclear facilities,” she said. “Without good oversight, serious issues won’t be identified and fixed and the results could be disastrous. I can’t think of any reason we would want to decrease the oversight of these facilities.”

Republicans Join Push Against Reform Provisions

The reform language has drawn concern from labor unions and opposition from the Administration, and Democrats fought the language on the House floor, offering amendments that would have washed out much of the efforts to alter oversight of the NNSA. “I remain deeply concerned about efforts that could weaken federal safety and security oversight, including controversial provisions on nuclear safety and security in the FY 2013 House National Defense Authorization bill,” said Rep. Loretta Sanchez, the ranking member on the House Armed Services Strategic Forces Subcommittee and one of the main opponents of the reform provisions. “This incident should inject urgency in the need to ensure that federal officials have direct access to the contractors in charge of security. It is also the latest indicator that overseeing how security is provided remains crucial to avoid another potentially more serious accident.” But Republicans on the House Energy and Commerce Committee joined Democrats last week in raising alarms about the reform provisions. “These contractors and their federal managers—spending billions of taxpayers dollars on dangerous nuclear projects—require rigorous oversight,” said Rep. Cliff Stearns (R-Fla.), the chairman of the subcommittee. He said that the Y-12 incident was a prime example of why more oversight was necessary. “When government vigilance is not sufficiently rigorous, problems obviously occur,” he said.

Stearns has promised to try to fight the provisions during conference negotiations on the bill, and he could find some allies in the Senate, which did not include similar provisions in its version of the bill. But Turner said efforts to roll back the reform efforts would be misguided. “I think the only people who would look at this incident and oppose our reforms are people who don’t know what is in our reforms. Our reforms strengthen this whole process, not weaken it. We believe the systems is broken, and this proves it.” In a comment directed at House Republicans now opposing the reforms, he added: “Perhaps those who question the reform now should have looked at them when they voted for them.”

Administration Reiterates Concerns

Earlier this year, the Administration issued a Statement of Administration Policy outlining its problems with the reform legislation, and Deputy Energy Secretary Dan Poneman emphasized at the hearing that the reform provisions could impact safety and security at the NNSA. “If the authority of the secretary is curtailed in that way, it could have an adverse effect,” he said. Mark Gaffigan, the managing director of the Government Accountability Office’s Natural Resources and Environment division, said the problems that the NNSA has had are not a result of

burdensome oversight. “In our view, the problems we continue to identify in the nuclear security enterprise are not caused by excessive oversight, but instead result from ineffective oversight,” Gaffigan said. DOE Inspector General Gregory Friedman said oversight improvements were necessary across the Department, but he said that the reform provisions went too far. “I would characterize it as the tail wagging the dog,” Friedman said. “Frankly, I think that it would be a mistake to dramatically lessen the quality of the oversight. An intelligent oversight is extremely important. So there are improvements that can occur, but I think the legislation you’re referring to goes too far.”

In its report on the security breach, DOE’s Inspector General suggested that Y-12’s contractor assurance system played a part in the circumstances that allowed the security breach to occur. “The successful intrusion at Y-12 raised serious questions about the overall security approach at the facility,” the IG said in its report, which was released Aug. 31. “It also suggested that current initiatives to reduce Federal oversight of the nuclear weapons complex, especially as they relate to security functions, need to be carefully considered.”

—Todd Jacobson

WASTE SOLIDIFICATION BUILDING ISSUES LEAD TO \$39.5M INCREASE, DELAYS

Management issues at the Waste Solidification Building under construction at the Savannah River Site have resulted in a delay of nine months for completing the facility and an increase in total project cost of about \$39.5 million, according to a reprogramming request sent to Congress by the Obama Administration last week. In the request to amend the Administration’s Fiscal Year 2012 appropriation, the National Nuclear Security Administration told Congressional appropriators and authorizers that a preliminary estimate for the total cost of the facility comes in at \$384 million, with a project completion date of June 2014. The project was previously put at \$344.5 million with a completion date of September 2013. NNSA asked for a reprogramming of \$32.2 million in FY12 to continue WSB activities. “Without the reprogramming, the project is projecting to exhaust the remaining [total estimated cost] funds in early FY 2013,” the request states. “This will further exacerbate the project cost and schedule requirements, leading to additional costs, additional financial claims submitted by the construction sub-contractor, and a significantly higher [total project cost] increase.” The NNSA did not respond to request for comment this week.

The new estimate comes after a June letter in which an NNSA contracting official raised serious concerns with management of the facility's construction by contractor Savannah River Nuclear Solutions (*NW&M Monitor*, Vol. 16 No. 27). In the letter sent to SRNS on June 12, NNSA accused the Fluor-led contractor of being "negligent" in its management of the project. The project is being managed by SRNS, with construction being performed under a subcontract with Baker Concrete Construction. "SRNS failed to address shortcomings in the design which resulted in inefficient execution of work and schedule delays. Your inefficiency and schedule delay is likely to lead to a substantial cost overrun for the project," the letter says. Additionally, concerns raised in the letter about SRNS's Earned Value Management System have led the Department of Energy's Office of Acquisition and Project Management to move up a planned three-year review of the system to some time later this year, instead of in 2013 (*NW&M Monitor*, Vol. 16 No. 36).

The NNSA has identified a total of three other sources within its nonproliferation account from which it could reprogram the necessary funding for WSB. That includes \$16.4 million for WSB marked as other project costs, \$13.8 million from the Pit Disassembly and Conversion Facility project now available because the project has been cancelled, and \$2 million remaining from the now-completed Elimination of Weapons Grade Plutonium Program.

Increase Due to Delays from Design Issues

The increase for FY12 was "associated primarily with schedule delays due to slower execution of construction activities," according to the reprogramming request. Those were a result in part because of an "inadequate and/or incomplete design" by SRNS, as well as difficult in procuring Nuclear Quality Assurance-1 components and low productivity factors. "The Management and Operating (M&O) contractor has assigned additional resources to assist the construction sub-contractor in the scheduling and execution of remaining activities," the report states. It adds that the NNSA is "applying available contract leverage to ensure accountability of the M&O contractor for the cost-effective execution of the project." In the June letter NNSA warned that the contractor could be directed to return \$12 million in fee, but neither SRNS or the Department has indicated whether that has occurred. Physical construction of the facility is now scheduled to be finished in calendar year 2013, which will be followed by start-up testing and preparation for operational readiness in FY14.

With regard to low productivity, an example given by the NNSA is the application of fire proof coatings on roof supports. "This work was estimated to be a 56 day task

however, it took over one year to complete due to repeated pump failures," the report states. "Because these applications are at the highest elevations in the facility, all subsequent commodity installations (fire suppression, piping, HVAC and electrical conduit) were delayed until the fire proof coating was verified to be correctly applied. Inexperience with applying the NQA-1 fire proof coatings directly contributed to longer installation times." The Administration's report states that the "major remaining risk" to WSB is "slower than planned construction progress."

Issues with procuring equipment and design changes have also been a major factor. "As the construction sub-contractor procured equipment to support installation over the three years of construction, equipment originally specified was no longer available and required equivalent or new models. The equivalent equipment required revisions to space, electrical or piping systems to accommodate it," the report states. It adds that furthermore, "the project has identified a significant number of discrepancies among design documents that required reconciliation and adjustment. Resolution of these issues resulted in higher engineering costs than estimated and schedule delays." In all, there have been 1,500 design changes to the project, and in its June letter NNSA said SRNS had been slow to respond to unresolved change notices. "SRNS has not demonstrated a timely and methodical approach to estimate the impact of the change notices," the letter states.

SRNS: Focus on WSB 'At the Highest Levels'

SRNS says that it has taken appropriate steps to complete the project in time to process waste from the Mixed Oxide Fuel Fabrication Facility also under construction at Savannah River, which is not scheduled to begin operations until at least 2016. "SRNS has assured DOE that the WSB building will be completed on a schedule which supports the need date of the Mixed Oxide Fuel Fabrication Facility contract schedule need time, and in accordance with quality assurance standards for nuclear facility applications," SRNS spokeswoman Barbara Smoak said in a written response. "SRNS has maintained a focus on WSB at the highest levels of the company and has worked closely with our subcontractors and NNSA to construct this one of a kind nuclear facility and to ensure successful completion of this project."

Baker Submits Request for Equitable Adjustment

The reprogramming request also notes the Baker Concrete has submitted a Request for Equitable Adjustment against SRNS for its liabilities in the delays. "The magnitude of this equitable adjustment is currently being evaluated to determine the final cost impact to the federal government,"

according to the report. In its June letter, the NNSA accused SRNS of profiting from its subcontractor's performance issues because Baker's schedule delays "obscured the effect" of late delays of specialty equipment for which SRNS had been responsible. "If you had taken adequate steps to ensure your subcontractor met its schedule requirements, SRNS would not have earned a significant amount of the WSB fee," the letter states. It adds, "By allowing Baker to continue to fall further behind, SRNS avoided being the 'direct' cause of the delay. As a result, the NNSA paid fee in spite of missed milestones."

—*Kenneth Fletcher*

B&W SAYS 'COMPELLING CASE' LAID OUT IN RESPONSE TO NNSA 'SHOW CAUSE'

Y-12 National Security Complex contractor B&W Y-12 believes it has made a "compelling case" to the National Nuclear Security Administration that its contract should not be terminated as a result of the July 28 security breach at the site. NNSA issued a "show cause" notice to B&W Y-12 in the wake of the incident, and the contractor delivered its response to the agency Sept. 10, but has cited sensitivities related to security in its decision to not publicly release the letter. Since the incident, B&W Y-12 noted that it had moved quickly to make changes at the site, revamping the plant's leadership, repairing security systems that contributed to the breach, and retraining site personnel. The NNSA also shifted management of protective force contractor WSI-Oak Ridge's contract under B&W after the incident. "The July 28 event brought to light gaps in our maintenance and security operations, and we are using it as a catalyst for a comprehensive and objective examination of all our operations," B&W Y-12 President and General Manager Chuck Spencer said in a statement. "As a result, a series of extent-of-condition reviews are ongoing throughout Y-12. Specific to our show cause response, we believe we have demonstrated a compelling case for NNSA to continue our contract."

The NNSA raised broad concerns about management at Y-12 in the "show cause," suggesting that the incident exposed problems with the "cultural mind set" at the site and raised questions about lax procedures at other areas of the plant. As a result of the incident, and those concerns, operations at the site were shut down for nearly two weeks. In its letter, the NNSA said that "contributing and direct causes of the Security Event include an inappropriate Y-12 cultural mind set, as well as a severe lapse of discipline and performance in meeting conduct of operations expectations." Contracting Officer Jill Albaugh added: "I am concerned that such issues may exist in other areas of Y-12

operations—and not just in the security program." As a result of the incident, Y-12 President and General Manager Darrel Kohlhorst as well as Deputy General Manager Bill Klemm abruptly retired, and B&W brought in Spencer to run the plant, describing him in its statement this week as a "change agent whose strengths include the institution of disciplined nuclear operations with rigorous conduct of operations and security." B&W also brought in Nuclear Fuel Services President Joe Henry this week to serve as B&W Y-12's chief operating officer, shifted retired Gen. Rodney Johnson from Pantex to Y-12 to head up safeguards and security at the site, and named Linda Bauer vice president of Facilities, Infrastructure and Services.

B&W Touts Prior Performance

B&W also said that it has "exceeded" the primary terms of its contract with NNSA over the past 12 years, noting that it had increased the plant's production, demolished more than 1.3 million square feet of out-of-use facilities and earned Star Status in DOE's Voluntary Protection Program. Before the security breach, B&W Y-12 consistently earned top ratings in annual evaluations from the NNSA, earning 92.3 percent of its at-risk fee (\$48.5 million out of \$52.5 million available) and an excellent rating for its performance in safeguards and security. Its contract expires at the end of the month, but with a competition for management of Y-12 and Pantex still ongoing, NNSA could exercise two three-month options to stretch the contract through March of next year. "B&W Y-12 has the commitment and capability to execute its contractual responsibilities and fulfill its mission at the highest level of performance," Spencer said in the statement. "We will continue our path forward for improvements, and will embed and make them long lasting at Y-12."

For Henry, a Return To Y-12

B&W's decision to install Henry as B&W Y-12's new COO represents a return to Y-12 for the senior executive. Before taking the helm at B&W subsidiary Nuclear Fuel Services, Henry served as B&W Y-12's chief of nuclear safety operations, where he managed the site's nuclear safety program and conduct of operations at the site. B&W Y-12 said that Henry will temporarily serve as B&W Y-12's COO for the next several months, a position that has been created to assist Spencer and improve operations at the plant. "Joe's expertise and working knowledge of Y-12 is an asset to us, and we are fortunate to have him assisting us at this time," Spencer said in a statement. "Ensuring safe, secure operations at Y-12 is imperative, and Joe brings a wealth of knowledge and experience to bear on our mission." Before joining the private sector, Henry helmed two nuclear submarines and commanded

Submarine Group Ten in Kings Bay, Ga., retiring from the Navy with the rank of Rear Admiral.

—Todd Jacobson

JASON STUDY OF B61 REFURBISHMENT GIVES POSITIVE REVIEW TO NNSA PLANS

A recent review of the National Nuclear Security Administration's refurbishment plans for the B61 nuclear bomb by the JASON Defense Advisory Group reveals no technical show-stoppers while suggesting that the biggest risks to the project involve money. "There are no radical new technologies being introduced into the NEP [nuclear explosive package] that cause JASON to have a significant technical concern about certification," the group wrote in an August working paper delivered to the NNSA, which was obtained by *NW&M Monitor*. "Most of the uncertainty regarding the ability to execute this LEP [life extension program] appears to derive from unpredictable funding and the attendant risk to the 2019 FPU [First Production Unit] schedule, rather than unsettled military requirements or new and unproven technologies." Funding, however, could prove to be a major issue for the program. Senate Energy and Water Appropriations Subcommittee chairwoman Dianne Feinstein (D-Calif.) revealed earlier this year that the estimated cost for the refurbishment effort has skyrocketed over the last year, reaching \$7.9 billion according to an NNSA estimate and \$10 billion according to a Pentagon assessment. In its Fiscal Year 2013 budget request, the NNSA said it was delaying the completion of a FPU on the bomb two years, until 2019.

The JASON review, however, raises some questions about exactly what is driving the cost increases. According to the review, the NNSA's favored option—known as option 3B—is "considerably reduced in scope" from a previously preferred option. The JASON group said the refurbishment approach would "enable a significant reduction in DoD maintenance by lengthening the limited life component exchange interval" and includes "modest enhancements" to the bomb's safety and security features. "The changes to the NEP projected in the 3B design are modest, prudent, and should enhance the maintainability of the refurbished B61 while providing relatively large performance margins of this system without putting at risk its already substantial safety and security capabilities," the JASONS wrote. The NNSA did not respond to a request for comment on the report.

Potential Production Bottleneck at Y-12 Raised

The group did raise concerns about a potential production issue at the Y-12 National Security Complex as work on

the B61 ramps up and work on the W76 refurbishment winds down. The NNSA isn't expected to finish refurbishing the W76 until 2021, several years after a FPU is completed on the B61. The JASONS said that uranium secondaries for the B61 would need to be remanufactured according to the results of aging and surveillance studies on the bomb, though it noted that using some existing secondaries "as is" had not been ruled out. "There could be a capacity issue at the production plant with completion of the W76-1 LEP that now is planned to overlap the start-up B61-12 LEP by a few years, but this appears to be manageable if current schedules are maintained and there are no unforeseen problems," the group wrote.

The group raised no red flags about the plans for the weapon's plutonium primary. Plutonium pits for the B61 are expected to be reused and given the same kind of "life-extending treatment" as pits on the W76 were given: meaning detonators will be replaced with a new, safer design and its main charge insensitive high explosive is being remanufactured. "In total, these changes are reasonable," the group said. "In conjunction with the new gas transfer system, the expected primary performance margin is large enough (relative to uncertainty in performance) to not raise concern about certification or longevity," the group said.

With the schedule for a FPU pushed back to 2019, the JASONS emphasized that it was important for NNSA to meet the new deadline "both for political reasons involving our NATO allies and in the light of the Pentagon's already strongly expressed displeasure at the inability to complete the W76 LEP as scheduled." The group urged the NNSA and its laboratories to develop a work program that prioritizes staying on schedule. "In implementing important and desirable, but not essential, elements in the 3B program, there should be a clear understanding of their cost and impact on the production schedule," the JASONS said. "These elements should be prioritized in the event that unanticipated program delays or cost overruns are encountered that could threaten meeting the FPU milestone."

JASONS Angry About ... Alliteration?

The group also rapped NNSA for its use of "R" words to describe life extension options—such as refurbishment, reuse and replacement—and said that "real LEPs never conform to some simplistic definition built around words starting with the letter R." The Administration has said that it will consider a spectrum of life extension options for warheads that could include refurbishment, reuse and replacement. Refurbishment is the simplest life extension approach, while replacement involves the manufacture of new portions of the weapon's nuclear explosive package

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM



October 15 - 18, 2012
Omni Amelia Island Plantation Resort
Amelia Island, Florida

Additional Speakers...

William Murphie, Manager,
Portsmouth-Paducah Project Office, U.S.
DOE-EM

Robert Raines, Associate Administrator for
Acquisition and Project Management,
National Nuclear Security Administration

John Owsley, Director, Division of DOE
Oversight, Tennessee Department of
Environment and Conservation

Shelly Wilson, South Carolina Department
of Health & Environmental Control

Tom Dieter, President, CH2M-WG Idaho

Bradley Smith, Deputy Project Manager,
Washington Closure Hanford

Mike Johnson, President, Washington
River Protection Solutions

Steve Jones, President, Oak Ridge Atomic
Trades and Labor Council

John Lehew, President, CH2M Hill
Plateau Remediation Co.

Dave Olson, President, Savannah River
Remediation

Herman Potter, President, United
Steelworkers Local 689, Piketon, Ohio

Leo Sain, President, URS-CH2M Oak Ridge

Helena Tirone, Director, Supply Chain
Mgmt., Savannah River Nuclear Solutions

Jim Key, Vice President, United
Steelworkers Local 550, Paducah, Ky.; Vice
President Atomic Energy Workers Council

Ron Slottke, Vice President/CFO, CH2M
Hill Nuclear Group

Sandra Fairchild, Business Manager,
Savannah River Remediation LLC

Robert Nichols, Deputy Project Manager,
Fluor-B&W Portsmouth

John Robinson, Procurement Manager,
Washington River Protection Solutions

Frank Sheppard, Business Manager,
Parsons-Salt Waste Processing Facility

Carl Strock, Manager of Functions,
Bechtel National

Ward Sproat, Safety Culture Lead,
Hanford Waste Treatment Plant

Taunja Berquam, Minority Staff, Energy
and Water Appropriations Subcommittee,
U.S. House of Representatives

Doug Clapp, Majority Clerk, Energy &
Water Development Appropriations
Subcommittee, U.S. Senate

Keynote Speakers...

Dr. Peter Winokur, Chairman
Defense Nuclear Facilities Safety Board

David G. Huizenga, Senior Advisor for Environmental
Management, U.S. Dept. of Energy

Mark Lesinski, Chief Operating Officer, Nuclear
Decommissioning Authority, United Kingdom

Also Featuring...

Matt Moury, Deputy Assistant Secretary for Safety, Security &
Quality, Environmental Management, U.S. DOE

Ken Picha, acting Deputy Assistant Secretary for Tank Waste &
Nuclear Material, Environmental Management, U.S. DOE

Jack Surash, Deputy Assistant Secretary for Acquisition &
Project Management, Environmental Management, U.S. DOE

Terry Tyborowski, Deputy Assistant Secretary for Program
Planning Budget, Environmental Management, U.S. DOE

Alice Williams, Associate Principal Deputy Assistant Secretary,
Environmental Management, U.S. DOE

Paul Bosco, Director, Office of Acquisition and Project
Management, U.S. DOE

Rod Baltzer, President, Waste Control Specialists

George Dudich, President, B&W Technical Services Group

Mark Fallon, President, Nuclear Group, CH2M Hill

Greg Meyer, Senior Vice President, Fluor Government Group

Michael Graham, Mgr., U.S. Environmental, Bechtel National

Tara Neider, President, AREVA Federal Services

Alan Parker, President-Government Group, EnergySolutions

David Pethick, Gen. Mgr., Global M&O Services, URS

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— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

REFRESHMENTS AT REGISTRATION

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

**DNFSB, DOE and the Contractors:
Roles, Responsibilities and the Road
Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety Board

OPEN DISCUSSION

8:45 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

9:15 **Speaker TBD**

OPEN DISCUSSION

10:00 **COFFEE BREAK**

10:20 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:45: **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**,
Editor-in-Chief and Vice President,
EM Publications & Forums

George Dudich, President
B&W Technical Services Group

Mark Fallon, President

Nuclear Group, CH2M Hill

Michael Graham, Manager
U.S. Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

Alan Parker, President-Government
Group, EnergySolutions

David Pethick, General Manager
Global Management and Operations
Services, URS

Greg Meyer, Senior Vice President
Fluor Government Group

OPEN DISCUSSION

12:00 **LUNCH**

1:00 **State Regulators: Priorities for Future
Cleanup**

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson
South Carolina Department of Health and
Environmental Control

(Additional Speakers TBD)

OPEN DISCUSSION

2:00 **Union Concerns Across the DOE
Complex**

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Safety Culture Lead
Hanford Waste Treatment Plant

(Additional Speakers TBD)

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

John Lehew, President
CH2M Hill Plateau Remediation Co.

Bradley Smith, Deputy Project Manager
Washington Closure Hanford

Leo Sain, President
URS-CH2M Oak Ridge, LLC

Tom Dieter, President, CH2M-WG
Idaho

Robert Nichols, Deputy Project
Manager, Fluor-B&W Portsmouth

OPEN DISCUSSION

5:45 **ADJOURN**

6:00 **COCKTAIL RECEPTION**

Wednesday, October 17

7:00 **CONTINENTAL BREAKFAST**

8:00 **The Path for Forward for Nuclear
Cleanup in the UK**

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

OPEN DISCUSSION

8:30 **Managing Risk in the DOE Complex:
What Changes in Risk-Sharing Will
Mean for DOE and its Contractors**

Paul Bosco, Director
Office of Acquisition and Project
Management, U.S. DOE

Robert Raines, Associate Administrator
for Acquisition and Project Management,
National Nuclear Security Administration

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

Ron Slotke, Vice President and CFO
CH2M Hill Nuclear Group

Carl Stroock, Manager
Functions, Bechtel National

Frank Sheppard, Business Manager
Parsons-Salt Waste Processing Facility

OPEN DISCUSSION

— *Raising the Bar on Project Performance to Address Long-Term Challenges* —

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|--|--|--|
| 9:45 Contracting and Procurement Lessons Learned: Analysis from <i>WC Monitor</i> Martin Schneider , CEO ExchangeMonitor Publications & Forums OPEN DISCUSSION | 7:00 SPECIAL EVENING SESSION MODERATOR: Edward L. Helminski , President, EM Publications & Forums Dave Huizenga , Senior Advisor Environmental Management, U.S. Department of Energy OPEN DISCUSSION | OPEN DISCUSSION |
| 10:15 COFFEE BREAK | | 9:30 Lessons Learned from Portsmouth, Paducah Cleanup William Murphie , Manager Portsmouth-Paducah Project Office, U.S. DOE-EM (Additional Speakers TBD) |
| 10:35 Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION MODERATOR: Martin Schneider , Editor-in-Chief and Vice President, EM Publications & Forums John Robinson , Procurement Manager Washington River Protection Solutions Sandra Fairchild , Business Manager Savannah River Remediation LLC Helena Tirone , Director Supply Chain Management Savannah River Nuclear Solutions (Additional Speakers TBD) OPEN DISCUSSION | 8:00 COCKTAIL RECEPTION 8:30 DINNER Thursday, October 18 <hr/> 7:00 CONTINENTAL BREAKFAST 8:00 Implementing EM's New Organization and Institutionalizing Changes for the Long-Term Alice Williams , Associate Principal Deputy Assistant Secretary, U.S. DOE-EM 8:30 ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects Ken Picha , acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM Mike Johnson , President Washington River Protection Solutions Dave Olson , President Savannah River Remediation, LLC (Additional Speakers TBD) | 10:30 COFFEE BREAK 10:45 Upcoming Procurement Opportunities and Acquisition Process Changes Jack Surash , Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM OPEN DISCUSSION |
| 11:50 EM Technology Development Priorities Alice Williams , Associate Principal Deputy Assistant Secretary, U.S. DOE-EM OPEN DISCUSSION | | 11:15 Congressional Staff: Perspectives on the Future of DOE Cleanup MODERATOR: Mike Nartker , Associate Editor, <i>Weapons Complex Monitor</i> Doug Clapp , Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate Taunja Berquam , Minority Staff Energy and Water Appropriations Subcommittee, U.S. House of Representatives |
| 12:15 BOX LUNCH | | 12:00 FORUM ADJOURNS |
| 12:30 WORKSHOP | | |

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and is the most extreme approach short of designing a new warhead.

It said that the use of those words has created confusion because the definitions have been modified over the last several years, and a new “R” word has been added, “re-fresh,” though the JASONs did not provide any insight into such a life extension approach. “This is not helpful and can lead to additional confusion among people trying to understand these complex projects,” the JASONs wrote. “We urge the NNSA community to drop the use of simplistic R-words overloaded with extra meaning to describe these programs with their complex sets of choices and priorities required to develop realistic and cost effective program plans.”

—Todd Jacobson

HOUSE PASSES SIX-MONTH CR WITH ANOMALIES FOR WEAPONS, USEC

Senate Set to Act on Measure Next Week

House appropriators this week approved a Continuing Resolution that will fund the government for the first six months of Fiscal Year 2013, and the stopgap measure includes exceptions that would boost funding for the National Nuclear Security Administration and USEC’s American Centrifuge Plant project. The House voted to pass the measure Sept. 13, funding most federal programs—including the bulk of the Department of Energy—at FY 2012 levels under the legislation. The Obama Administration pushed Congress to allow the NNSA’s weapons program to spend at the level of its FY 2013 request—approximately \$7.6 billion, \$344 million more than in FY 2012—while \$100 million would keep the ACP project afloat for the first half of FY 2013. The provisions are among very few anomalies in the mostly “clean” CR. The House will vote on the measure later this week, and then it will be sent to the Senate.

In its justification for the anomalies, OMB said that the spending increase for the weapons program would fund commitments made as part of the New START Treaty with Russia and in the Nuclear Posture Review to modernize the nation’s nuclear weapons complex and arsenal. If the NNSA were constrained to FY 2012 funding levels during the first half of FY 2013, several major programs tied to the agency’s modernization efforts would be impacted. In particular, the NNSA requested significant increases for the B61 life extension program as well as other warhead refurbishment work, and accelerated construction on the Uranium Processing Facility. Both House and Senate versions of FY 2013 spending bills matched the Administration’s \$7.6 billion request for the weapons program,

making the request for an anomaly less controversial, Congressional aides told *NW&M Monitor*.

‘It’s Something We Had to Do’

Senate Majority Leader Harry Reid (D-Nev.) said early in the week that the Senate would pass the stopgap funding measure as long as there weren’t any changes to the legislation. The Senate is expected to take up the measure next week. “I’m not really excited about the CR, but it’s something we had to do, and it’s good, it’s OK,” he told reporters. “... We’ll take it up as they’ve written it.” Senate Minority Leader Mitch McConnell (R-Ky.) said that Reid informed Senate Republicans that the CR would be the final piece of legislation taken up before the chamber recesses before the general elections. Reid “indicated to us that the Continuing Resolution would probably be the last item of this work period before we reconvene after the election for a very, very busy period with a lot of important things to be done,” McConnell told reporters.

Markey Rips USEC Exception

Rep. Ed Markey (D-Mass.), a frequent critic of the Administration’s support of USEC’s ACP project, questioned the support of USEC in the CR, especially in light of the company’s financial troubles. USEC’s stock has traded below \$1 for most of the last five months, and if that continues, the New York Stock Exchange has said that the stock will be delisted, which could trigger bankruptcy. Markey said the risk to the nation is “massive” that USEC could be delisted. “Will the Department actually provide these funds to USEC even if USEC continues to be at risk of being delisted from the Stock Exchange and defaulting on all of its debts?” Markey asked Deputy Energy Secretary Dan Poneman at a House Energy and Commerce Oversight and Investigations Subcommittee hearing Sept. 12.

Poneman defended the Administration’s support, emphasizing that the project is needed to provide a domestic source of enriched uranium to produce tritium for use in nuclear weapons. He called the research, demonstration and development program the Department is currently funding a “much more modest arrangement” than the loan guarantee the company had been pursuing,” and he noted that requirements were built into the agreement that would ensure the technology would remain a property of the United States whether or not USEC goes under. “The program that we have in place will reduce the technical risk and reduce the financial risk if it works out, and we have very strong safeguards to make sure that the U.S. taxpayer interest is well protected,” Poneman said. Markey, however, remained unconvinced. “I just think if we’re going to have a loan guarantee program and

Solyndra is going to be criticized, then we have to criticize the United States Enrichment Corporation as well, and we should find a way indigenously of doing it but not subsidizing companies that are going bankrupt. It's just wrong," he said.

—Todd Jacobson

DEPT. OF ENERGY RELEASES AMENDED OAK RIDGE PROTECTIVE FORCES RFP

The Department of Energy late this week released an amended Request for Proposals for its scaled-down Oak Ridge protective force procurement, largely maintaining the structure of the RFP with two very big exceptions. As was planned, protective force work at the Y-12 National Security Complex and the Pantex Plant was stripped out of what had once been expected to be a combined protective force contract after the July 28 security breach at Y-12. What remains is work to guard Oak Ridge National Laboratory, the East Tennessee Technology Park and the Office of Science Federal Building Complex. The Department of Energy, however, kept the evaluation criteria for the cost-plus-award-fee contract the same as it was in the combined contract, most significantly emphasizing technical approach and key personnel. Technical approach will represent 35 percent of the evaluation and key personnel will represent 30 percent, while corporate experience (15 percent), past performance (10 percent), transition plan (5 percent) and small business participation plan round out the evaluation criteria.

As it had in the previous procurement, DOE said the first six criteria were "significantly" more important than cost and price, but it said that cost and price will contribute substantially to the selection decision. "The Government is more concerned with obtaining a superior Technical Proposal (first six criteria) than making an award based on the lowest total probable cost; however, the Government will not make an award at a cost premium it considers disproportionate to the benefits associated with the evaluated superiority of one Offeror's Technical Proposal over another," the amended RFP said. Proposals are due Oct. 12, according to the RFP, and oral presentations are scheduled for the week of Oct. 22. The contract includes a three-year base term and two one-year options.

Can WSI Defend Its Turf?

Current incumbent contractor WSI will face an uphill battle to hold onto its contract, most industry officials believe. The high-profile security breach at Y-12 has led to the dismissal of top WSI leaders, threats of terminated contracts and suggestions at Congressional hearings this

week that WSI be barred from DOE work. "Haven't they done enough to preclude them from being hired? I mean, how many apologies have to be issued?" Rep. Jan Shkowsky (D-Ill.) said during a House Energy and Commerce Oversight and Investigations Subcommittee hearing this week. Deputy Energy Secretary Dan Poneman emphasized that the past performance of companies involved in the breach would be considered in future contract awards. "Any subsequent competition would be informed by the record of the contractors in their last term of service under contract," Poneman said. "So that would very much influence any decision and there would, therefore, be consequences."

WSI has not publicly said it would pursue the Oak Ridge contract, but industry officials have told *NW&M Monitor* that the company would. A handful of companies had already expressed interest in the combined protective force contract, including Los Alamos protective force contractor SOC. Also expressing interest were Secure Transportation support services contractor Innovative Technology Partnerships, Securigard, Inc., Paragon Systems, PAI Corp., Tetra Tech, Innovative Technology Partnerships, Netgain Corp., Triple Canopy Inc., and Golden Services, though not all the companies would be able to lead a team.

—Todd Jacobson

GOTTEMOELLER FORMALLY NOMINATED TO TOP ARMS CONTROL POST AT STATE

The White House this week formally nominated Rose Gottemoeller to serve as the Under Secretary of State for Arms Control and International Security, reaffirming her spot in a role that she has filled in an acting capacity since earlier this year. Gottemoeller replaced Ellen Tauscher as the State Department's top arms control official while remaining as the head of the Office of Verification and Compliance since Feb. 7, but a 210-day limit on acting appointments forced the Administration to nominate Gottemoeller now or face potential criticism from Senate lawmakers. With the November general elections looming, there is no chance that the Senate will confirm Gottemoeller's nomination before the end of the year, and the Administration would have to resubmit her nomination in January if Obama wins reelection. Gottemoeller was the chief negotiator on the New START Treaty and has spent the last year laying the groundwork for follow-on arms control negotiations with Russia as well as the Administration's push for Senate ratification of the Comprehensive Test-Ban Treaty.

—Todd Jacobson

RADIOACTIVE MATERIAL NOT SECURE AT MOST HOSPITALS, GAO WARNS

Despite having spent \$105 million to complete security upgrades at several hundred medical facilities identified as high-risk, the National Nuclear Security Administration has failed to secure sealed sources and other radiological materials that could be used to create a dirty bomb at a majority of those sites, a Government Accountability Office report released this week concludes. The GAO review examined a 2008 NNSA program begun to provide security upgrades for medical facilities using sealed sources with safety measures in the wake of the Sept. 11, 2001, terrorist attacks. However, more than a decade later, the GAO found numerous instances of failure to secure highly radioactive material at hospitals.

Some examples of poor security GAO observed included an irradiator, used for medical research and containing almost 2,000 curies of cesium-137, was stored on a wheeled pallet down the hall from, and accessible to, a loading dock at one facility. At a second facility, the combination to a locked door, which housed an irradiator containing 1,500 curies of cesium-137, was clearly written on the door frame; and at a third facility, an official told GAO that the number of people with unescorted access to the facility's radiological sources was estimated to be at least 500.

A major flaw with the program is that it is voluntary, according to the GAO. Of the 26 hospitals the GAO visited in performing its review, 14 facilities, including four in large urban areas, have declined to participate in NNSA's program. Combined, the report states, those 14 facilities have more than 41,000 curies of high-risk radiological material. "Medical facilities currently are not required to take any specific actions to make sure these materials are safe, and many have very sloppy practices, which is remarkable," GAO wrote. NNSA's efforts to regulate and secure the materials have resulted in completed security upgrades at only 321 of 1,503 medical facilities and hospitals it identified as high-risk because they store extensive amounts of radiological material. Additionally, the NNSA said it would not be able to complete upgrades until 2025.

NRC Rules on Sealed Source Licensees 'Too Broad'

The safety failure is at least partly due to Nuclear Regulatory Commission regulations issued in 2005 and 2007 that "are broadly written and do not prescribe specific measures that hospitals and medical facilities must take to secure medical equipment containing sealed sources," GAO wrote, which leads to hospitals applying inconsistent

measures to secure the materials. "The requirements provide a general framework for what constitutes adequate security practices, which is implemented in various ways at different hospitals," the report states, noting also that some NRC and Agreement State inspectors said the training NRC requires is not sufficient. In a Sept. 10 statement, NRC Senior Project Manager Adam Gaudreau outlined the agency's requirements for licensees that possess radioactive sources, which include background checks; personnel access controls to areas where radioactive materials are stored or used; security plans and procedures designed to detect, deter, assess and respond to unauthorized access attempts; coordination and response planning between licensees and local law enforcement agencies; and security barriers to discourage theft of portable devices with radioactive materials. Gaudreau said the NRC's requirements are "performance-based rather than prescriptive, meaning the rules set objectives to be met but do not specify precisely how to achieve them." That approach was chosen because "licensees using these materials are quite diverse," Gaudreau wrote, "from hospitals to small health clinics or doctor's offices, universities, large factories, and small businesses. There is no one-size-fits-all approach to securing these materials."

In March, just two days after GAO Director of Natural Resources Gene Aloise provided preliminary at a Senate Homeland Security subcommittee hearing, the NRC voted to approve publication of final regulations which would, the GAO report states, place security measures, fingerprinting, and background check requirements among other safety measures into NRC regulations and replace the existing security orders. "NRC is in the process of submitting these final regulations to the Office of Management and Budget for approval and publication, and they will be effective one year after publication in the Federal Register," GAO wrote in its report. Dave McIntyre, spokesman with the NRC, told *NW&M Monitor* this week, "We're always looking at ways to improve the requirements and the implementing guidance, but the bottom line is that we feel the current program is effective and appropriate." McIntyre added: "We believe the inspector training program is adequate, but we are always looking at ways to improve such programs," and the agency's new regulations will require training for licensee staff responsible for implementing safety requirements.

But even those new, more stringent rules do not go far enough, the GAO said in its report. "The final regulations would add some details to the requirements in the earlier security orders but do not provide a prescriptive framework that would direct hospitals and medical facilities on how to secure their high-risk sources," the report states. Though the NRC provides several options to licensees on how to secure their sources, "the pending regulations allow

licensees to choose any single option, regardless of the risk posted by the radiological source or the location of the licensee's facility," GAO wrote. In addition, "the security measures provided in the pending regulations are very similar to the measures provided in the prior implementation guidance."

Report Echoes Testimony GAO Head Gave in March

The report is the final version of testimony that Aloise presented at a Senate Homeland Security subcommittee hearing March 14. Aloise stressed then, and the GAO report echoes this week, that the NRC's controls over the

materials were "too broadly written and need to be tightened up" to give greater guidance and training to hospital staff on securing the material. "We need a culture change that, although we realize how important these facilities and this equipment is, it has to be secured, because ultimately, the licensee who holds these radiological sources is responsible for them," Aloise said. He added that NNSA should also expand its efforts to secure material at medical facilities. NNSA has identified approximately 1,500 upgrade candidate U.S. hospitals and medical facilities that, when combined, contain approximately 28 million curies of radioactive material in high-risk radiological sources.

—Sarah Anderson

At the Weapons Labs/DOE Sites

AT OAK RIDGE DNFSB RAISES DESIGN CONCERNS ABOUT UPF

The Defense Nuclear Facilities Safety Board wants the National Nuclear Security Administration to take a closer look at modeling assumptions underlying design of the Uranium Processing Facility. In a Sept. 6 letter to NNSA Administrator Tom D'Agostino, DNFSB Chairman Peter Winokur suggested that the NNSA hadn't "validated" some modeling assumptions that were used in the design of the facility. "These assumptions may conceal localized issues with the structural design such as the inability of the structure to support safety-related controls," Winokur wrote. "The ability of safety-related controls to function after a seismic event is necessary to maintain worker safety. The Board believes that justification of these assumptions is necessary to understand adequately the UPF structure's behavior in the event of an earthquake and ensure that the potential to damage safety-related controls is not overlooked or incorrectly represented." The Board requested a report on the NNSA's plans to address its concerns in 60 days.

The Board has largely approved of the overall structural design efforts on UPF, noting that it was adequate earlier this year. But the Board said the NNSA's current plans do not adequately explain the agency's technical approach or justify the modeling and design techniques utilized. Those assumptions include work on wall openings, wall element tie-ins, section cuts in the foundation, and simplified calculations used in the main structural analysis of the building. "At this stage in the design process, the project team should verify the adequacy of safety structures, systems and components, ensuring that each will maintain its integrity during design basis events and fulfill its safety function," the Board said. "In this case, all modeling assumptions ... should be technically justified before the final design is completed. Doing this now will also minimize any potential impact on the project should design changes be required if an existing assumption proves to be unjustified."

AT OAK RIDGE PEACE GROUP WANTS NNSA MOVED BACK INTO DOE

The Oak Ridge Environmental Peace Alliance, longtime critics of the Department of Energy, released a report calling for DOE to retake charge of the nuclear weapons program and do away with the National Nuclear Security Administration—which the group said has been a failed experiment that adds an unnecessary layer of management and expense. "In light of persistent management failures, documented by the General Accounting Office, the [Defense] Nuclear Facilities Safety Board, and Inspector General reports, the Oak Ridge Environmental Peace Alliance believes the NNSA should be abolished, and management of the nation's nuclear weapons complex

should revert to the Department of Energy," the report said.

There has been no value added by the NNSA, the group said, emphasizing the latest security breach as an example of what's wrong. "Aside from an occasional personnel shuffle and a rigorous effort to shift blame to contractors, NNSA's response to criticisms is consistently, 'We get it now, we're compiling lessons learned, we'll do better.'" The group added: "But the persistent and recurring evidence of management incompetence at NNSA should raise the existential questions: How does the government receive value added from the NNSA? Does the NNSA do more

harm than good? Is the management culture at NNSA fixable?"

Group: NNSA Needs Accountability

Ralph Hutchison, coordinator of the alliance, said the NNSA has become accountable to no one, especially the public. "In Oak Ridge, we have experienced the virtual elimination of public accountability; requests for information and briefings to supplement legal hearings receive not even the courtesy of denial," he said. "In public fora, simple questions of clarification are often met with a knee-jerk claim of 'classified,' even when the information being asked about is in a published DOE document. This consistent refusal to respond to simple requests for information has had the desired effect—the public, for the most part, has given up asking for information from NNSA."

Unlike other critics who want the NNSA removed from DOE, OREPA said making NNSA a stand-alone agency would be even worse and would "serve only to enthrone the fox as sole guardian of the henhouse." That, Hutchison said, would be a recipe for disaster. Others have suggested moving it to the Defense of Defense, but the Oak Ridge alliance said that's a dangerous precedent to go against the separation of the civilian and military nuclear programs, with a virtual loss of civilian control. "Fixing the management problems in the nuclear weapons enterprise should return to the Department of Energy," Hutchison said. "Removing an extraneous level of management should save money, permit clearer lines of accountability, while still providing for the safe and effective administration of the nation's nuclear weapons program."

AT OAK RIDGE BOARD CUTS AGENDA FOR OCT. 2 MEETING IN HALF

The Defense Nuclear Facilities Safety Board's plans for a field hearing on Y-12 operations have been greatly reduced, with the board now focusing solely on the Uranium Processing Facility—and issues that may extend its construction and technology development. The Board said this week that the Oct. 2 hearing scheduled for Knoxville, Tenn., will now have only one session, instead of two, and will not tackle the detailed operations of the plant's existing production facilities, such as the 9212 uranium complex. At least not now. The Board's statement in the *Federal Register* indicates that Y-12's nuclear operations and emergency preparedness would be the topic for a second hearing, to be scheduled later at an undisclosed location (likely Washington, D.C.) and date. The Knoxville hearing will be held from 1-5 p.m. at the Knoxville Convention Center.

The notice said the safety board will look at factors that could affect the timely execution and safety of the Uranium Processing Facility, a multi-billion-dollar production center now tapped for a construction start before year's end. "These factors include the Department of Energy project team's strategy for identifying and resolving safety issues in a timely manner; the potential safety impacts of DOE's decision to accelerate the acquisition of select processing capabilities and defer others to a later date; and the potential for weaknesses in technology development to impact safety," the notice said. The Board did not state its reason for reducing the Knoxville agenda, but it may be associated with the huge attention currently being paid to Y-12 operations in light of the July 28 security breach and the difficulty for Y-12 officials to adequately prepare for the board on two major topics. ■

Wrap Up

IN THE NNSA

The trial of three protesters that broke into the Y-12 National Security Complex July 28 has been pushed back until Feb. 26. The trial had been scheduled to begin Oct. 10 in a Knoxville federal court, but counsel for the three protesters asked for the delay in order to better prepare for the case. The three protesters are nun Meghan Rice, 82, Michael Walli, 63, and Greg Boertje-Obed, 57. The trio is facing up to 10 years in jail and fines of \$250,000 apiece for three charges involved with the break-in, including trespassing on a federal facility, willful and malicious destruction of property, and "degradation" against federal property.

IN DOE

Oak Ridge is celebrating its 70th birthday, and local officials are hoping it'll help sell the proposed creation of a multi-site Manhattan Project National Historical Park. Hanford and Los Alamos, the other sites for the planned national park, have already staged their events based on the Aug. 13 anniversary of the creation of the Manhattan District in 1942. Oak Ridge has chosen to celebrate Sept. 19—dating back to Sept. 19, 1942, when Commanding Gen. Leslie R. Groves signed the papers to acquire 90 square miles of East Tennessee for use in producing the first atomic bombs. "This is the official day that he actually signed the deal that says buy the property," Y-12 Historian Ray Smith said. A few days later—on Sept.

23-24—Groves came to East Tennessee to take a look at the countryside that would be converted in the project's first and most diverse production site, Smith said.

Energy Secretary Steven Chu will lead the United States delegation at the International Atomic Energy Agency's 56th General Conference in Vienna, Austria, for the fourth straight year beginning next week. According to DOE, Chu will host a series of bilateral meetings and will deliver a speech "outlining the U.S.'s priorities regarding the peaceful use of nuclear energy; strengthening nonproliferation and international safeguards; advancing disarmament; and securing nuclear material abroad." National Nuclear Security Administration chief Tom D'Agostino and DOE Assistant Secretary for Nuclear Energy Pete Lyons will accompany Chu at the meeting.

IN THE GAO

Ryan Coles, an Assistant Director in the Government Accountability Office's Natural Resources and Environment Division who has focused on the National Nuclear Security Administration and the Department of Energy, is leaving the agency to become the new Principal Deputy Assistant Inspector General for Audit with the Special Inspector General for Afghanistan Recon-

struction. He'll join Gene Aloise, who retired from GAO Aug. 31 to become the Deputy Inspector General at Sigar. Coles spent more than 14 years at GAO. His last day is Sept. 21.

ON THE INTERNATIONAL FRONT

The National Nuclear Security Administration will provide mobile and "man-portable" radiation detection equipment to the police force in the Czech Republic thanks to a Memorandum of Understanding signed late last week between Deputy Energy Secretary Dan Poneman and Czech First Deputy Minister of the Interior Jaroslav Hruška. The equipment will be provided by NNSA's Second Line of Defense Program, which will also train Czech police officers on how to use the equipment. "This Memorandum of Understanding solidifies the United States' and the Czech Republic's partnership and commitment to combating nuclear terrorism and contributes to our mutual security," Poneman said in a statement. "Our partnership with the Czech Republic enhances our capability to prevent trafficking of nuclear and other radiological materials through the deployment of advanced radiation detection technologies. This MOU signifies an important step forward in supporting President Obama's nuclear security agenda." ■

Calendar

September

18 Discussion: "Making Sense of the Nuclear Posture," Christopher Ford, Hudson Institute, and Janne Nolan, George Washington University, BASIC Strategic Dialogues Series. Capitol Hill Club, Washington, D.C., 8-9:30 a.m.

19 Meeting: Nevada Site-Specific Advisory Board, Frank H. Rogers Building, Las Vegas, Nev.

21 Speech: "Nukes, Missile Defense and U.S. Security," Jim Miller, Principal Deputy Under Secretary of Defense for Policy, part of the Congressional Breakfast Seminar Series, at the Capitol Hill Club, Washington, D.C., 8 a.m.

NUCLEAR WEAPONS & MATERIALS MONITOR

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MONITOR

NUCLEAR WEAPONS & MATERIALS

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Volume 16 No. 38

September 21, 2012

— *INSIDE HIGHLIGHTS* —

The NNSA has revamped its plans for extending the management and operating contracts at the Y-12 National Security Complex and Pantex Plant, replacing a pair of three-month options with six one-month options as it mulls the performance of current contractor B&W Y-12 and looks to wrap up its competition for a combined M&O contract. 2

The price tag and schedule for the Waste Solidification Building at the Savannah River Site has jumped for the second time in about a month and could go even higher as the project continues to recover from major management issues and design problems. 2

Y-12 National Security Complex protective force contractor WSI-Oak Ridge said this week that it found “no evidence of intentional wrongdoing” after it investigated allegations that a supervisor attempted to help guards cheat on exams and inspections, and a DOE spokesperson said the Department was not pursuing the matter. . . . 3

Congress is set to wrap up work by the end of this week on a must-pass stop-gap funding measure for the first half of Fiscal Year 2013. 5

The Tennessee Valley Authority could wait several more years before making a decision on whether to burn mixed oxide fuel in its reactors, prioritizing the resolution of safety issues uncovered at its Brown’s Ferry reactors in Alabama, TVA officials said last week. 6

The head of Air Force Global Strike Command suggested late last week that the United States should approach further reductions to its nuclear stockpile cautiously and should take into account the impact of potential reductions on the knowledge base that underpins the nation’s nuclear deterrent. . . 7

The Nuclear Regulatory Commission’s Atomic Safety and Licensing Board is supporting GE-Hitachi’s application for constructing and operating the Global Laser Enrichment plant in North Carolina, paving the way for a final decision from the NRC on the license in the coming weeks. 8

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NNSA ALTERS APPROACH FOR EXTENDING CURRENT Y-12, PANTEX CONTRACTS

With Site Contracts Expiring Sept. 30, Agency Shifts to One-Month Options in Wake of Security Breach

The National Nuclear Security Administration has revamped its plans for extending the management and operating contracts at the Y-12 National Security Complex and Pantex Plant, replacing a pair of three-month options with six one-month options as it mulls the performance of current contractor B&W Y-12 and looks to wrap up its competition for a combined M&O contract. With the M&O contracts at both sites set to expire at the end of September, the agency also said that it has exercised the first one-month option on the contracts, extending the deals of B&W-led teams at both sites through the end of October.

The decision to move to shorter and more frequent options gives the agency the flexibility to address continuing fallout from the July 28 security breach at Y-12, which drove the agency to threaten to terminate B&W Y-12's contract in an Aug. 10 "show cause" letter. The NNSA has not yet decided on B&W Y-12's fate. It also gives the agency the opportunity to move quickly to award the new combined contract. When the NNSA amended the Request for Proposals for the combined contract last month to add in protective force work, it advised bidders on the contract—teams led by B&W, Bechtel and Fluor—that it was aiming to award the contract by Nov. 2. The NNSA also truncated the planned transition period for the contract to four months, meaning a successful bidder could take over in early March according to the current schedule. "Our plan of record has been to award a six-month extension to both contracts to cover operations of these vital sites during contract transition. In order to increase flexibility and to preserve alternatives, we have revised the original two, three-month options to six, one-month options," NNSA spokesman Josh McConaha said. "We have recently exercised the first one-month option for each site."

McConaha did not directly address NNSA's Aug. 10 "show cause" notice that was issued to B&W Y-12, or B&W's subsequent "show cause" notice issued to its protective forces subcontractor, WSI-Oak Ridge. McConaha said the NNSA is still evaluating B&W Y-12's response and did not have a specific deadline for making a decision on the Y-12 contract. "We're reviewing their response and intend to take the time we need to ensure that our decision is based on all available evidence," he said. The NNSA spokesman indicated there is no specific deadline for reaching a conclusion on whether to keep the B&W contract in place. However, there's no obvious immediate management alternative if the government decided to kill the B&W contract at Y-12.

—Todd Jacobson and staff reports

PRICE TAG FOR WASTE SOLIDIFICATION BUILDING AT SRS INCREASES AGAIN

The price tag and schedule for the Waste Solidification Building at the Savannah River Site has jumped for the second time in about a month and could go even higher as the project continues to recover from major management issues and design problems, the National Nuclear Security Administration told Congress this week. In a briefing on Capitol Hill, the NNSA said that the facility is now expected to cost \$404 million and be completed in November of 2014, up from a \$384 million price tag and June 2014 targeted completion date provided to Congress last month. The cost is \$59.5 million more than the facility's \$344.5 million baseline that was established in 2008, and the schedule delay represents a 14-month slip. But the NNSA has not yet validated the cost estimate, and there is concern among Congressional staff that the price tag could rise even further. "It's like a moving target," one staffer told *NW&M Monitor*.

Late last month, the NNSA asked Congress for an additional \$32.2 million in Fiscal Year 2012 to help address the project's cost increases. NNSA spokesman Josh McConaha

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ha and SRNS spokeswoman Barbara Smoak declined to comment this week on the new cost increase. Smoak previously told *NW&M Monitor* that the WSB would be completed in time to support the MOX project. "SRNS has maintained a focus on WSB at the highest levels of the company and has worked closely with our subcontractors and NNSA to construct this one of a kind nuclear facility and to ensure successful completion of this project," she said.

SRNS Called 'Negligent' in Management of Project

The project's issues came to a head in June when the NNSA accused Fluor-led Savannah River Nuclear Solutions of being "negligent" in its management of the project by not addressing design problems that have driven current cost and schedule increases. The facility is intended to process waste streams from the Mixed Oxide Fuel Fabrication Facility being built at Savannah River. The \$4.86 billion MOX facility is expected to come online in 2016, but a new cost and schedule baseline being prepared is expected to push the price tag higher and delay the project beyond 2016. The delays to the WSB aren't expected to impact the MOX facility because of that project's delays, *NW&M Monitor* has learned.

The updated cost and schedule estimate isn't expected to impact a reprogramming request sent to Congress late last month. The NNSA has asked to total estimated cost] funds in early FY 2013 reprogram \$32.2 million in FY 2012 to continue WSB activities, arguing that the project would "exhaust the remaining[total estimated cost] funds in early FY 2013," which it said would "further exacerbate the project cost and schedule requirements, leading to additional costs, additional financial claims submitted by the construction sub-contractor, and a significantly higher [total project cost] increase." Congress, however, is not expected to stand in the way of the reprogramming request because doing so would harm the project, and potentially the entire NNSA plutonium disposition program. A Congressional aide said the new cost estimate would likely mean that FY 2013 and FY 2014 needs for the project would increase.

Cost Drivers Detailed

In the reprogramming request, the NNSA said the increase for FY 2012 was "associated primarily with schedule delays due to slower execution of construction activities." Those were driven in part by an "inadequate and/or incomplete design" by SRNS, as well as difficult in procuring Nuclear Quality Assurance-1 components and low productivity factors. "The Management and Operating (M&O) contractor has assigned additional resources to assist the construction sub-contractor in the scheduling and

execution of remaining activities," the report states. It adds that the NNSA is "applying available contract leverage to ensure accountability of the M&O contractor for the cost-effective execution of the project."

Issues with procuring equipment and design changes have also been a major factor. "As the construction sub-contractor procured equipment to support installation over the three years of construction, equipment originally specified was no longer available and required equivalent or new models. The equivalent equipment required revisions to space, electrical or piping systems to accommodate it," the report states. It adds that furthermore, "the project has identified a significant number of discrepancies among design documents that required reconciliation and adjustment. Resolution of these issues resulted in higher engineering costs than estimated and schedule delays." In all, there have been 1,500 design changes to the project, and in its June letter NNSA said SRNS had been slow to respond to unresolved change notices. "SRNS has not demonstrated a timely and methodical approach to estimate the impact of the change notices," the letter states.

In the June letter, NNSA warned that the contractor could be directed to return some of its fee earned on the project, and *NW&M Monitor* has learned that NNSA has requested that \$4 million in fee from FY 2011 be returned. Additionally, SRNS is not expected to earn a large percentage of its fee for work on the project in FY 2012 either. "We expect contractors to do their jobs with the quality and efficiency we agreed upon," NNSA's McConaha said in a statement. "If they don't, as is the case here, we look at all available options available under the terms of the contract. We're focused on continuous improvement in how we execute and manage projects across NNSA, and we will always hold people accountable on behalf of American taxpayers." —*Todd Jacobson*

WSI SAYS NO 'INTENTIONAL WRONGDOING' IN CHEATING SCANDAL INVESTIGATION

No Word From B&W Y-12 About WSI's Response to Aug. 31 'Cure' Notice

Y-12 National Security Complex protective force contractor WSI-Oak Ridge said this week that it found "no evidence of intentional wrongdoing" after it investigated allegations that a supervisor attempted to help guards cheat on exams and inspections, and a DOE spokesperson said the Department was not pursuing the matter. WSI Spokeswoman Courtney Henry said WSI responded early to an Aug. 31 "cure" notice from Y-12 contractor B&W Y-12 that, prompted by the cheating allegations that occurred in the wake of an unprecedented July 28 security breach at Y-12, notified WSI that it would terminate its contract for

default if “actions are not taken to address all of the issues to date.” B&W Y-12 spokeswoman Ellen Boatner declined to comment on the response because the contractor had yet to completely review the document, and a DOE spokesperson said the Department was focusing on completing its inspection activities at Y-12.

In a Sept. 18 statement, Henry said that a “detailed and thorough” investigation by WSI cleared WSI officials of misconduct, revealing that a supervisor distributed copies of written tests prepared for Y-12’s guards by the Department of Energy’s Office of Health, Safety and Security believing it was a study guide before the tests were administered. Material indicating where HSS would focus during on-post inspections known as “post-checks” was also discovered, an HSS official said. “The investigation concluded that there were a series of e-mails seeking comment on the factual accuracy of a proposed written examination that had been prepared for administration to selected members of the Protective Force,” Henry said in a statement. “The e-mail, along with the list of proposed questions, was reviewed by a Protective Force Supervisor who, thinking it was a study guide, sent it out to his employees.”

Discovery of Test Materials Raised Concerns

Bill Eckroade, the principal deputy chief for Mission Support Operations at HSS and the head of the Y-12 investigation, said earlier this month that it was not clear how the tests were used, but he said “finding them in places they clearly are not supposed to be is an indicator they were used, or could have been used, inappropriately.” Because its testing materials were compromised, HSS had to generate new tests; the HSS inspection is ongoing and DOE office is expected to wrap up its work this week and deliver a report to Energy Secretary Steven Chu Sept. 28. “The company remains focused on providing support for, and to concluding a safe and secure HSS inspection,” Henry said. WSI protective force manager John Garrity, who was accused of distributing the tests, was “administratively reassigned” after the incident, and Henry said a decision on whether or not to reinstate Garrity will be made after WSI’s response is reviewed.

The knowledge tests and “post-checks” are part of an exhaustive review of security at the site ordered by Secretary of Energy Steven Chu in the wake of a July 28 security breach at the site. Similar inspections are taking place at all DOE sites that house nuclear materials needing Category 1 security. Eckroade previously said HSS postponed the knowledge tests when the materials were found and had to redo the “post-checks” because its inspection activities were compromised. New questions were generated and different guards were picked for the

knowledge tests, and the criteria and interviews for the “post-checks” was changed, he said. The information will also be more closely held. “It certainly raised concerns with us for the protocol of sharing sensitive test information and so we’re going to make sure as we do our knowledge tests and post-check interview forms we’re going to more tightly control how they’re shared,” he said.

DOE Focusing on Inspection

Eckroade expressed some disbelief that the training documents were distributed to guards without an intent to give them an advantage. “It’s a tight community. You know if you’re getting inspected by HSS you are going to have knowledge tests. This is sensitive information; you don’t go then train to the test,” he said. “You can do preparation materials on your own but you don’t train to the test. Clearly that was inappropriate to the extent that they were used, which we’re not sure.” He said the incident would cause some delays in the inspection, but he didn’t expect it to threaten the inspection’s tight schedule. “Our responsibility is to run a good inspection. When we find barriers to a good inspection we get those barriers out of the way,” Eckroade said. “We think we’ve been effective at getting this barrier out of the way. It’s going to cost us some extra time. It’s been an inefficiency on the review but we will catch up and we’re confident we can have the necessary data.”

A DOE spokesperson would not comment on WSI’s findings, but said that HSS’ focus was concluding its inspection work at Y-12. “Their job is to make sure they’re doing their inspection and getting the right data they need and ensuring the evaluations are going smoothly,” the spokesperson told *NW&M Monitor*. The spokesperson suggested it would be up to B&W Y-12 to decide whether to take further action against WSI. “HSS obviously voiced a concern over what happened, there was some followup action taken by folks on the site and they are redoing testing and post-checks and making sure that management and testing materials stay within the bounds of appropriate use,” the official said.

B&W Official to Y-12 to Head Up Communications

B&W Y-12 continued to reorganize in the wake of the security breach, moving Babcock & Wilcox public relations manager Jud Simmons to B&W Y-12 to serve as the contractor’s director for public and governmental affairs. Simmons will head up communications at B&W Y-12 until the combined Y-12/Pantex contract competition wraps up, B&W Y-12 President and General Manager Chuck Spencer said in an internal memo to employees Sept. 20. Before moving to B&W headquarters in Lynchburg, Va., Simmons headed up communications at

CHU CALLS Y-12 SECURITY BREACH 'IMPORTANT WAKE UP CALL' AT IAEA MEETING

Secretary of Energy Steven Chu called the July 28 security breach at the Y-12 National Security Complex an "important wake up call" for the weapons complex during a speech at the International Atomic Energy Agency General Conference in Vienna this week, suggesting that the incident should serve as a lesson for the rest of the world. "Last month, when protestors breached the security perimeter of one of our most important nuclear security facilities, we took swift and strong action to redouble security at all of our nuclear sites," Chu said, according to his prepared remarks. "While they never posed a threat to any sensitive materials, this unfortunate incident was an important wake up call for our entire complex, and an important reminder that none of us can afford anything but the highest level of vigilance."

In a wide-ranging speech, Chu also reemphasized the Obama Administration's nuclear security agenda, saying the Administration was still committed to pursuing Senate ratification of the Comprehensive Test-Ban Treaty, pushing for a Fissile Material Cutoff Treaty, and seeking to further reduce the size of its nuclear stockpile through a future agreement with Russia. "To continue future arms reduction initiatives, the United States will continue researching advanced monitoring and verification capabilities that can provide confidence in a range of verification initiatives," Chu said. ■

the Pantex Plant. He replaces Alice Brandon, who had headed up communications at B&W Y-12 since David Keim left for Oak Ridge National Laboratory earlier this year. Brandon will return to her position heading up visitor relations and employee programs, while Ryan Cornell will serve as B&W's acting public relations manager until Simmons returns.

The NNSA also continued to sort out its management at the NNSA Production Office in the wake of the security breach. Agency spokesman Steven Wyatt said this week that Karl Waltzer is serving as the acting deputy manager of the production office, replacing Dan Hoag. Hoag was reassigned to the Oak Ridge Site Office in the wake of the July 28 incident. Hoag had been the senior-most federal official that had been stationed at Y-12 when the NNSA Production Office was created through the merger of the Y-12 and Pantex site offices, and he is expected to provide senior level technical support to the Office of Science while a review of the organizational structure of security oversight and chain of command is completed. Waltzer has been stationed at Pantex, where he served as the senior scientific and technical advisor for the NNSA Production Office.

—Todd Jacobson

CONGRESS SET TO COMPLETE WORK ON SIX-MONTH CONTINUING RESOLUTION

White House Details Impact of Sequestration

Congress is set to wrap up work by the end of this week on a must-pass stop-gap funding measure for the first half of Fiscal Year 2013. The bill includes exceptions for the

National Nuclear Security Administration's weapons program and USEC's American Centrifuge Plant project but funds the rest of the Department of Energy and most other government agencies at Fiscal Year 2012 levels. The Senate voted Sept. 19 to invoke cloture on a motion to take up the bill, taking another step toward passing the legislation, but Sen. Rand Paul (R-Ky.) threatened to filibuster the bill in an attempt to force a vote on his bill to eliminate foreign aid to Libya, Pakistan and Syria. Such a move could force the chamber to use up debate time on the bill rather than swiftly move to pass it, pushing its approval to late in the week, and perhaps Saturday, though Paul can only slow the bill down and not outright block it.

The House of Representatives voted last week to approve the CR, and President Obama is expected to sign the measure into law once it clears the Senate. The CR, which is set to run through March 2013, is necessary due to lawmakers' inability to complete individual appropriations bills, including the one that funds the Department of Energy, before the start of the new fiscal year on Oct. 1. Senate Majority Leader Harry Reid (D-Nev.) has signaled that the Senate would pass the bill as it was drafted by the House and without any amendments. The bill is ultimately expected to earn reluctant support from Democrats and Republicans. "I want my colleagues to know I support this measure even though it is far from perfect," Senate Appropriations Chairman Daniel Inouye (D-Hawaii) said in a statement on the Senate floor. "In fact, I would say that it is not a particularly good bill, but passing it is much better than allowing the Government to shut down over a lack of funding."

Under the bill, NNSA's weapons program would be allowed to spend at the level of the Administration's FY 2013 request, \$7.6 billion, \$344 million more than was appropriated in FY 2012, while USEC would receive \$100 million of the Administration's \$150 million request to keep the ACP project afloat for the first half of FY 2013. In particular, the NNSA requested significant increases for the B61 life extension program as well as other warhead refurbishment work, and accelerated construction on the Uranium Processing Facility. NNSA spokesman Josh McConaha declined to comment on how the NNSA would apportion funds under the CR. "We're working on it. That's as far as I'm willing to go," he said.

White House Issues Sequestration Report

Meanwhile, the White House late last week issued a Congressionally required report outlining just how much of an impact the looming funding cuts known as sequestration will have on federal programs starting in early 2013. The NNSA's weapons and nonproliferation programs would each be cut by 9.4 percent, with the weapons program facing a \$678 million hit based largely on current funding levels while the nonproliferation program would face a cut of \$216 million. McConaha referred questions on the potential impacts of the sequestration funding cuts to the White House Office of Management and Budget, which did not respond this week to repeated requests for comment.

The sequestration process would involve a total of \$1.2 trillion in funding cuts, equally divided between defense and non-defense funding, over 10 years unless Congress passes deficit reduction legislation targeting the same amount before Jan. 2, 2013. "The specter of harmful across-the-board cuts to defense and non-defense programs was intended to drive both sides to compromise. The sequestration itself was never intended to be implemented. The Administration strongly believes that sequestration is bad policy, and that Congress can and should take action to avoid it by passing a comprehensive and balanced deficit reduction package," the report says, adding, "As the Administration has made clear, no amount of planning can mitigate the effect of these cuts. Sequestration is a blunt and indiscriminate instrument. It is not the responsible way for our nation to achieve deficit reduction."

Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, also criticized the mandatory funding cuts, suggesting that they could have a disastrous impact on the NNSA. "Sequestration would completely derail the already fragile nuclear modernization program," Turner said in a statement. "Life extension programs, facility modernization, science capabilities—everything would be at grave risk. This

includes implementing New START reductions and any efforts to undertake additional reductions. Modernization is the key to the nation's nuclear security agenda, and without it everything falls apart."

—Mike Nartker and Todd Jacobson

TVA DECISION ON USE OF MOX FUEL COULD TAKE THREE-TO-FOUR YEARS

The Tennessee Valley Authority could wait several more years before making a decision on whether to burn mixed oxide fuel in its reactors, prioritizing the resolution of safety issues uncovered at its Brown's Ferry reactors in Alabama, TVA officials said last week. TVA is the only utility publicly considering using the fuel that will be produced at the Mixed Oxide Fuel Fabrication Facility under construction at the Savannah River Site. The utility has named the Brown's Ferry and Sequoyah nuclear plants as potential sites to burn MOX, but is currently in the process of addressing a number of violations from the Nuclear Regulatory Commission at Brown's Ferry. TVA Chief Nuclear Officer Preston Swafford said last week that there would be no decision on using MOX until operational issues at the reactors are resolved. "It's just so low on my radar screen that I refuse to jump in the fray," Swafford told the *Times Daily* of Florence, Ala. "I don't think I do service to the ratepayers of the Valley bringing on one more issue. Now three or four years from now, when the fleet's back to steady, we'll take a look at the product."

The MOX facility is a key part in the National Nuclear Security Administration's plans to disposition 34 metric tons of surplus plutonium, but there is not yet a dedicated buyer for the fuel. Efforts to gain a customer took a step back when utility Energy Northwest said this summer it will not move forward on a study to use MOX, leaving TVA as the only public candidate (*NW&M Monitor*, Vol. 16 No. 32). There still is plenty of time to shore up a customer as the MOX plant is not expected to begin operations until at least 2016, with the first fuel assemblies available around 2018. But those dates could be pushed even further back as the facility is facing cost increases and potential schedule changes that have resulted in a rebaselining that the NNSA hopes to complete later this year. The agency is currently finalizing its Plutonium Disposition Supplemental Environmental Impact Statement, which names Brown's Ferry and Sequoyah reactors as possible fuel users, and last week the NNSA held a set of public hearings on its plans near those reactors in Tennessee and Alabama.

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM



October 15 - 18, 2012
Omni Amelia Island Plantation Resort
Amelia Island, Florida

Additional Speakers...

William Murphie, *Manager, Portsmouth-Paducah Project Office, U.S. DOE-EM*

Robert Raines, *Associate Administrator for Acquisition and Project Management, National Nuclear Security Administration*

John Owsley, *Director, Division of DOE Oversight, Tennessee Department of Environment and Conservation*

Shelly Wilson, *South Carolina Department of Health & Environmental Control*

Tom Dieter, *President, CH2M-WG Idaho*

Bradley Smith, *Deputy Project Manager, Washington Closure Hanford*

Mark Duff, *President, LATA Kentucky*

Mike Johnson, *President, Washington River Protection Solutions*

Steve Jones, *President, Oak Ridge Atomic Trades and Labor Council*

John Lehew, *President, CH2M Hill Plateau Remediation Co.*

Dave Olson, *President, Savannah River Remediation*

Herman Potter, *President, United Steelworkers Local 689, Piketon, Ohio*

Helena Tirone, *Director, Supply Chain Mgmt., Savannah River Nuclear Solutions*

Jim Key, *Vice President, United Steelworkers Local 550, Paducah, Ky.; Vice President Atomic Energy Workers Council*

Ron Slotke, *Vice President/CFO, CH2M Hill Nuclear Group*

Sandra Fairchild, *Business Manager, Savannah River Remediation LLC*

Robert Nichols, *Deputy Project Manager, Fluor-B&W Portsmouth*

John Robinson, *Procurement Manager, Washington River Protection Solutions*

Frank Russo, *Project Manager, Hanford Waste Treatment Plant, Bechtel National*

Frank Sheppard, *Business Manager, Parsons-Salt Waste Processing Facility*

Carl Strock, *Manager of Functions, Bechtel National*

Ward Sproat, *Safety Culture Lead, Hanford Waste Treatment Plant*

Taunja Berquam, *Minority Staff, Energy and Water Appropriations Subcommittee, U.S. House of Representatives*

Doug Clapp, *Majority Clerk, Energy & Water Development Appropriations Subcommittee, U.S. Senate*

Keynote Speakers...

Dr. Peter Winokur, *Chairman
Defense Nuclear Facilities Safety Board*

David G. Huizenga, *Senior Advisor for Environmental
Management, U.S. Dept. of Energy*

Mark Lesinski, *Chief Operating Officer, Nuclear
Decommissioning Authority, United Kingdom*

Also Featuring...

Matt Moury, *Deputy Assistant Secretary for Safety, Security &
Quality, Environmental Management, U.S. DOE*

Ken Picha, *acting Deputy Assistant Secretary for Tank Waste &
Nuclear Material, Environmental Management, U.S. DOE*

Jack Surash, *Deputy Assistant Secretary for Acquisition &
Project Management, Environmental Management, U.S. DOE*

Terry Tyborowski, *Deputy Assistant Secretary for Program
Planning Budget, Environmental Management, U.S. DOE*

Alice Williams, *Associate Principal Deputy Assistant Secretary,
Environmental Management, U.S. DOE*

Paul Bosco, *Director, Office of Acquisition and Project
Management, U.S. DOE*

Rod Baltzer, *President, Waste Control Specialists*

George Dudich, *President, B&W Technical Services Group*

Mark Fallon, *President, Nuclear Group, CH2M Hill*

Greg Meyer, *Senior Vice President, Fluor Government Group*

Michael Graham, *Mgr., U.S. Environmental, Bechtel National*

Tara Neider, *President, AREVA Federal Services*

Alan Parker, *President-Government Group, EnergySolutions*

David Pethick, *Gen. Mgr., Global M&O Services, URS*

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— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

REFRESHMENTS AT REGISTRATION

3:00 **SPECIAL WORKSHOP: FINDING
SUCCESS IN THE UK
DECOMMISSIONING MARKET
(Cumberland A)**

MODERATOR: Mark Frei, COO
Longenecker & Associates

Mark Lesinski, Chief Operating Officer
UK Nuclear Decommissioning Authority

Ron Gorham, Supply Chain Director
UK Nuclear Decommissioning Authority

Keith Case, Executive Director
Commercial and Contract Management.,
Sellafield Ltd.

Chris Woodhead, Managing Director
S.A. Robotics

Renee Echols, Executive Vice President
Perma-Fix Environmental Services

Martin Keighley, Managing Director
Arvia Technology

Neil Foreman, Chairman
Centronics

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: Edward L. Helminski,
President, EM Publications & Forums

**DNFSB, DOE and the Contractors: Roles,
Responsibilities and the Road Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety Board

OPEN DISCUSSION

8:45 **The Path for Forward for Nuclear
Cleanup in the UK**

MODERATOR: Chris Hall, Director
Business Development, Fluor
Government Group

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

9:15 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

10:00 **COFFEE BREAK**

10:20 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

MODERATOR: Teo Grochowski,
President, Robatel Technologies

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:45 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: Martin Schneider,
Editor-in-Chief and Vice President,
EM Publications & Forums

George Dudich, President
B&W Technical Services Group

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager
U.S. Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

Alan Parker, President, Government
Group, EnergySolutions

David Pethick, General Manager
Global Management and Operations
Services, URS

Greg Meyer, Senior Vice President
Fluor Government Group

OPEN DISCUSSION

12:00 **LUNCH**

1:00 **State Regulators: Priorities for Future
Cleanup**

MODERATOR: Mike Nartker, Associate
Editor, *Weapons Complex Monitor*

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson, Federal Facilities Liaison,
South Carolina Department of Health and
Environmental Control

(Additional Speakers TBD)

OPEN DISCUSSION

2:00 **Union Concerns Across the DOE
Complex**

MODERATOR: Jeff George
B&W Technical Services Group

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

MODERATOR: Kenneth Fletcher,
Reporter, *Weapons Complex Monitor*

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Deputy Project Director
Design and Operations, Bechtel National-
WTP

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

MODERATOR: Dan Burns, Executive
Vice President, WCS

John Lehew, President
CH2M Hill Plateau Remediation Co.

Bradley Smith, Deputy Project Manager
Washington Closure Hanford

Steve Piccolo, Executive Vice President
URS

— Raising the Bar on Project Performance to Address Long-Term Challenges —

Tom Dieter, President
CH2M-WG Idaho

Sandra Fairchild, Business Manager
Savannah River Remediation LLC

Mike Johnson, President
Washington River Protection Solutions

OPEN DISCUSSION

Helena Tirone, Director
Supply Chain Management
Savannah River Nuclear Solutions

Dave Olson, President
Savannah River Remediation, LLC

5:45 **ADJOURN**

6:00 **COCKTAIL RECEPTION**

Robert Nichols, Deputy Project
Manager, Fluor-B&W Portsmouth

Roy Schepens, Director
Operations, Salt Waste Processing
Facility, Parsons

Wednesday, October 17

(Additional Speakers TBD)

(Additional Speakers TBD)

7:00 **CONTINENTAL BREAKFAST**

OPEN DISCUSSION

OPEN DISCUSSION

8:00 **The Hanford Waste Treatment Plant and
the Future of the DOE Cleanup Program**

11:50 **EM Technology Development Priorities**

9:30 **Lessons Learned from Portsmouth,
Paducah Cleanup**

Frank Russo, Project Manager, Hanford
Waste Treatment Plant, Bechtel National

Moderator: John Raymont,
President, Kurion

Moderator: John Fulton, CH2M Hill

OPEN DISCUSSION

Alice Williams, Associate Principal
Deputy Assistant Secretary, U.S. DOE-EM

William Murphie, Manager
Portsmouth-Paducah Project Office, U.S.
DOE-EM

8:30 **Managing Risk in the DOE Complex:
What Changes in Risk-Sharing Will
Mean for DOE and its Contractors**

OPEN DISCUSSION

Moderator: John Longenecker,
President, Longenecker & Associates

12:15 **BOX LUNCH**

Robert Nichols, Deputy Project
Manager, Fluor-B&W Portsmouth

Paul Bosco, Director Office of
Acquisition and Project Management,
U.S. DOE

12:30 **WORKSHOP**

Mark Duff, President
LATA Kentucky

Robert Raines, Associate Administrator
for Acquisition and Project Management,
National Nuclear Security Administration

7:00 **SPECIAL EVENING SESSION**

Moderator: Edward L. Helminski,
President, EM Publications & Forums

Michelle Reichert, Deputy Project
Manager, B&W Conversion Services

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

Dave Huizenga, Senior Advisor
Environmental Management, U.S.
Department of Energy

OPEN DISCUSSION

Ron Slottke, Vice President and CFO
CH2M Hill Nuclear Group

8:00 **COCKTAIL RECEPTION**

10:30 **COFFEE BREAK**

Carl Strock, Manager
Functions, Bechtel National

8:30 **DINNER**

10:45 **Upcoming Procurement Opportunities
and Acquisition Process Changes**

Frank Sheppard, Business Manager
Parsons-Salt Waste Processing Facility

Thursday, October 18

7:00 **CONTINENTAL BREAKFAST**

Moderator: Rick Dearholt, Vice
President, Sullivan International

Jack Surash, Deputy Assistant Secretary
Acquisition and Project Management,
U.S. DOE-EM

OPEN DISCUSSION

8:00 **Implementing EM's New Organization
and Institutionalizing Changes for the
Long-Term**

OPEN DISCUSSION

9:45 **Contracting and Procurement Lessons
Learned: Analysis from WC Monitor**

Moderator: Edward L. Helminski,
President, EM Publications & Forums

11:15 **Congressional Staff: Perspectives on the
Future of DOE Cleanup**

Martin Schneider, CEO
ExchangeMonitor Publications & Forums

Alice Williams, Associate Principal
Deputy Assistant Secretary, U.S. DOE-
EM

Moderator: Mike Nartker, Associate
Editor, *Weapons Complex Monitor*

OPEN DISCUSSION

OPEN DISCUSSION

Doug Clapp, Majority Clerk
Energy and Water Development
Appropriations Subcommittee, U.S.
Senate

10:15 **COFFEE BREAK**

10:35 **Upcoming Subcontracting Opportunities
Across the Complex: A ROUNDTABLE
DISCUSSION**

8:30 **ROUNDTABLE: Improving Integration
Among High-Level Waste Tank,
Treatment Projects**

Moderator: Mike Nartker, Associate
Editor, *Weapons Complex Monitor*

Tanjia Berquam, Minority Staff
Energy and Water Appropriations
Subcommittee, U.S. House of
Representatives

OPEN DISCUSSION

Moderator: Kenneth Fletcher,
Reporter, *Weapons Complex Monitor*

John Robinson, Procurement Manager
Washington River Protection Solutions

Ken Picha, acting Deputy Assistant
Secretary for Tank Waste and Nuclear
Material, U.S. DOE-EM

12:00 **FORUM ADJOURN**

— FORUM PARTICIPATING ORGANIZATIONS —

ACTS, Inc.
ADS Trinity
AECL
AECOM
Aerotek
Agility Logistics
Akima Management Services
Aleut World Solutions, LLC
Alion Science and Technology Corporation
Alliant
Amec GeoMelt
ANSTO Inc
AOC Key Solutions, Inc.
ARCADIS
ARES Corporation
AREVA Federal Services LLC
ARS International
Ascendent Engineering & Safety Solutions
ATK Space Systems
ATL International Inc.
Australian Nuclear Science & Technology Organisation (ANSTO)
Avisco, Inc.
AWS, LLC
B&W Technical Services Group, Inc.
B&W Y-12 (National Security Complex)
Babcock & Wilcox
Babcock Services
Bartlett Services, Inc.
Battelle, Pacific Northwest National Laboratory
Bay Tree Government Services
Better Choices Consulting
BG4 LLC
Black & Veatch Special Projects Corp.
Booz Allen Hamilton
Boston Government Services
Bradburne Consulting, LLC
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CBI Polymers
CDM
CH2M HILL
City of Oak Ridge
Clauss Construction
Clean Harbors
CLH Associates Inc
Columbia Energy & Environmental Services
Comprehensive Health Services Inc
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CTAC
CWC, LLC
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DeNuke Contracting Services, Inc.
DESA, Inc
Doyon Government Group
Duke Energy
Dynamac Corporation
DynMcDermott Petroleum Operations Co.
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EnergyX, LLC
Energy Communities Alliance
EnergySolutions, Inc.
Engineered Resources, LLC
ENTACT, LLC
Envirocon, Inc.
Environmental Dimensions, Inc.
Environmental Quality Management, Inc.
Environmental Rail Solutions
Epsilon Systems Solutions, Inc.
ERSI, LLC.
ETEBA
Federal Engineers and Constructors, Inc.
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Fluor Government Group
Fluor Hanford
Fluor-B&W Portsmouth L.L.C.
Fox Potomac Resources, LLC
Frankie Friend & Associates, Inc
Future Unlimited, Inc.
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GD Electric Boat
GEL Laboratories, LLC
GEM Technologies, Inc
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Hypercompaction Technologies/Harris Waste Management Group
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ICE Service Group, Inc.
Idaho National Laboratory
IET
IHI INC.
IMPACT Services, Inc.
Innovations/Oceanus
Innovative Solutions
INTERA Incorporated
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Kurion, Inc.
LATA/Parallax Portsmouth LLC
LB Services
LMK Engineers, LLC
Lockheed Martin Corporation
Longenecker & Associates, Inc.
Los Alamos National Laboratory
Los Alamos Technical Associates, Inc. (LATA)
LVI Services Inc.
MACTEC, Inc.
Major Tool & Machine, Inc.
Management and Environmental Solutions
Mark Turnbough
MCM Management Corporation
McNeil Technologies, Inc
Merrick & Company
MHF Logistical Solutions
Midwest Research Institute
Mission Support Alliance
MOCA Systems
MPR Associates, Inc.
MSE Technology Applications, Inc.
NAC International
National Security Technologies
Navarro Research and Engineering, Inc.
New Mexico Environment Department
New World Environmental, Inc.
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Nicholson Construction
North Wind, Inc.
Northern New Mexico Citizens' Advisory Board
Northrop Grumman Corporation
Northwest Demolition LLC (SDVOSB)
Nuclear Decommissioning Authority
Nuclear Management Associates
NUKEM Technologies
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Nuvia Limited
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Omega Consultants, Inc.
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PAI Corporation
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Performance Results Corporation
Perma-Fix Environmental Services, Inc.
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Philotechnics, Ltd
Phoenix Enterprises N.W.LLC
Portage, Inc.
PRDA LLC
PREMIER TECHNOLOGY INC
Premier Technology, Inc.
PricewaterhouseCoopers LLP
Pro2Serve Professional Project Services, Inc
Project Enhancement Corporation
Project Services Group LLC
Project Time & Cost, Inc.
R&R Partners
R. W. Beck, Inc.
Radiation Protection Systems, Inc.
Radiation Safety and Control Services, Inc.
Restoration Services Incorporated (RSI)
Robatel Technologies LLC
Rockstar Recruiters LLC
RPM Group, LLC
RSI
S. M. Stoller Corporation
S.A. Robotics, Inc.
SA Mays LLC
Safety and Ecology Corporation (SEC)
Sandia National Laboratories
Savannah River National Laboratory
Science Applications International Corporation
Sevenson Environmental Services, Inc.
Siempelkamp Nuclear Services
SOC
Southern Ohio Diversification Initiative
Spectra Tech, Inc.
SRS Community Reuse Organization
Strata-G, LLC
Studsvik Inc.
Success Staging International

Swift & Staley Mechanical Contractors, Inc.
 Synergy Solutions, Inc.
 Systematic Management Services, Inc.
 Talisman International
 TC Program Solutions
 TechSource, Inc.
 Teledyne Brown Engineering
 TerranearPMC, LLC
 TestAmerica, Inc.
 Tetra Tech, Inc.
 The Duffy Group
 The GEL Group, Inc.
 The Proposal Center, Inc.
 The Shaw Group
 Theta Pro2Serve Management Company, LLC
 Thor Treatment Technologies
 TradeWind Services LLC
 Tri-City Industrial Development Council

U.S. Army Corps of Engineers
 U.S. Department of Energy
 Environmental Management (EM)
 EM Consolidated Business Center
 National Nuclear Security Administration
 Oak Ridge Office
 Portsmouth/Paducah Project Office
 Richland Office
 Savannah River Site
 U.S. Government Accountability Office
 U.S. House of Representatives
 U.S. Nuclear Regulatory Commission
 Underwater Construction Corporation
 United States Enrichment Corporation (USEC)
 Uranium Disposition Services
 URS Corporation
 UT-Battelle, LLC

V J Technologies, Inc
 Vanderbilt University
 Vector Resources, Inc.
 Veolia ES Special Services, Inc.
 Visionary Solutions
 Vista Engineering Technologies, L.L.C.
 Waste Control Specialists LLC
 Wastren Advantage, Inc. (WAI)
 Water Quality Systems, Inc.
 West Valley Environmental Services
 Westinghouse Electric Co.
 Weston Solutions, Inc.
 Win Win Resolution
 WM Symposia
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|-----------------------|----------|
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| Ocean View 2br Villa | \$290.00 |
| Resort View 3br Villa | \$249.00 |
| Ocean View 3br Villa | \$360.00 |

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Reservations for lodging should be received by **Sept. 21, 2012** to assure the special conference rate. **Cancellations received after 7 days prior to arrival date are subject to a penalty equal to one night's lodging**. If a guest checks out prior to the reserved check out date, a penalty equal to one night room and tax will be applied to the guest's individual account. If space is available, the above rates will apply for attendees three days prior and three days after our program dates.

Registration opens at 3:00 p.m. Monday, Oct. 15 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary is at 8:00 a.m., Tuesday, Oct. 16 The Forum ends at noon, Thursday, Oct. 18.

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

October 15 - 18, 2012

Omni Amelia Island Plantation Resort
Amelia Island, Florida

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REGISTER ONLINE AT: www.decisionmakersforum.com

Last year, the TVA said it would make a decision on using the fuel after the plutonium disposition SEIS is finalized in 2013 (*NW&M Monitor*, Vol. 15 No. 41), but a number of issues have arisen since then. In August, the NRC announced increased oversight for the three Brown's Ferry reactors after the agency issued low-level violations related to procedures for a safe plant shutdown. One of the reactors is also still under scrutiny following a high-level violation in 2010. TVA officials said last week they have uncovered over 1,000 issues of concern at the plant and plan on adding at least 100 employees at Brown's Ferry, according to reports. The utility is also undertaking a number of other nuclear-related projects that take priority over MOX, including the completion of a new reactor at the Watts Bar plant.

TVA Hopes For Big Savings on MOX Fuel

TVA does not have a time line for making a decision on use of MOX, spokesman Ray Golden said this week. "We do not know when we will make a determination and what that determination might be. Right now it's very much listen and learn," Golden said, adding, "We've said before there are three criteria that it must meet before we will consider its use, and that is that we, TVA, determine that it be both environmentally and operationally safe; the second thing is that there is a substantial cost benefit to our customers; and third that the NRC will license it for use in the reactors." Golden indicated that the utility is looking for substantial savings in the hundreds of millions. "We haven't put a number on that, because if we move forward that would be part of our fuel negotiation strategy with DOE," Golden said. "It would have to be significant. It couldn't just be a million dollars or even tens of millions of dollars." He used as an example an agreement with DOE to use downblended highly enriched uranium in TVA reactors, which he said has resulted in hundreds of millions in savings for TVA.

The utility also plans to incorporate feedback from the NNSA draft SEIS hearings held last week in Chattanooga, Tenn., and Tanner, Ala., into its decision on whether to use the fuel. "At the first meeting in Chattanooga, the majority were in support of MOX and that's probably a function of the fact that there were a number of representatives from the American Nuclear Society. ... There were some folks at that meeting as well that were critical," Golden said. "In Alabama the majority were in opposition." He said about 25 people spoke in the Chattanooga meeting, while in Alabama about 15 spoke, with 13 there expressing opposition to the use of MOX. "We are listening to both opinions of stakeholders, both folks that have been in support and have had concerns," Golden said. "We've documented specific issues that they are wondering about, transportation issues of the fuel itself, storage of the fuel, the fact

some people believe it may be burning hotter." He said that the majority of those issues were either addressed in the EIS or will be examined in the NRC licensing process. "But it is good to make sure that we capture the comments of the folks. They are important to us," he said. "We want to hear what folks have to say and it will have some bearing in decision making process if and when we get that far."

—*Kenneth Fletcher*

GLOBAL STRIKE COMMAND CHIEF URGES CAUTIOUS APPROACH TO NUCLEAR CUTS

The head of Air Force Global Strike Command suggested late last week that the United States should approach further reductions to its nuclear stockpile cautiously and should take into account the impact of potential reductions on the knowledge base that underpins the nation's nuclear deterrent. "I'm charged with organizing training and equipping a force," Lt. Gen. James Kowalski said at a Sept. 13 symposium on the nuclear triad at the Reserve Officers Association in Washington, D.C. "So I not only have to keep those airmen motivated so that they understand that what they do is important, but I also have to think about how do I develop human capital, how do I make sure I have the intellectual infrastructure—Lawrence Livermore, Sandia, Los Alamos, et cetera—to continue to support us long term. And then how do I ensure that there's enough business out there for industry?"

President Obama has signaled that the U.S. could pursue reductions beyond the 1,550-warhead cap set by the New START Treaty with Russia, and those cuts are expected to be outlined in a Nuclear Posture Review implementation study that is believed to be completed but has not yet received Obama's approval. "Rightly so, most of the discussion has been about political implications and, you know, what's the right level of weapons to ensure deterrence and assurance," Kowalski said as he outlined "a list of things" that need to be taken into consideration at lower stockpile numbers. "While there has been talk of lower force structure numbers, the president has made it clear that as long as these weapons exist, we will have a safe, secure and effective arsenal to deter potential adversaries and to assure our allies. I'm confident that we can do that at the New START Treaty limits," Kowalski said. "But I am concerned that by pursuing a lower force structure, we could be on a course that would require us to be at least thoughtful and considerate of some factors that need to be out in the public arena. Such discussions need to be taken at a measured pace. They need to be informed by analysis, and they need to be bounded by the realpolitik of international relations."

'It Is Important to Be Cautious as We Go Forward'

During his speech, Kowalski endorsed the nuclear triad of bombers, ICBMs and submarine-launched ballistic missiles, and sounded a note of caution about the pursuit of future reductions. He noted that since nuclear weapons were created and first used, there had been no major conflicts between world powers. "Now, I can't say with any authority that that is because of nuclear weapons, but I am hesitant to say, let's get rid of them because they weren't part of what has brought us 67 years of peace between major world powers," he said. "So, it is important to be cautious as we go forward." He also emphasized that future threats need to be taken into consideration when contemplating further nuclear reductions, and he singled out Russia, saying it was important to maintain nuclear parity with Russia for the foreseeable future. "While we don't anticipate that Russia would have the intent to pursue conflict, it would be irresponsible to ignore their capability," he said. "Capabilities take years to develop; intent can change very quickly."

He said that maintaining the nation's extended deterrent should also be a key consideration in any discussion of potential reductions. He said the U.S. has to continue to "provide credible assurance to allies so we don't risk the consequences of either proliferation or accommodation. We must also be thoughtful about the risks of a smaller force, risks such as technical failure, disruptive technologies, or a rapid geopolitical shift." He said that the nuclear triad allows the nation to "hedge" against such a risk and its importance grows as smaller nuclear stockpiles are considered. "ICBMs provide a robust and responsive deterrent on alert at 450 hardened, dispersed locations. Ballistic missile submarines provide a survivable alert force, and bombers give us the flexibility to demonstrate national intent through generation, dispersal, and the ability to be recalled," he said. "Furthermore, a triad serves to complicate both the offensive and defensive plans and resource decisions of potential adversaries."

—Todd Jacobson

NRC'S LICENSING BOARD SUPPORTS SILEX ENRICHMENT APPLICATION

The Nuclear Regulatory Commission's Atomic Safety and Licensing Board is supporting GE-Hitachi's application for constructing and operating the Global Laser Enrichment plant in North Carolina, paving the way for a final decision from the NRC on the license in the coming weeks. The board's decision this week supports GE-Hitachi's application to enrich natural uranium up to 8 percent by the separation of isotopes by laser excitation (SILEX) technol-

ogy. GLE President and CEO Chris Monetta hailed the decision as an important step. "We are extremely pleased that the Board recommended approval of our application for constructing and operating the GLE laser uranium enrichment plant. It is the result of hard work over many years by the team at GLE and Silex, and represents a significant milestone in the path towards licensing the facility," Monetta said in a statement.

While the ASLB decision is a positive step for the proposed plant, the NRC will have the final say on whether to grant the license. While proponents say that laser enrichment will provide for more efficient, less expensive uranium enrichment for reactor fuel, the technology has come under fire by nonproliferation groups that emphasize that it is also well suited for highly enriched uranium production for nuclear weapons. Recently a group of 19 individuals and organizations sent a letter to the Commission calling for a formal nuclear proliferation assessment on SILEX before granting the plant an operating license (*NW&M Monitor*, Vol. 16 No. 36). The groups suggested the NRC could be setting a dangerous precedent by allowing new technology to be approved without an adequate proliferation review. Many of the same groups have signed on to previous letters to the NRC requesting proliferation assessment, but those efforts have all been "rebuffed," notes a release by the groups. The NRC has also stated that the National Environmental Policy Act does not require a proliferation assessment on the technology.

—Kenneth Fletcher

IG: NNSA MAKES PROGRESS BOLSTERING ENHANCED SURVEILLANCE PROGRAM

The National Nuclear Security Administration increased laboratory surveillance tests by 142 percent in Fiscal Year 2011 to address concerns about insufficient surveillance data for annual stockpile assessments, the Department of Energy's Inspector General said in an audit report released this week. The increase, combined with a new way of assessing performance of the agency's enhanced surveillance program, dealt with concerns about the surveillance program identified by the agency in 2010, the IG said. The increase in laboratory testing came at the request of the NNSA's lab directors, who had complained that the surveillance program was not "providing the data from the stockpile to meet the requirements to conduct rigorous system assessments." In response, the NNSA more than doubled the number of laboratory tests, from 24 to 58, and increased funding for the program by \$58 million. "NNSA plans to continue funding the surveillance program at or above the FY 2011 level for future years," the IG said.

“According to a senior NNSA official, the Laboratory Directors assured NNSA that the proposed out-year funding will be sufficient to perform surveillance activities to affirm confidence in the stockpile.”

At the recommendation of the IG, the NNSA has also changed how it assesses the program, moving to a way of tracking performance based on how the program meets annual deliverables rather than whether it was spending its funding allotment. The IG said that the program had established five deliverables for FY 2012, including completing assessment results for various materials and component aging. The agency has also developed a plan to complete the evaluations of non-nuclear components and

materials by the end of FY 2018, which included an effort to baseline non-nuclear component data. Under the plan, Sandia National Laboratories was to baseline 235 non-nuclear components within 14 non-nuclear component families by FY 2018, and as of Oct. 31, 2011, Sandia had completed work on 63 components. The IG noted that because of the importance for the program to develop and deliver aging diagnostics and predictive modeling through the evaluation of non-nuclear components and materials, the NNSA “closely monitor” progress on meeting the program’s goals, which the IG said the agency agreed to do. The NNSA did not respond to a request for comment on the report.

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT SANDIA LAB TESTS NEW FUSION APPROACH

A Sandia National Laboratories team has successfully tested one of the key elements of an alternative approach lab scientists are using to try to generate “break-even” nuclear fusion, using the lab’s “Z” pulsed power machine. The test of an apparatus being developed for Magnetized Liner Inertial Fusion demonstrated that the beryllium liner that will ultimately be used in fusion experiments successfully withstood the brutal crushing forces of a pulse from Z.

Filling a building the size of a high school gym, Z take a massive jolt from banks of electric capacitors, funneling it down a series of radial channels arrayed like the spokes of a bicycle wheel to a central target chamber where the energy is converted into a massive magnetic pulse that squeezes tiny targets. Z has been used for a wide range of nuclear weapons and other physics experiments, and the

push for break-even fusion has long been an ambition of some of the scientists working on the machine.

Theoretical calculations published in 2009 by Sandia’s Steve Slutz suggested Z could be used as a research tool to produce break-even nuclear fusion—a reaction for a brief instant that outputs more energy through a nuclear fusion reaction than was input by Z capacitors. Such a result has long been a grail for fusion researchers, including those behind the National Ignition Facility at Lawrence Livermore National Laboratory. But Sandia’s Z approach has always been something a dark horse in the scientific race. The new result, detailed in a paper to be published in *Physical Review Letters*, paves the way for experiments as soon as 2013 with actual nuclear fuel in the target’s central target.

AT LOS ALAMOS LAB, CONSTRUCTION/MAINTENANCE UNION REACH AGREEMENT

The union representing approximately 750 construction and maintenance workers at Los Alamos National Laboratory reached agreement with the lab last week on a new five-year labor contract that will run through 2017. The New Mexico Building and Construction Trades Council represents plumbers and pipefitters, sheet metal workers, electricians, laborers, cement masons, ironworkers and other craft workers at the laboratory, and it completed five different agreements with the lab covering the workers. “This agreement is the culmination of a decades-long relationship with the Laboratory—one that has provided long-term, family-supporting careers for thousands of construction workers in Northern and Central New Mexico,” Union Executive Director Ray Baca said in a statement.

Baca told *NW&M Monitor* that the negotiations went smoothly and he confirmed that wage increases accompanied the new contract, but he declined to specify exact amounts. Lab spokesman Kevin Roark also declined to provide details of the agreements, which will expire in September 2017. Baca said negotiations were colored by current budget constraints, but he said he had no complaints with the outcome. “In all situations no matter who you are negotiating with, whether it’s a group of hospitals, counties, cities, the economy is a big deal, and certainly it’s going to affect the lab as well,” Baca said. “With the national budget cuts and so forth, I know it’s a big issue with them. Like any other organization they’re trying to watch as much as they can with their spending and their future spending.” He also commended the laboratory for

paying attention to worker concerns. “They’ve always been very good about any safety concerns we may have, and specific issues about areas people might be working in,

clearances, those kinds of thing,” he said. “They’re very high on safety.” ■

Wrap Up

IN CONGRESS

A bill to designate portions of Hanford, Los Alamos National Laboratory and Oak Ridge as areas of a multi-site Manhattan Project National Historical Park failed to earn a two-thirds majority in the House this week. The bill, which was sponsored by Reps. Doc Hastings (R-Wash.), Ben Ray Lujan (D-N.M.) and Chuck Fleischmann (R-Tenn.), was supported by more than half of the House in a 237-180 vote, but because debate and amendments were curtailed because the vote took place under a suspension of House rules, it required a two-thirds majority for passage. Rep. Dennis Kucinich (D-Ohio) spearheaded opposition to the bill, suggesting that the creation of nuclear weapons should not be celebrated. “The bomb is about graveyards, not national parks,” he said during debate on the bill. Hastings vowed to continue pushing the bill. “While it didn’t receive the supermajority needed to be sent to the Senate today, a big bipartisan majority of the House voted to establish the Manhattan Project National Historical Park,” said Hastings, chairman of the House Natural Resources Committee. “We’ve shown there is support for this park and will be working towards the goal of enacting this into law before the end of this year.”

IN DOE

The Department of Energy this week released an initial set of questions and answers associated with its Oak Ridge protective force procurement, clarifying for bidders that it won’t conduct another round of site tours, presolicitation conferences or one-on-one meetings with bidders for the opportunity. Several questions focused on the issue of presolicitation meetings, but the Department said that conferences and meetings held in May when Y-12 and Pantex protective force work was included in the contract will serve as guides for the current, scaled-down contract as well. The Department also declined to indicate a ceiling value for the opportunity, and reiterated that oral presentations will be held on proposals the week of Oct. 22. The Department released an amended Request for Proposals earlier this month, and bids are due Oct. 12.

IN THE NNSA

The National Nuclear Security Administration has canceled a solicitation for technical support to the Office of Emergency Response Render Safe Stabilization Program because a contracting vehicle for the work already exists. The agency moved to kill the procurement this week, more than a month after issuing a solicitation seeking a service-disabled, veteran-owned small business to perform the work. “The Contracting Officer, based on newly obtained Government information has been made aware of internal contractual vehicles that are in place which properly and adequately cover the scope of work of this effort in its entirety,” the NNSA said in a notice posted on several government contracting websites. “The Contracting Officer was not aware of these a vehicles at the time of request/issuance of this solicitation. It is not the practice of the Government to award actions that are considered duplicate efforts to existing vehicles for same services and it is considered in the best interest of the Government as well as efficient use of public time and money to cancel this solicitation in its entirety.”

IN THE INDUSTRY

USEC announced this week that it has achieved certification from the Department of Energy for the second technical milestone in a cost-share program for the American Centrifuge uranium enrichment project launched this summer, achieving 20 years of run time on the AC100 centrifuge machines. USEC and DOE agreed to five technical milestones related to progress of the American Centrifuge project when they started the research, demonstration and deployment program in June. The run-time milestone was based on the reliability of the machine’s Lower Suspension Drive Assembly, which was upgraded in 2011. The 20-year mark was reached in May, but certification from DOE did not come until this week after a review. The AC100s have now run for more than 30 machine years.

Marshall Cohen has been named B&W’s new Vice President for Government Affairs and Communications, effective Oct. 9. Cohen last served as senior director for state and local government affairs at the Nuclear Energy Institute, and previously served as vice president

for communications and government affairs at Louisiana Energy Services. "Marshall's experience and expertise in strategic government relations, policy and communications, and the integration of those functions, as well as his knowledge of the energy, defense and government services industries, make him an outstanding asset for our team," B&W President and CEO James Ferland said in a release issued this week. "Closely aligning our communications and government relations efforts is crucial to growing B&W's business both in the United States and worldwide, and Marshall's leadership in this regard will be invaluable."

ON THE INTERNATIONAL FRONT

Radiation detection equipment installed at a Maltese port is now up and running, the National Nuclear Security Administration said in a statement this week.

With help from the U.S. Embassy in Malta, Malta Customs

and Freeport Terminals, the NNSA's Megaports Initiative installed specialized radiation equipment at Malta's Port of Marsaxlokk in an effort to curb nuclear smuggling around the world. The Port of Marsaxlokk is the Mediterranean's third largest transshipment port and represents a key point on one of the world's busiest shipping routes. The NNSA said approximately 50 percent of containers passing through the port will be scanned. "Our success in equipping the Port of Marsaxlokk with radiation detection equipment highlights our shared commitment to keeping dangerous nuclear and radiological materials out of the hands of terrorists, smugglers and proliferators," NNSA Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement. "Equipping one of the major shipping points in the Mediterranean is a significant milestone that highlights our strong partnership with Malta and our shared commitment to combating nuclear terrorism." ■

Calendar

September

- 24 **Discussion: "Advances in Nuclear-Test Monitoring and Verification," American Association for the Advancement of Science, with five speakers, Senate Hart Office Building Room 902, Washington, D.C., noon-1:30 p.m.**
- 25 **Speech: President Barack Obama addresses United Nations General Assembly, New York, 10 a.m.**
- 26 **Speech: "The Last U.S. Nuclear Test--20 Years Later: Status and Prospects for the Comprehensive Test Ban Treaty," Acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller, at the American Security Project, Washington, D.C., 12:30-1:30 p.m.**
- 28 **Discussion: "The 2015 NPT Review Conference: Challenges and Opportunities," with Susan Burk, Special Representative of the President, Nuclear Nonproliferation, 6th Floor Board Room, Wilson Center, Reagan Building,, Washington, D.C., noon-1:30 p.m.**

October

- 2 **Public meeting: "Public and Worker Safety at the National Nuclear Security Administration's Y-12 National Security Complex," Defense Nuclear Facilities Safety Board, Knoxville Convention Center, Knoxville, Tenn., 1-5 p.m.**

15-18

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(Changes from previous Calendar in Bold)

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September 28, 2012

— *INSIDE HIGHLIGHTS* —

The National Nuclear Security Administration is asking Y-12 National Security Complex contractor B&W Y-12 to fire protective force subcontractor WSI-Oak Ridge in the wake of the July 28 security breach at the site. 2

A bill introduced in the House late last week by Rep. Michael Turner would shift responsibility for protecting National Nuclear Security Administration sites to the military as fallout from the July security breach at the Y-12 National Security Complex continues. 2

The Senate Armed Services Committee appears willing to support a NNSA plan to reprogram \$120 million in Fiscal Year 2012 funds for an alternate plutonium sustainment strategy, with a catch: that the agency use part of the money to keep the deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility alive. 4

The cost of building the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site is expected to rise by more than \$2 billion and the projected schedule for completing the project could slip “significantly.” 5

The NNSA’s decision to take a month-by-month approach to extending the current management and operating contracts at the Y-12 National Security Complex and Pantex Plant has increased expectations among bidders for a combined contract that an award is looming. 6

Lawrence Livermore National Laboratory has finished removing all but tiny quantities of special nuclear materials from its grounds in a move that will allow the National Nuclear Security Administration to cut back on security and potentially save approximately \$40 million a year. 7

Given the complex issues still surrounding the Comprehensive Nuclear-Test Ban Treaty 16 years after it was signed by the United States, acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller this week said that bringing it to a ratification vote in the Senate will still take time. 8

After recently finalizing a three-year contract extension with DOE, Savannah River Nuclear Solutions is looking ahead to new missions for the site. 9

Mary Ann Hopkins has been named the new President of Parsons Government Services Inc., effective Oct. 15, as part of a corporate executive shuffle announced this week. . . 10

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NNSA ASKS B&W Y-12 TO TERMINATE WSI'S CONTRACT

The National Nuclear Security Administration is asking Y-12 National Security Complex contractor B&W Y-12 to fire protective force subcontractor WSI-Oak Ridge in the wake of the July 28 security breach at the site. In a letter today to B&W Y-12, the NNSA requested that B&W take the action against WSI, whose protective force contract was assigned to B&W Y-12 after three protesters were able to penetrate the inner sanctum of Y-12, reaching the Highly Enriched Uranium Materials Facility. WSI has reassigned top managers involved with the incident, and some guards have been fired, demoted or suspended, but latest step represents the most drastic action taken yet by the Department. Under the plan, B&W Y-12 would assume management of the protective force in a model similar to how security is managed at the Pantex Plant. "As Secretary Chu has repeatedly said, the incident at Y-12 was a completely unacceptable breach of security and an important wake up call for our entire complex," NNSA spokesman Josh McConaha said in a written statement. "The security of our nation's nuclear material is the Department's most important responsibility, and we have no tolerance for federal or contractor personnel who cannot or will not do their jobs."

As part of DOE's response to the incident, McConaha also confirmed that Energy Secretary Steven Chu is also establishing an external panel to analyze how the Department stores and secures nuclear material, looking at additional options for protecting the weapons complex. McConaha also said that DOE's Office of Health, Safety and Security completed its inspection of Y-12 and delivered a classified report to Chu this week that "reinforced the seriousness of the incident and will help improve security at Y-12 and across the Department."

—Todd Jacobson

TURNER UNVEILS BILL TO USE MILITARY TO PROTECT WEAPONS COMPLEX SITES

A bill introduced in the House of Representatives late last week by Rep. Michael Turner (R-Ohio) would shift responsibility for protecting National Nuclear Security Administration sites to the military as fallout from the July security breach at the Y-12 National Security Complex continues. The "Securing Our Nuclear Weapons and Facilities Act," which is unlikely to gain traction before the end of the year, would also give the military the responsibility for protecting nuclear transport shipments, which is currently the job of federalized security guards with NNSA's Office of Secure Transportation. Contractors provide security at weapons complex sites, and Department of Energy protective force mainstay WSI has been under fire for its role in the July 28 security breach. "Our military has the capabilities, training, and cultural mindset needed to secure the nation's most powerful weapons," Turner said in a statement. "NNSA was originally created by Congress because of major security and mismanagement problems at DOE. For 12 years DOE and NNSA have been saying they will get things right—this latest incident proves once again that they haven't. I am not willing to risk having security for our nuclear weapons continue to reside inside this broken system."

Turner Bemoans 'Broken' NNSA

The drastic action is the latest effort by Turner, the chairman of the House Armed Services Strategic Forces Subcommittee, to reform the NNSA. Turner authored language in the Fiscal Year 2013 Defense Authorization Act that would overhaul the management and governance structure of the agency, and he has been outspoken in his concern after the Y-12 security breach, suggesting that more radical measures to reform the agency might be necessary. "Last week my Subcommittee heard directly from NNSA officials and experts on the Y-12 incident and the alarming lapse of security," said Turner, whose subcommittee held a hearing on the security breach Sept. 13.

ExchangeMonitor Publications' Nuclear Team (WC Monitor, NW&M Monitor, RW Monitor)

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“On a bipartisan basis we were stunned by the series of failures, at all levels, that enabled this incident to occur. We were also dismayed by the lack of accountability in responsible federal officials. It is clear that the NNSA is broken and we must take immediate action to ensure the security of the nation’s nuclear materials.” The National Nuclear Security Administration and the Department of Energy did not respond to a request for comment. The bill is co-sponsored by six other Republicans: Reps. Trent Franks (Ariz.), Mo Brooks (Ala.), Austin Scott (Ga.), Doug Lamborn (Colo.), Mike Rogers (Ala.), and John Fleming (La.).

The issue of using the Army to protect Y-12 was raised by Rep. Morgan Griffith (R-Va.) at a House Energy and Commerce Oversight and Investigations Subcommittee hearing earlier this month. “Have we ever thought about attaching, at least for the protection of the perimeter, an installation of the United States Army?” Deputy Energy Secretary Dan Poneman noted that the Department has looked at federalizing the guard force before and examined other scenarios “many times.” He added: “There is no substitute for strong management and oversight. So whether it’s a federalized force or whether it’s a contractor force, there is no substitute for getting that strong direction and leadership.” Griffith suggested that strong leadership could be provided by the Army. “Historically, the United States Army seems to have done a pretty good job of that,” he said.

Skeptics of Bill Raise Questions

Critics of the bill have said the legislation poses a host of questions, ranging from the legality of the maneuver to the logistical impact of installing military battalions at weapons complex sites around the country. Peter Stockton, a senior investigator for the Project on Government Oversight and a former Congressional staffer under Rep. John Dingell, said the House Energy and Commerce Committee examined the issue in the early 1980s after security problems cropped up at the Savannah River Site. He noted that the 1878 Posse Comitatus Act, which was designed to limit the military from being used in domestic law enforcement activities, could be a potential stumbling block. The law, however, does not prohibit the military from being used, but requires an Act of Congress to authorize its use. Congressional staff told *NW&M Monitor* that the Posse Comitatus Act would not impact Turner’s bill, but one official told *NW&M Monitor* that regardless of the concerns raised by the century-old legislation, having the military at civilian-run weapons sites could pose significant issues. “If you wanted to say open a portal, would you have to have a fed direct a military guard to do that?” the official said. “So there would be huge command and control issues.”

Stockton and other critics of the bill acknowledged that the logistical issue of housing and actually using the military for security was more of a problem. “Who pays for it and where are you going to house all these people. The guys here live at home, but where are you going to put hundreds of soldiers?” Stockton said. He also said that frequent transfers within the military would present problems with continuity and with getting soldiers cleared, because Department of Defense and Department of Energy clearances are not transferable. “There are a whole hell of a lot of problems with this,” Stockton said. “I don’t think it’s going to improve things.” Stockton and Nick Roth, a policy fellow at the Center for Arms Control & Non-Proliferation, also noted that the military has had its own problems securing nuclear weapons, dating back to the 2007 cross-country flight of nuclear warheads aboard an Air Force bomber. “The Air Force has had its own problems over the past few years,” Roth said. “The Navy has a better track record.”

In a statement, Pentagon spokeswoman Lt. Col. Melinda Morgan declined to comment on the pending legislation. “We routinely get requests for information from Congressional and Senate members and respond to them as quickly as possible,” she said. “If we receive a request for information from Rep Turner or other members we will respond as quickly as possible.” She declined to answer any other questions about the feasibility of the Pentagon providing security at nuclear weapons sites. “This relates to the protection of the U.S. nuclear arsenal and we cannot provide information due to operational and national security concerns,” she said.

Guards Union Opposes Legislation

Randy Lawson, the head of the guards union in Oak Ridge and the President of the National Council of Security Police, said that the problems at Y-12 could be fixed under the existing guard force. He said the NCSP was drafting a letter in opposition of the proposed legislation. “You could bring Navy SEALs in but if you don’t have adequate camera coverage, adequate alarm sensors, the concertina wire or razor wire stretched out where it’s supposed to be, and you have no patrols and proper lighting, it doesn’t matter who you’re going to have unless you have boots on the ground every three feet,” Lawson said. Y-12 management and operating contractor B&W Y-12 has moved to fix many of the deficiencies that contributed to the security breach, repairing cameras, reducing false alarms, increasing patrols and adding in new barriers.

Lawson also noted that many of the guards employed at Y-12 have military backgrounds. He said the prerequisite for hiring involves a college degree, law enforcement experience, or military experience. “We have a very high

average of military personnel here, probably the vast majority have military backgrounds,” Lawson said. “I don’t want to insult the Congressman, but they don’t realize that they already have the military here.” WSI spokeswoman Courtney Henry said that 57 percent of WSI-Oak Ridge’s workforce consisted of veterans.

—*Todd Jacobson*

AS LANL CLOSES OUT CMRR-NF, SOME IN CONGRESS LOOK TO KEEP PROJECT ALIVE

The Senate Armed Services Committee appears willing to support a National Nuclear Security Administration plan to reprogram \$120 million in Fiscal Year 2012 funds for an alternate plutonium sustainment strategy, with a catch: that the agency use part of the money to keep the deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility alive. Suggesting he was disappointed that NNSA “undermined” Congress by deferring the project, Sen. Carl Levin (D-Mich.), the chairman of the Senate Armed Services Committee and an opponent of the Administration’s plan to defer construction of CMRR-NF for at least five years, said in a Sept. 19 letter to acting Department of Energy Deputy Chief Financial Officer Joanne Choi that the panel views the NNSA’s deferral of the project as a cancellation.

In his letter, Levin said the committee was deferring action on the Sept. 13 reprogramming request, but he left the door open for support and suggested the panel would work with the NNSA and the Pentagon to “ensure that resources adequately meet both our near-term alternative plutonium sustainment and the long-term CMRR-NF needs. ... The Committee is willing to provide funding for the alternative plutonium strategy as long as a portion of the \$120 million is utilized to reconstitute the CMRR-NF facility in support of the New START Treaty,” Levin wrote in the letter.

The House Armed Services Committee, which like its counterparts in the Senate balked at the decision to defer work on the CMRR-NF earlier this year, is believed to be preparing a similar letter, *NW&M Monitor* has learned. The NNSA needs approval from four major Congressional committees to proceed with the reprogramming, including the House and Senate Appropriations committees. Both appropriations committees have supported the NNSA’s alternate plutonium strategy.

Levin didn’t define in his letter how he wanted the agency to keep CMRR-NF alive, but the panel is believed to want the agency to keep the project team alive in some form, exploring alternate or less costly designs, keeping the facility’s safety basis updated, and maintaining design

contracts with companies like Jacobs Engineering and Merrick that expire at the end of the year. Since February, Los Alamos National Laboratory officials have been working to wrap up the project, and Los Alamos Site Office official Steve Fong said this week at a meeting in Los Alamos that the project staff has dwindled to about 50, down from several hundred earlier this year. Bechtel has shifted project manager Rick Holmes off of the project, and the project staff is expected to be fully disbanded by December. “The result is that not only has the human knowledge base been lost, a costly endeavor to re-constitute contractual activities associated with the design of the CMRR-NF will also have to be re-negotiated causing at least [a] two year delay regardless of whether the project is started now or three years from now,” Levin wrote. “The Committee is deeply concerned and troubled that the NNSA undermined the Congress and set into motion its cancellation plans without full Congressional consent.”

NNSA Details Reprogramming

In its reprogramming request, the NNSA detailed how the \$120 million would be spent. It said that approximately \$20-25 million would be spent on start-up activities at the Radiological Laboratory Utility Office Building, while \$20-30 million would go to purchase additional analytical chemistry equipment for RLUOB. Another \$20-25 million would go toward relocating analytical chemistry sample management/preparatory capabilities from the existing CMR facility to the lab’s Plutonium Facility (PF-4), and \$20-30 million would be needed to relocate material characterization equipment from CMR to PF-4. The agency also said \$15-25 million would be needed to build a tunnel between PF-4 and the RLUOB. The funds come from unspent money from the CMRR-NF project. “It should be noted that these activities will maintain near-term continuity of capabilities for plutonium support functions and represent the first phase of work that will complement future potential equipment procurements that may be needed to increase pit production capacity in PF-4,” the NNSA said in the request. “The reprogramming allows for initial investments in the infrastructure at LANL that will enable all future production scenarios while minimizing impacts to ongoing operations.”

Levin, however, was unconvinced. “A central tenant of our arms control policy is that as we draw down to fewer numbers of warheads, we will reduce the hedge or backup warheads, relying instead on an ability to reconstitute the hedge, based on a sound plutonium science capability provided by the CMRR-NF,” Levin wrote. “The cancellation decision and this associated reprogramming runs counter to the policy of relying on responsive infrastructure and stockpile stewardship science rather than deployed

IN N.M. SENATE RACE, HEINRICH ATTACKS WILSON'S SUPPORT OF NATIONAL LABS

New Mexico Democratic Senate candidate Martin Heinrich lashed out this week at Republican opponent Heather Wilson's support of Vice Presidential candidate Paul Ryan's budget proposal, questioning Wilson's support for the National Nuclear Security Administration's weapons laboratories. Heinrich said the labs would face steep cuts in Ryan's budget plan—of 10 percent for Sandia National Laboratories and 17 percent for Los Alamos National Laboratory. Ahead at the polls, the Heinrich campaign appears to be trying to whittle away at one of Wilson's strengths, her national security credentials, though both Senate candidates have voiced support for the labs and efforts to modernize the nation's nuclear deterrent. Wilson is a former staffer for Sen. Pete Domenici and a former staffer on the National Security Council. "The fact that Heather Wilson admires Paul Ryan for his willingness to propose ideas that would harm New Mexico's middle class proves just how wrong her priorities are for New Mexico," Heinrich spokeswoman Whitney Potter said in a statement yesterday, noting that Heinrich voted against the Ryan budget. "New Mexicans want a senator who will stand up against Republican attacks on our national labs and Medicare, and fight to protect the middle class." A spokesman for Wilson did not respond to a request for comment. ■

or hedge warheads." Levin suggested that coupled with the \$800 million to \$1.13 billion estimated cost of the alternate plutonium strategy, the five-year delay would drive the facility's price tag up to between \$5.6 and \$7.2 billion. The facility is currently estimated to cost between \$3.7 and \$5.8 billion. "The sheer size of this cost escalation could lead to an inability to construct the CMRR-NF as proposed by the NNSA five years from now, an unacceptable worst case scenario that leaves our nation worse off in its ability to conduct plutonium science and engineering at Los Alamos," Levin wrote.

Stephen Young, a senior analyst with the Union of Concerned Scientists, noted that the House and Senate Armed Services Committees largely stand alone in their opposition to the deferral of the project. "The Administration, including the Pentagon, the NNSA, the weapons labs, and the Congressional appropriations committees all support the delay," Young wrote in an article published on *allthingsnuclear.org*. "If I were a betting man, I'd side with the appropriators and the Pentagon, as that is a fairly powerful combination that usually gets its way. But the final word is not yet spoken, and will undoubtedly await Congressional approval of the alternative plutonium plan."

Project Team Finds 'Freezing Point'

In the Los Alamos meeting, Fong said that the project had tried to find a logical "freezing point" for the major design systems, like the fire protection system or the electrical system. "We take that to a logical point where we draw all the information together and leave that information for the next design team that comes in five years from now," he said. "It's not just a box of information; it's a logical set, a discussion point that communicates where we were at, what our thinking was and what are the next steps for the

design team to make." Fong also said the excavated area for the nuclear facility will be fenced and the soil will be stabilized. All the equipment will be removed. Some lagging aspects of the close-out will stretch into 2013, Fong said, but he could not say for sure how long that might be.

Fong acknowledged that the project had spent about \$425 million over the last several years on designing the plutonium handling and processing facility. Despite the expense and another six months of concluding design work, the project is no farther along on providing a reliable baseline cost projection for the nuclear facility. "We did not go through another range estimate," Fong said. He added that one of the major open issues, whether to dig a deep or shallow base for the building had not been resolved, but that the cost differential amounted to about \$30 - \$40 million. "We're going to leave that [decision] for the next team to make," he said. Asked by Scott Kovak of Nuclear Watch New Mexico what percentage of the design had been reached, Fong said, "We haven't defined it that way. We've only looked at it in terms of what is the right stopping point."

Phil Schuetz, who replaced Holmes as the lab's CMRR-NF project manager, said the project scope books that organize that information are still being compiled. He said that they record "where the design left off, what the major open issues were that we had identified that we hadn't yet resolved and anything else that would help another organization or individuals who would potentially start up the design several years from now, giving them a head start by capturing where all the information is."

RLUOB Year Away From Increased Pu Handling

The Radiological Laboratory and Office Utility Building, the smaller building in the CMRR project that has already been built and equipped, has been turned over to operations, certified for handling a small amount of plutonium to begin, but with approximately four times that amount to be allowed in another year under NNSA's plans to maximize capabilities without the nuclear facility. David Fuehne, LANL's air emissions team leader, said air emissions monitoring would begin when the first phase of radiological operations starts there in mid-November. "We'll do stack monitoring weekly when it's an operational source," he said. "It's reported annually as part of our annual emissions report for the EPA which comes out June 30th of each year."

The project managers declined to provide information about alternative plans for the analytical chemistry, materials characterization and plutonium storage, among other capabilities that the nuclear facility was designed to provide. Greg Mello, executive director of the Los Alamos Study Group asked, "More broadly, does anyone speak to the process for alternative plutonium sustainment and any documents and plans that will develop from that?" Fong said he had no information on the alternate strategy. "There is a lot of discussion on that. I can't answer any of those questions. I'm a project guy. I wear a project hat. It's a pointy hat. We drive forward. We try to get things done. We try to close up things."

—Todd Jacobson and staff reports

MOX PROJECT BASELINE EXPECTED TO RISE BY MORE THAN \$2 BILLION

The cost of building the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site is expected to rise by more than \$2 billion and the projected schedule for completing the project could slip "significantly," *NW&M Monitor* has learned. The project's 2007 baseline estimated that the facility would cost \$4.8 billion and be up and running by 2016, but it has faced a significant rise in commodity prices as well as hiring and retention issues, problems finding nuclear qualified vendors and difficulty obtaining specialty components from the long-dormant nuclear industry. The National Nuclear Security Administration is believed to be validating the current estimate, which has been established by MOX contractor Shaw AREVA MOX Services, and has not approved a new baseline for the project.

While the project has had its share of challenges, its scope has also increased as current plans call for the installation

of several furnaces that will help establish within the MOX facility a pit disassembly and conversion capability that was initially planned for a standalone building. That plan is expected to significantly decrease pit disassembly and conversion costs, which were estimated to cost \$2.3 billion according to a 2005 estimate but almost \$5 billion several years later. At approximately \$400 million, installing the furnaces in the MOX facility is believed to cost about \$400 million, which would help defray the cost of increases in the MOX facility itself.

Cost Increase Surpasses Expectations

While cost increases on the project are not necessarily a surprise to observers, the extent of the increase has raised some eyebrows. Earlier this year, House appropriators suggested in a report accompanying the Fiscal Year 2013 Energy and Water Appropriations Act that it could be as much as \$600 million to \$900 million. In addition to construction costs for the facility, MOX critics have noted that projected operating costs for the plant have more than doubled in recent years as additional expenses such as security and Nuclear Regulatory Commission fees were added to the estimate. The NNSA's latest budget request found it will cost an average of \$498.7 million a year to operate the facility—and \$7.1 billion over the life of the plant—up from an estimate of \$184.4 million two years ago. A year ago, the costs were expected to be \$356.1 million a year. "Challenges" in the program led House Energy and Water Appropriations Subcommittee Chairman Rodney Frelinghuysen to question why the NNSA was proceeding with start-up plans at a panel budget hearing earlier this year.

Shaw AREVA MOX Services directed questions on the project to the NNSA, which declined to comment. However, Shaw AREVA MOX Services President Kelly Trice said earlier this year that keeping the cost of the project down was a priority for the project. "As MOX Services continues constructing the MOX facility with an unsurpassed safety and quality record, we are working hard to continue finding cost savings and cost avoidances to relieve rising prices of goods and services," Trice said in April. "Despite these costs being driven up by the 'nuclear renaissance,' we are about 60 percent complete with the project and are currently on track to finish in approximately four years."

Lack of Buyer for Fuel Still Looms

The NNSA is also still without a buyer for the MOX fuel that it will eventually use, and news on that front continues to dim. Energy Northwest backed away from undertaking a study on using the fuel in its Columbia Generating Station, and Tennessee Valley Authority Chief Nuclear

Officer Preston Swafford said earlier this month that decisions on MOX would take a backseat to concerns about Nuclear Regulatory Commission violations at TVA's Brown's Ferry plant. The utility has named the Brown's Ferry and Sequoyah nuclear plants as potential sites to burn MOX and the NNSA's Plutonium Disposition Supplemental Environmental Impact Statement names Brown's Ferry and Sequoyah as potential sites for MOX use, but TVA has said it would not make a decision on using MOX until after the SEIS is completed in 2013. "It's just so low on my radar screen that I refuse to jump in the fray," Swafford told the *Times Daily* of Florence, Ala. "I don't think I do service to the ratepayers of the Valley bringing on one more issue. Now three or four years from now, when the fleet's back to steady, we'll take a look at the product."

—Todd Jacobson

MONTHLY APPROACH TO Y-12, PANTEX EXTENSIONS HOPES OF QUICK AWARD

The National Nuclear Security Administration's decision to take a month-by-month approach to extending the current management and operating contracts at the Y-12 National Security Complex and Pantex Plant has increased expectations among bidders for a combined contract that an award is looming. The NNSA had planned to extend the contracts of B&W-led teams at Y-12 and Pantex by three months at a time, but as it mulls B&W's current performance at Y-12 and looks to wrap up the competition, it altered its strategy last week, opting instead for six one-month options. The agency recently exercised the first one-month option. When the agency revised its procurement, adding protective force management to the scope of the contract in August, it said it expected to award the contract around Nov. 2. "This now gives them the flexibility to move quickly to make an award and not be locked into a time frame from the three-month extensions," one industry official told *NW&M Monitor*. "If you take them at their word that they're going to shoot for a Nov. 2 award, the old extensions would've been out of synch with their plans." Another industry official agreed. "I think it's unequivocally setting them up to try to make the award on time," the official said. "When you think about it, if they had gone with two three-month extensions, for all practical purposes, they'd have to stick around until the end of March."

When it amended the Request for Proposals in August, the NNSA also truncated the planned transition period for the contract to four months, meaning a successful bidder could take over in early March according to the current schedule. A third industry official suggested that the agency could

have met its Nov. 2 award date with one three-month option rather than the month-to-month approach. "It's an optics thing where they're able to demonstrate they've done something different, and we've got this flexibility and we can decide to terminate for convenience after one month," the official said. NNSA spokesman Josh McConaha suggested last week that the decision to move to month-to-month options was made to "increase flexibility and to preserve alternatives."

'Show Cause' a Factor in Extensions?

Industry officials also suggested that the previous extension strategy did not make sense given the NNSA's continuing concern about the July 28 security breach at Y-12 that has forced it to revamp its contracting plans. Shorter and more frequent extensions appears to give the agency the flexibility to address continuing fallout from the breach and potentially take action in response to an Aug. 10 "show cause" letter that threatened to terminate B&W Y-12's contract. The agency has still not decided B&W Y-12's fate. "It gives them a lot more contract flexibility on how they manage the incumbent right now," one industry official said. Another added: "Anything short of what they did would be too much of a refutation of what they thought about the status of things. If they had given them a three-month extension, it would've been clear they were not going to terminate their contract any time soon."

Revamped proposals for the contract were submitted earlier this month and the NNSA conducted another round of oral presentations, but of the three teams that bid for the contract, only one—the team led by B&W and including URS, Northrop Grumman and Honeywell—opted to redo oral presentations, while teams led by Bechtel and Fluor opted to stand pat. That, too, has increased confidence that an award could come quickly. "With the limited scope of work and only one team redoing orals, it all makes sense they could wrap things pretty quickly," another industry official said.

—Todd Jacobson

LLNL COMPLETES EFFORT TO REMOVE SPECIAL NUCLEAR MATERIAL FROM LAB

Lab Announces Plans to Lay Off Up To 126 From Security Staff As Security is Downgraded

Lawrence Livermore National Laboratory has finished removing all but tiny quantities of special nuclear materials from its grounds in a move that will allow the National Nuclear Security Administration to cut back on security and potentially save approximately \$40 million a year. The plan to remove all special nuclear material requiring

Category I and II protection, focused on the lab's "Superblock" plutonium facility, has been in the works since 2008, with shipments going to Los Alamos National Laboratory, the Nevada National Security Site, the Savannah River Site, the Y-12 National Security Complex, and Idaho National Laboratory. The NNSA had said the de-inventorying effort would be completed by the end of Fiscal Year 2012. "We're always looking for ways to improve the way we do business," NNSA Administrator Tom D'Agostino said in a statement. "Consolidating this nuclear material will help save critical taxpayer dollars, help improve the safety and security posture at the site, and help align our enterprise for the coming decades. The team at Lawrence Livermore National Laboratory deserves a lot of credit for doing this efficiently and safely."

With the completion of the de-inventorying effort, the lab issued WARN Act notices to employees outlining its plans to cut 126 security jobs over the next few months. The cuts were enabled by the reduced security levels at the site. "Now that the fissile material is off-site our security requirements have changed and as a result we will not be needing some of those skills we needed when we had those materials on the site," Livermore spokeswoman Lynda Seaver told *NW&M Monitor*. She said that the lab is first encouraging security employees to volunteer for a separation program that will culminate in late October or early November. Force layoffs would take place by the end of March if necessary, she said.

The de-inventorying effort at Livermore is part of an NNSA plan to consolidate special nuclear materials to five sites. The agency completed the removal of special nuclear material from Sandia National Laboratories in 2007, at the same time accelerating plans to remove special nuclear material from Livermore. The agency had initially planned to remove the Livermore material by 2014 and purchased specialized glovebox equipment to aid in the quickened processing and packaging of the material. Government watchdog groups, including the Project on Government Oversight, had urged the NNSA to move the material out of Livermore by 2009, citing the lab's close proximity to nearby neighborhoods and problems protecting the material. Guards at the lab failed a force-on-force exercise in 2008, allowing mock attackers to successfully reach a phony payload of plutonium.

IG Discounts Accusations of 'Excessive' Security Costs

While the material was removed, the lab maintained its security force by offering lucrative retention bonuses, and a report issued by the Department of Energy's Inspector General issued this week concluded that those bonuses were reasonable. In a report released Sept. 26, the IG said it investigated claims that the lab experienced "excessive"

security costs while it maintained security to protect Category I/II special nuclear material, but it found no problem with \$15.2 million in retention bonuses distributed from Fiscal Year 2010 to FY 2012 that helped the site maintain its guard force. In its report, the IG said that guards earned \$50,000 bonuses if they stayed at the lab through Sept. 30, 2012. "According to a Livermore official, the retention bonuses helped to maintain the number of security personnel at the levels required for Security Category I/II protection throughout the deinventory, as well as maintain the morale amongst the impacted security personnel," the IG said. The NNSA also authorized a 12-month transition phase through Sept. 30, 2013, to help guards move to other jobs after the de-inventorying effort was complete.

The IG also said it found no evidence that the NNSA misappropriated federal funds to reestablish an environmental testing capability at the lab, or that it improperly reconstituted the testing capability for use on a refurbishment study of the W78 warhead. The acceleration testing machine was built in 2011, the IG said, and will be used for various stockpile stewardship work, including on the W78.

—Todd Jacobson

OBAMA ADMIN. EXPECTS SENATE VOTE ON CTBT TO TAKE TIME

CTBT Advocates This Week Mark 16 Years Since U.S. Signed Treaty

Given the complex issues still surrounding the Comprehensive Nuclear-Test Ban Treaty (CTBT) 16 years after it was signed by the United States, acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller this week said that bringing it to a ratification vote in the Senate will still take time. The Obama Administration has signaled that ratification of the treaty will be a major goal in its nonproliferation strategy, following up on efforts that resulted in the successful ratification of the New START Treaty with Russia in 2010. "I see no reason why we can't pursue the same effort with the Comprehensive Test-Ban Treaty," Gottemoeller said at a Sept. 26 American Security Project event. But she declined to provide a schedule for when it could be brought to the Senate. The CTBT was among the "It will take time. And that's why we're not setting out a timeline here for bringing the treaty to a vote, but rather want to go through a careful process and ensure that everybody understands what the treaty's all about," she said.

The treaty aims to prohibit all nuclear weapons test explosions worldwide, and this week marked 16 years since the CTBT was first opened for signature on Sept. 24,

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM



October 15 - 18, 2012
Omni Amelia Island Plantation Resort
Amelia Island, Florida

Additional Speakers...

William Murphie, *Manager, Portsmouth-Paducah Project Office, U.S. DOE-EM*

Robert Raines, *Associate Administrator for Acquisition and Project Management, National Nuclear Security Administration*

John Owsley, *Director, Division of DOE Oversight, Tennessee Department of Environment and Conservation*

Shelly Wilson, *South Carolina Department of Health & Environmental Control*

Tom Dieter, *President, CH2M-WG Idaho*

Bradley Smith, *Deputy Project Manager, Washington Closure Hanford*

Mark Duff, *President, LATA Kentucky*

Mike Johnson, *President, Washington River Protection Solutions*

Steve Jones, *President, Oak Ridge Atomic Trades and Labor Council*

John Lehew, *President, CH2M Hill Plateau Remediation Co.*

Dave Olson, *President, Savannah River Remediation*

Herman Potter, *President, United Steelworkers Local 689, Piketon, Ohio*

Helena Tirone, *Director, Supply Chain Mgmt., Savannah River Nuclear Solutions*

Jim Key, *Vice President, United Steelworkers Local 550, Paducah, Ky.; Vice President Atomic Energy Workers Council*

Ron Slotke, *Vice President/CFO, CH2M Hill Nuclear Group*

Sandra Fairchild, *Business Manager, Savannah River Remediation LLC*

Robert Nichols, *Deputy Project Manager, Fluor-B&W Portsmouth*

John Robinson, *Procurement Manager, Washington River Protection Solutions*

Frank Russo, *Project Manager, Hanford Waste Treatment Plant, Bechtel National*

Frank Sheppard, *Business Manager, Parsons-Salt Waste Processing Facility*

Carl Strock, *Manager of Functions, Bechtel National*

Ward Sproat, *Safety Culture Lead, Hanford Waste Treatment Plant*

Taunja Berquam, *Minority Staff, Energy and Water Appropriations Subcommittee, U.S. House of Representatives*

Doug Clapp, *Majority Clerk, Energy & Water Development Appropriations Subcommittee, U.S. Senate*

Keynote Speakers...

Dr. Peter Winokur, *Chairman
Defense Nuclear Facilities Safety Board*

David G. Huizenga, *Senior Advisor for Environmental
Management, U.S. Dept. of Energy*

Mark Lesinski, *Chief Operating Officer, Nuclear
Decommissioning Authority, United Kingdom*

Also Featuring...

Matt Moury, *Deputy Assistant Secretary for Safety, Security &
Quality, Environmental Management, U.S. DOE*

Ken Picha, *acting Deputy Assistant Secretary for Tank Waste &
Nuclear Material, Environmental Management, U.S. DOE*

Jack Surash, *Deputy Assistant Secretary for Acquisition &
Project Management, Environmental Management, U.S. DOE*

Terry Tyborowski, *Deputy Assistant Secretary for Program
Planning Budget, Environmental Management, U.S. DOE*

Alice Williams, *Associate Principal Deputy Assistant Secretary,
Environmental Management, U.S. DOE*

Paul Bosco, *Director, Office of Acquisition and Project
Management, U.S. DOE*

Rod Baltzer, *President, Waste Control Specialists*

George Dials, *President, B&W Conversion Services LLC*

Mark Fallon, *President, Nuclear Group, CH2M Hill*

Greg Meyer, *Senior Vice President, Fluor Government Group*

Michael Graham, *Mgr., U.S. Environmental, Bechtel National*

Tara Neider, *President, AREVA Federal Services*

Alan Parker, *President-Government Group, EnergySolutions*

David Pethick, *Gen. Mgr., Global M&O Services, URS*

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— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

REFRESHMENTS AT REGISTRATION

3:00 **SPECIAL WORKSHOP: FINDING
SUCCESS IN THE UK
DECOMMISSIONING MARKET
(Cumberland C)**

MODERATOR: **Mark Frei**, COO
Longenecker & Associates

Mark Lesinski, Chief Operating Officer
UK Nuclear Decommissioning Authority

Ron Gorham, Supply Chain Director
UK Nuclear Decommissioning Authority

Keith Case, Commercial Director
Sellafeld Limited

Chris Woodhead, Managing Director
S.A. Robotics

Renee Echols, Executive Vice President
Perma-Fix Environmental Services

Martin Keighley, CEO
Arvia Technology Ltd.

Neil Foreman, Chairman
Centronics

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

**DNFSB, DOE and the Contractors: Roles,
Responsibilities and the Road Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety Board

OPEN DISCUSSION

8:45 **The Path Forward for Nuclear Cleanup
in the UK**

MODERATOR: **Chris Hall**, Director
Business Development, Fluor
Government Group

Mark Lesinski, Chief Operating
Officer, Nuclear Decommissioning
Authority, UK

9:15 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

MODERATOR: **Pete Diakun**
Vice President, Energy Programs,
Newport News Nuclear

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

10:00 **COFFEE BREAK**

10:20 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

MODERATOR: **Teo Grochowski**,
President, Robatel Technologies

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:45 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**, CEO
ExchangeMonitor Publications & Forum

George Dials, President
B&W Conversion Services LLC

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager
U.S. Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

Alan Parker, President, Government
Group, EnergySolutions

David Pethick, General Manager
Global Management and Operations
Services, URS

Greg Meyer, Senior Vice President
Fluor Government Group

OPEN DISCUSSION

12:00 **LUNCH**

1:00 **State Regulators: Priorities for Future
Cleanup**

MODERATOR: **Mike Nartker**, Associate
Editor, *Weapons Complex Monitor*

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson, Federal Facilities Liaison,
South Carolina Department of Health and
Environmental Control

(Additional Speakers TBD)

OPEN DISCUSSION

2:00 **Union Concerns Across the DOE
Complex**

MODERATOR: **Jeff George**
B&W Technical Services Group

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

MODERATOR: **Kenneth Fletcher**,
Reporter, *Weapons Complex Monitor*

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Deputy Project Director
Design and Operations, Bechtel National-
WTP

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

MODERATOR: **Dan Burns**, Executive
Vice President, WCS

John Lehew, President
CH2M Hill Plateau Remediation Co.

Bradley Smith, Deputy Project Manager
Washington Closure Hanford

Steve Piccolo, Executive Vice President
URS

Tom Dieter, President
CH2M-WG Idaho

— Raising the Bar on Project Performance to Address Long-Term Challenges —

OPEN DISCUSSION

5:45 **ADJOURN**

6:00 **COCKTAIL RECEPTION**

Wednesday, October 17

7:00 **CONTINENTAL BREAKFAST**

8:00 **The Hanford Waste Treatment Plant and the Future of the DOE Cleanup Program**

Frank Russo, Project Manager, Hanford Waste Treatment Plant, Bechtel National

OPEN DISCUSSION

8:30 **Managing Risk in the DOE Complex: What Changes in Risk-Sharing Will Mean for DOE and its Contractors**

MODERATOR: John Longenecker, President, Longenecker & Associates

Paul Bosco, Director Office of Acquisition and Project Management, U.S. DOE

Robert Raines, Associate Administrator for Acquisition and Project Management, National Nuclear Security Administration

Jack Surash, Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM

Ron Slotke, Vice President and CFO CH2M Hill Nuclear Group

Carl Strock, Manager Functions, Bechtel National

Frank Sheppard, Business Manager Parsons-Salt Waste Processing Facility

OPEN DISCUSSION

9:45 **Contracting and Procurement Lessons Learned: Analysis from WC Monitor**

Martin Schneider, CEO ExchangeMonitor Publications & Forums

OPEN DISCUSSION

10:15 **COFFEE BREAK**

10:35 **Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION**

MODERATOR: Kenneth Fletcher, Reporter, *Weapons Complex Monitor*

John Robinson, Procurement Manager Washington River Protection Solutions

Sandra Fairchild, Business Manager Savannah River Remediation LLC

Helena Tirone, Director Supply Chain Management Savannah River Nuclear Solutions

Robert Nichols, Deputy Project Manager, Fluor-B&W Portsmouth

(Additional Speakers TBD)

OPEN DISCUSSION

11:50 **EM Technology Development Priorities**

MODERATOR: John Rayment, President, Kurion

Alice Williams, Associate Principal Deputy Assistant Secretary, U.S. DOE-EM

OPEN DISCUSSION

12:15 **BOX LUNCH**

12:30 **WORKSHOP: SUCCEEDING IN A BUDGET CONSTRAINED ENVIRONMENT (Cumberland C)**

7:00 **SPECIAL EVENING SESSION**

MODERATOR: Edward L. Helminski, President, EM Publications & Forums

Dave Huizenga, Senior Advisor Environmental Management, U.S. Department of Energy

OPEN DISCUSSION

8:00 **COCKTAIL RECEPTION**

8:30 **DINNER**

Thursday, October 18

7:00 **CONTINENTAL BREAKFAST**

8:00 **Implementing EM's New Organization and Institutionalizing Changes for the Long-Term**

MODERATOR: Edward L. Helminski, President, EM Publications & Forums

Alice Williams, Associate Principal Deputy Assistant Secretary, U.S. DOE-EM

OPEN DISCUSSION

8:30 **ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects**

MODERATOR: Mike Nartker, Associate Editor, *Weapons Complex Monitor*

Ken Picha, acting Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM

Mike Johnson, President Washington River Protection Solutions

Dave Olson, President Savannah River Remediation, LLC

Roy Schepens, Director Operations, Salt Waste Processing Facility, Parsons

(Additional Speakers TBD)

OPEN DISCUSSION

9:30 **Lessons Learned from Portsmouth, Paducah Cleanup**

MODERATOR: John Fulton, CH2M Hill

William Murphie, Manager Portsmouth-Paducah Project Office, U.S. DOE-EM

Robert Nichols, Deputy Project Manager, Fluor-B&W Portsmouth

Mark Duff, President LATA Kentucky

Michelle Reichert, Deputy Project Manager, B&W Conversion Services

OPEN DISCUSSION

10:30 **COFFEE BREAK**

10:45 **Upcoming Procurement Opportunities and Acquisition Process Changes**

MODERATOR: Rick Dearholt, Vice President, Sullivan International

Jack Surash, Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM

OPEN DISCUSSION

11:15 **Congressional Staff: Perspectives on the Future of DOE Cleanup**

MODERATOR: Mike Nartker, Associate Editor, *Weapons Complex Monitor*

Doug Clapp, Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate

Taunja Berquam, Minority Staff Energy and Water Appropriations Subcommittee, U.S. House of Representatives

OPEN DISCUSSION

12:00 **FORUM ADJOURN**

— FORUM PARTICIPATING ORGANIZATIONS —

ACTS, Inc.
ADS Trinity
AECL
AECOM
Aerotek
Agility Logistics
Akima Management Services
Aleut World Solutions, LLC
Alion Science and Technology Corporation
Alliant
Amec GeoMelt
ANSTO Inc
AOC Key Solutions, Inc.
ARCADIS
ARES Corporation
AREVA Federal Services LLC
ARS International
Ascendent Engineering & Safety Solutions
ATK Space Systems
ATL International Inc.
Australian Nuclear Science & Technology Organisation (ANSTO)
Avisco, Inc.
AWS, LLC
B&W Technical Services Group, Inc.
B&W Y-12 (National Security Complex)
Babcock & Wilcox
Babcock Services
Bartlett Services, Inc.
Battelle, Pacific Northwest National Laboratory
Bay Tree Government Services
Better Choices Consulting
BG4 LLC
Black & Veatch Special Projects Corp.
Booz Allen Hamilton
Boston Government Services
Bradburne Consulting, LLC
Burns and Roe Enterprises, Inc.
Cabrera Services, Inc.
CareerSMITH, Inc.
Cavanagh Services Group, Inc.
CBI Polymers
CDM
CH2M HILL
City of Oak Ridge
Clauss Construction
Clean Harbors
CLH Associates Inc
Columbia Energy & Environmental Services
Comprehensive Health Services Inc
Container Technologies
CTAC
CWC, LLC
Dade Moeller & Associates
Decker Garman Sullivan LLC
DEMCO, Inc.
DeNuke Contracting Services, Inc.
DESA, Inc
Doyon Government Group
Duke Energy
Dynamac Corporation
DynMcDermott Petroleum Operations Co.
E.S. Fox Ltd
E.W. Wells Group, LLC
E2 Consulting Engineers, Inc.
Earth Tech - AECOM
Eberline Services, Inc.
ECC
Ecotone Group LLC
Edgewater Technical Associates
Enercon
EnergyX, LLC
Energy Communities Alliance
EnergySolutions, Inc.
Engineered Resources, LLC
ENTACT, LLC
Envirocon, Inc.
Environmental Dimensions, Inc.
Environmental Quality Management, Inc.
Environmental Rail Solutions
Epsilon Systems Solutions, Inc.
ERSI, LLC.
ETEBA
Federal Engineers and Constructors, Inc.
Fluor Corporation
Fluor Government Group
Fluor Hanford
Fluor-B&W Portsmouth L.L.C.
Fox Potomac Resources, LLC
Frankie Friend & Associates, Inc
Future Unlimited, Inc.
Gallagher Consulting Group
GD Electric Boat
GEL Laboratories, LLC
GEM Technologies, Inc
General Atomics
Geo Consultants, LLC
Geosyntec Consultants, Inc.
Global BGITM Corporation
Global Solutions LLC
greenberry industrial
Hanford Advisory Board
Hart Design Group
Hill International, Inc.
Honeywell FM&T
Hypercompaction Technologies/Harris Waste Management Group
IAP Worldwide Services, Inc.
IBM
ICE Service Group, Inc.
Idaho National Laboratory
IET
IHI INC.
IMPACT Services, Inc.
Innovations/Oceanus
Innovative Solutions
INTERA Incorporated
Jacobs Engineering Group
JG Management Systems, Inc
Kelly, Anderson & Associates, Inc.
Kiewit Federal Group
Kleinfelder
Kurion, Inc.
LATA/Parallax Portsmouth LLC
LB Services
LMK Engineers, LLC
Lockheed Martin Corporation
Longenecker & Associates, Inc.
Los Alamos National Laboratory
Los Alamos Technical Associates, Inc. (LATA)
LVI Services Inc.
MACTEC, Inc.
Major Tool & Machine, Inc.
Management and Environmental Solutions
Mark Turnbough
MCM Management Corporation
McNeil Technologies, Inc
Merrick & Company
MHF Logistical Solutions
Midwest Research Institute
Mission Support Alliance
MOCA Systems
MPR Associates, Inc.
MSE Technology Applications, Inc.
NAC International
National Security Technologies
Navarro Research and Engineering, Inc.
New Mexico Environment Department
New World Environmental, Inc.
Newport News Nuclear
Nicholson Construction
North Wind, Inc.
Northern New Mexico Citizens' Advisory Board
Northrop Grumman Corporation
Northwest Demolition LLC (SDVOSB)
Nuclear Decommissioning Authority
Nuclear Management Associates
NUKEM Technologies
Numark Associates
Nuvia Limited
NuVision Engineering, Inc.
Oak Ridge Associated Universities
Oak Ridge Energy Corridor
Oak Ridge Site Specific Advisory Board
Omega Consultants, Inc.
Onet Technologies
P.W. Grosser Consulting
PAI Corporation
Pajarito Scientific Corporation
Pangea Group
PaR Systems, Inc.
Parsons
Parsons Brinckerhoff
PB Americas, Inc.
Performance Results Corporation
Perma-Fix Environmental Services, Inc.
Petersen Inc.
Philotechnics, Ltd
Phoenix Enterprises N.W.LLC
Portage, Inc.
PRDA LLC
PREMIER TECHNOLOGY INC
Premier Technology, Inc.
PricewaterhouseCoopers LLP
Pro2Serve Professional Project Services, Inc
Project Enhancement Corporation
Project Services Group LLC
Project Time & Cost, Inc.
R&R Partners
R. W. Beck, Inc.
Radiation Protection Systems, Inc.
Radiation Safety and Control Services, Inc.
Restoration Services Incorporated (RSI)
Robatel Technologies LLC
Rockstar Recruiters LLC
RPM Group, LLC
RSI
S. M. Stoller Corporation
S.A. Robotics, Inc.
SA Mays LLC
Safety and Ecology Corporation (SEC)
Sandia National Laboratories
Savannah River National Laboratory
Science Applications International Corporation
Sevenson Environmental Services, Inc.
Siempelkamp Nuclear Services
SOC
Southern Ohio Diversification Initiative
Spectra Tech, Inc.
SRS Community Reuse Organization
Strata-G, LLC
Studsvik Inc.
Success Staging International

Swift & Staley Mechanical Contractors, Inc.
 Synergy Solutions, Inc.
 Systematic Management Services, Inc.
 Talisman International
 TC Program Solutions
 TechSource, Inc.
 Teledyne Brown Engineering
 TerranearPMC, LLC
 TestAmerica, Inc.
 Tetra Tech, Inc.
 The Duffy Group
 The GEL Group, Inc.
 The Proposal Center, Inc.
 The Shaw Group
 Theta Pro2Serve Management Company, LLC
 Thor Treatment Technologies
 TradeWind Services LLC
 Tri-City Industrial Development Council

U.S. Army Corps of Engineers
 U.S. Department of Energy
 Environmental Management (EM)
 EM Consolidated Business Center
 National Nuclear Security Administration
 Oak Ridge Office
 Portsmouth/Paducah Project Office
 Richland Office
 Savannah River Site
 U.S. Government Accountability Office
 U.S. House of Representatives
 U.S. Nuclear Regulatory Commission
 Underwater Construction Corporation
 United States Enrichment Corporation (USEC)
 Uranium Disposition Services
 URS Corporation
 UT-Battelle, LLC

V J Technologies, Inc
 Vanderbilt University
 Vector Resources, Inc.
 Veolia ES Special Services, Inc.
 Visionary Solutions
 Vista Engineering Technologies, L.L.C.
 Waste Control Specialists LLC
 Wastren Advantage, Inc. (WAI)
 Water Quality Systems, Inc.
 West Valley Environmental Services
 Westinghouse Electric Co.
 Weston Solutions, Inc.
 Win Win Resolution
 WM Symposia
 WMG, inc.
 WorleyParsons Polestar
 WSI

Partnering Organizations (as of 8/31/2012):



CH2MHILL



Robatel Technologies, LLC

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GENERAL DYNAMICS
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Radwaste Solutions
The Division of Technology, Health, Environment and Safety (THES)



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| Resort View 1br Suite | \$185.00 |
| Ocean View 1br Suite | \$215.00 |

Shared Accommodations, Private Bedroom, Private Bath

| | |
|-----------------------|----------|
| Resort View 2br Villa | \$219.00 |
| Ocean View 2br Villa | \$290.00 |
| Resort View 3br Villa | \$249.00 |
| Ocean View 3br Villa | \$360.00 |

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Reservations for single hotel room accommodations should be made directly with Amelia Island Plantation at **1-800-THE-OMNI**. When making reservations, identify yourself as an attendee of the *WCM Decisionmakers' Forum*.

If you want **shared accommodations** and **have your own group**, please **call Amelia Island directly** at the above number. **If you want to share accommodations and do not have a roommate(s)**, shared accommodations can be arranged by calling the Forums Coordination Office at 877-303-7367 ext. 109

The 2 and 3 bedroom villas have a private bedroom and bath for each individual, with a shared living room, dining room and kitchen.

Reservations for lodging should be received by **Sept. 21, 2012** to assure the special conference rate. **Cancellations received after 7 days prior to arrival date are subject to a penalty equal to one night's lodging.** If a guest checks out prior to the reserved check out date, a penalty equal to one night room and tax will be applied to the guest's individual account. If space is available, the above rates will apply for attendees three days prior and three days after our program dates.

Registration opens at 3:00 p.m. Monday, Oct. 15 followed by a Reception and Dinner at 6:00 p.m. The opening Plenary is at 8:00 a.m., Tuesday, Oct. 16 The Forum ends at noon, Thursday, Oct. 18.

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

October 15 - 18, 2012

Omni Amelia Island Plantation Resort
Amelia Island, Florida

Registration Fees:

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Cancellation Policy: There is a \$200.00 service charge on cancellations after **Sept. 28, 2012**. No refunds will be made after **October 5, 2012** but substitutions are welcome.

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1996. While the United States signed the treaty the day it opened, it has yet to be ratified by a two-thirds vote in the Senate. The treaty originally came up for a vote in late 1999 and was rejected in the Senate, with opponents citing doubts about the capability for verification and monitoring of nuclear tests. However, earlier this year the National Academy of Sciences released a report on technical issues related to the CTBT that suggested that advances in maintenance of the nation's nuclear stockpile and international monitoring capabilities in the last 10 years have since resolved many of those concerns (*NW&M Monitor*, Vol. 16 No. 14).

Verification Regime Has 'Grown Exponentially'

Gottemoeller this week reinforced the Administration's commitment to CTBT ratification, noting that the verification regime has "grown exponentially over the last decade." She explained, "Today the International Monitoring System, or IMS, is roughly 85 percent complete. And when fully completed, there will be IMS facilities in 89 countries spanning the globe." She added that the option for on-site inspections will also be available if the treaty is brought into force. Any country that is suspected of covertly testing "will face on-site inspection," she emphasized. "They will face the full force of the CTBT verification regime. And so it really, really ups the level of uncertainty for any country that is considering cheating." Additionally, there are currently preparations being undertaken for a mock onsite inspection as a test run for if the CTBT enters into force.

Technical Issues Largely Resolved

Also this week, a panel of nuclear-test monitoring experts held a briefing on Capitol Hill focusing on the verification advances in the last decade. "Technical issues, yes, have been favorably resolved," Richard Garwin, who was on the National Research Council's committee on technical issues related to the CTBT, told *NW&M Monitor* on the sidelines of the event held by the American Association for the Advancement of Science. Opposition to the treaty is still argued by some who support continued U.S. testing or the belief that some countries may test anyway after signing the treaty. "I think that's a rather convoluted argument," he said. "A hardheaded assessment says, in my personal judgement, that the CTBT would be good for us to ratify, and certainly if we ratify it China would. We would be in a much wider and better position to hold other countries, not just to the CTBT, but to the Nonproliferation Treaty."

Detection capability is expected to continue to improve, and Garwin said that should not be an obstacle to U.S. ratification of the treaty. "Can we maintain our own nuclear weapons safe, secure and reliable under the CTBT?"

Our independent answer is yes," he said. "But the other aspect is, would we detect other people testing?" While some very low-yield tests may not be detected with current technology, states looking to covertly test nuclear weapons could "do a lot better without a CTBT, so that point is really moot," Garwin added.

Gottemoeller Pushes Other Countries to Ratify

Though the U.S. has not yet ratified the CTBT, Gottemoeller said this week that should not prevent other nations from approving the CTBT. "I am telling other countries, don't sit on your hands and wait for the United States. I think there's a sense out there that the U.S. has to go next and that that then will drive progress forward. I agree with that," she said. She added, "The United States lends some special momentum, but we're not the only ones. All states, as they participate in the ratification efforts, drive this process forward. So we'll continue to encourage that message overall."

The United States conducted its last nuclear test in 1992, and Gottemoeller said that is another reason why the United States should at this point go ahead and ratify treaty. "For 20 years our national law and policy have lived with the constraints of the Comprehensive Test-Ban Treaty in any event, so why don't we get the advantage of it by bringing the treaty into force and holding other countries around the world to the same standards?" she asked. Implementation of the treaty will "really place a significant block in the way of further nuclear arms racing," Gottemoeller said. "We are concerned about countries, particularly in Asia, developing new nuclear weapons capabilities."

Full Modernization and Stockpile Funding Crucial

And in a year when the debate over funding for modernization of the weapons stockpile has grown heated in Congress, Gottemoeller said that full funding for modernization and stockpile stewardship would be crucial. "We've got a very complicated situation on Capitol Hill right now with the so-called fiscal cliff approaching," she said. "We've got the problem of sequestration looming out there. All of these issues are in front of us, so the message that I'd like to really underscore is one of deep partnership between the executive branch and the legislative branch to try to get through all of these wickets. It's a very, very difficult fiscal situation right now, and budget austerity is staring all of us in the face. But the President has been very clear, and he has really emphasized the priority on ensuring the funding for infrastructure modernization and also for the science-based Stockpile Stewardship Program."

—Kenneth Fletcher

SRNS GEARS UP FOR THREE MORE YEARS AT SAVANNAH RIVER

After recently finalizing a three-year contract extension with the Department of Energy, Savannah River Nuclear Solutions is looking ahead to new missions for the site. The Fluor-led company is gearing up to later this year to use the site's H-Canyon plant to begin processing plutonium feedstock for the Mixed Oxide Fuel Fabrication Facility under construction at the site. DOE recently finalized a 38-month contract extension out of a five-year total option for SRNS, which took over management-and-operations work at the site in early 2008, carrying the contractor through September 2016. SRNS President Dwayne Wilson hopes that SRS will be seen as a model for DOE sites. "If I had a grand vision, that vision would be that the nation would look at the Savannah River Site and say that's how you manage a site. ... That's the model of how government assets are maintained and managed," Wilson said this week in an interview with *NW&M Monitor*.

While the contractor is wrapping up much of its environmental cleanup work at Savannah River, SRNS is gearing up for new missions at the H-Canyon nuclear chemical separations facility and the associated HB-Line. Though in early 2011 the Department announced plans to largely suspend operations at the facility due to budgetary concerns, after feedback from stakeholders DOE backed away from an H-Canyon shutdown and launched several new missions for the plant. That includes the announcement last year that H-Canyon will provide about 3.7 metric tons of MOX feed by processing metal into oxide. Dissolution of the material has started ahead of schedule and SRNS hopes the actual processing will begin in November. Additionally, SRNS is using the facility to process a portion of the plutonium stored at the site for shipment to the Waste Isolation Pilot Plant for disposal. "This all speaks to the need to work closely with the Department, with the community and both federal and state regulators and our delegation in coming to the assistance of what is clearly a national asset, and that's H-Canyon," Wilson said. "That's really a lesson learned for almost any of the sites, that it's important to have those kinds of relationships for the best interest of the nation."

Wilson also highlighted some additional National Nuclear Security Administration work undertaken at Savannah River National Laboratory and the site's tritium stockpile facilities, which also produce helium-3 gas for neutron detection equipment. "We are pretty proud that the Lab was instrumental in returning some Swedish nonproliferation material this year, which goes a long way to show we can demonstrate material handling and safe

handling and storage," Wilson said. "Our tritium work continues to move along quite smartly and with excellence, and we're happy with that, as well as the Department."

Delays and Cost Increases at WSB

The contractor has come under fire, though, for its management of construction of the Waste Solidification Building, which is designed to process waste from the MOX facility. The project has recently jumped in cost and faces schedule delays, with an estimate this month coming to \$404 million with a November 2014 completion date, up from a \$344 million baseline with a September 2013 target. In June, the National Nuclear Security Administration sent a sharply-worded letter to the contractor accusing SRNS of being "negligent" in the project, including issues with subcontractor management and failing to address shortcomings in the design. However, SRNS has rejected those claims. "We disagree and they disagree, and that's the way life is. We have to move forward and discuss that," Wilson said this week. "We are making good strides and progress on WSB, and that's pretty much where I'll leave that because we're still discussing with the Department."

The NNSA's concerns have led DOE to undertake a review of SRNS' Earned Value Management System this year, instead of as scheduled in 2013. The NNSA stated that the system, which covers all of SRNS' work at the site, painted an inaccurate picture of WSB by having "artificially high" cost and schedule performance and provided inadequate detail. Wilson said this week he could not provide detail on the review or how it could impact the contractor's work at the site. "I haven't been engaged in EVMS," he said. "If they are doing that it must be something that headquarters is doing on their own."

—Kenneth Fletcher

PARSONS NAMES NEW GOV'T SERVICES PRESIDENT IN EXECUTIVE SHUFFLE

Mary Ann Hopkins has been named the new President of Parsons Government Services Inc., effective Oct. 15, as part of a corporate executive shuffle announced this week. Hopkins will be replacing Todd Wager, who is being moved to head up Parsons Transportation Group. For his part, Wager will be replacing Thomas "Tom" Barron, who has been appointed Parsons' Director of Strategic Initiatives. Explaining the personnel changes, Parsons spokeswoman Erin Kuhlman said in a written response, "The changes that were announced ... at Parsons are part of our defined corporate succession planning. We recognize the importance of developing and strengthening our leaders by

providing well-rounded opportunities for growth within the corporation. The timing coincides with the development of next year's business plans."

Hopkins last served as PGS Executive Vice President and Global Business Development Manager, where she was responsible for "developing strategies and business opportunities for all U.S. Federal Government-related activities within Parsons," according to a company release. Hopkins also previously served as Senior Vice President and Business Development Manager for PGS' Installations and Environment Division. "Mary Ann has consistently performed at a high level throughout her 23-year career with Parsons, and her diverse work experience gives her a balance of technical, project management, operations, and business development skills," Parsons Chairman and CEO Chuck Harrington said in the release. "I have confidence that our Government Services Group is in great hands as we continue meeting the needs of our customers both domestically and internationally."

William Bodie has been tapped to replace Hopkins as PGS Executive Vice President and Global Business Development Manager, effective Oct. 15. Bodie last served as Senior Vice President and Manager of PGS' National Security & Defense Division. "Bill has a wealth of experience working in the U.S. Federal Government and private sectors, and has a proven track record managing highly complex business matters, demonstrating sound judgment, and forging deep relationships with customers across the globe," Hopkins said in a release issued late this week. Parsons late this week also named Biff Lyons as Senior Vice President and Manager of the PGS National Security & Defense Division; and Kurt Tripp as Vice President and Manager of the PGS Defense & Security Sector.

—Mike Nartker

INVESTMENT FIRM RAISES CONCERNS OVER CBI PURCHASE OF SHAW GROUP

An investment firm is calling on Shaw Group's Board of Directors to create a special committee to investigate Shaw Chairman, President and CEO J.M. Bernhard Jr. for "potential conflicts of interest" in Shaw's pending acquisition by CB&I. In a letter sent to Shaw's board last week, Denali Investors charged that Shaw is being undervalued in the acquisition, and alleged the timing of the sale may be linked to political ambitions by Bernhard to either run for senator or governor from Louisiana, where Shaw Group is based. "We believe this helps explain why the current deal discussions began in May 2012 and was timed to close in the first half of 2013," Denali Investors wrote. "While we are supportive of the Chairman's demonstrated

political ambition and potential campaign, this must not occur at the expense of shareholders, who are being unfairly shortchanged in a deal of convenience."

In late July, engineering firm CB&I announced its plans to purchase Shaw in a deal set to be worth approximately \$3 billion. The acquisition, which has been approved by the boards of directors of both companies, involves CB&I paying approximately \$46.00 per share of Shaw stock, consisting of \$41.00 in cash and \$5.00 in CB&I equity for each share of Shaw stock. Several conditions must be met before the purchase is finalized, including obtaining the approval of shareholders in both companies. If the acquisition is completed, CB&I intends to operate Shaw as a business sector under the name CB&I Shaw, with Bernhard to leave the company "to pursue new business and public service interests," according to a Shaw release.

Firm Criticizes Lack of Information

Denali Investors also accused Shaw of failing to keep shareholders adequately informed as the sale to CB&I moves forward. "There has been no material update or disclosure from Shaw regarding the sale process. There is no evidence of a thorough process conducted by the company or its advisors, which you now know may be rife with potential conflicts. It is possible that other strategics and financial parties were shut out of the process. The current offer is not a market-clearing price based on competitive bidding. Rather, it appears to be a very limited process to allow a conflicted board member to exit at a premature time convenient only to him," the firm's letter states. "As more shareholders learn about these conflicts and the undermanaged process, the 75 percent Supermajority Threshold needed to complete the current deal may become rather difficult to attain. Importantly, continued inaction or lack of communication will only magnify shareholder dissatisfaction toward the board."

Shaw Stands By Sale Terms

In a statement this week, Shaw Group spokesman Gentry Brann defended the terms of the acquisition. "This letter is written by one small investor who claims to be a Shaw shareholder. We have been unable to substantiate that this investor owns any shares. This deal offers an attractive 72 percent premium. We firmly believe the transaction with CBI is in the best interest of and creates significant value for Shaw's shareholders as well as our employees and customers," Brann said. According to Denali Investors, the firm owns approximately 1.1 percent of Shaw stock.

—Mike Nartker

NRC ISSUES LICENSE TO SILEX LASER ENRICHMENT PLANT

The Nuclear Regulatory Commission issued a license this week to General Electric-Hitachi for construction and operation of a proposed laser enrichment plant in North Carolina. GE-Hitachi subsidiary Global Laser Enrichment has yet to make a decision on whether or not to move ahead with the project, but it is now licensed to deploy its SILEX laser enrichment technology to produce up to 6 million separative work units per year enriched up to 8 percent uranium-235 at the site near Wilmington. "Receiving our NRC license is a tremendous accomplishment and strong testament to everyone involved in this project," Global Laser Enrichment President and CEO Chris Monetta said in a statement. "The technology we've developed could be one of the keys to the nation's long-term energy security."

The licensing comes amid concerns by nonproliferation advocates, who have said that the process could be vulnerable to proliferation because it is well suited for highly enriched uranium production for nuclear weapons. Earlier this month a group of 19 individuals and organizations called on the NRC to undertake a formal nuclear proliferation assessment on the proposed Global Laser Enrichment plant before granting it an operating license. The groups

suggest that the agency could be setting a dangerous precedent by allowing new technology to be approved without an adequate proliferation review. However, the NRC has rejected those claims in the past, stating that the National Environmental Policy Act does not require a proliferation assessment. Global Laser Enrichment this week emphasized that the technology is secure. "The company has worked with the NRC, the U.S. departments of State and Energy and independent non-proliferation experts for several years to ensure the security of this technology and has met-and in many cases exceeded-all regulations pertaining to safeguarding this technology," according to a release.

The issuance comes after last week an NRC Atomic Safety and Licensing Board authorized the move. The license application for the plant was first submitted in June 2009, which was followed by reviews by NRC staff. The NRC published a positive Safety Evaluation Report and Final Environmental Impact Statement in February. The Agency held meetings for public comment in 2008, 2009, 2010 and 2012. An NRC release notes that it will conduct inspections during construction and operation of the facility, and that the NRC will hold a public meeting in Wilmington before construction starts to "explain its oversight plans to the public."

—*Kenneth Fletcher*

At the Weapons Labs/DOE Sites

AT NEVADA JASPER GAS GUN FIRES 100th SHOT

The Joint Actinide Shock Physics Experimental Research (JASPER) Facility at the Nevada National Security Site fired its 100th shot this week, reaching a milestone that the agency has said continues to help its understanding of plutonium science. The shot is expected to generate data for Lawrence Livermore National Laboratory scientists that operate the gun, helping to determine how plutonium reacts under different pressures, temperatures and strain-rates. The gun fires a projectile at speeds up to 8 kilometers per second at plutonium targets within confinement chambers, triggering a shock wave when it hits its target. Since the gun first began being used in 2003, 41 of the

shots at JASPER have involved plutonium, while the others have used surrogate materials. Data that is collected via diagnostics equipment is used to help validate computer models that are used to help certify the reliability of the nation's nuclear stockpile. "The quality and accuracy of the data is exceptional, considered best in class and contributes vastly to our understanding of the equation-of-state of plutonium," said Laura Tomlinson, the assistant manager for National Security for the Nevada Site Office for the NNSA said. "With the sustained success of JASPER, we help to ensure the safety and reliability of the nuclear stockpile."

AT LOS ALAMOS LAB STEPS UP PIPE CHECKS AFTER LEAKS

Los Alamos National Laboratory has stepped up its checks on leaky waste pipes in the lab's old Chemistry and Metallurgy Research building. The increased surveillance of the pipes began in late August, but was only made public last week via a report from the Defense Nuclear Facilities Safety Board (DNFSB). In the report, lab

management acknowledged failing to carry out a plan to periodically inspect the aging pipes. The immediate cause for concern was a late August spill discovered in CMR's Wing 5, which forced a massive cleanup effort. It is not the first time CMR has faced such problems with the network of piping that collects waste for disposal at the lab's

Radioactive Liquid Radioactive Waste Facility. The pipes made a cameo appearance in a Sept. 15 *Washington Post* investigation of the aging U.S. nuclear weapons complex as an example of the decrepit condition of some of the labs' nuclear infrastructure. After a tour of CMR, the Post wrote, "Inside one critical building, pipes carrying dangerous wastewater are duct-taped together at the joints to plug leaks; plastic bags have been wrapped around the tape to trap seepage."

The DNFSB first publicly revealed the condition of the pipes in a February 2009 report that noted efforts to "wrap and bag pipe flanges to help control leaks" had become

routine in CMR. In the years since, the problem has been used in public discussions as an illustration of the building's decay. In the most recent incident, lab staff discovered "a significant amount of liquid" on the Wing 5 basement floor and immediately halted all work in the wing to try to stop the source of the contamination. Initial investigation suggested a backup in one of the lines led to the problem. No worker or off-site contamination was discovered. But in the process of investigating the incident, lab management acknowledged to the DNFSB that the lab had not followed up on plans developed following the 2009 report to conduct routine inspections of aged piping.

AT OAK RIDGE RICHARDSON NAMED B&W Y-12 DEPUTY GM FOR OPERATIONS

B&W Y-12 continued to shore up its management ranks this week, naming former B&W Shaw Remediation and Idaho National Laboratory executive David Richardson as its Deputy General Manager for Operations. Richardson replaces Bill Klemm, who retired in the wake of the July 28 Y-12 National Security Complex security breach, but has a slightly different job description. Richardson will focus on production; facilities, infrastructure and services; and engineering functions in his new role. Richardson joins Chief Operating Officer Joe Henry, Deputy General Manager for Safeguards and Security Rodney Johnson, and

Deputy General Manager for Projects Jim Haynes as direct reports to B&W President and General Manager Chuck Spencer. Richardson most recently headed up B&W Shaw Remediation's work to clean up parts of the Knolls Atomic Power Laboratory, Bettis Atomic Power Laboratory, and Idaho's Naval Reactor Facility. He also held senior management spots at the Idaho National Engineering and Environmental Laboratory and Idaho National Laboratory, serving as the lab's associate director for nuclear operations from 2005 to 2008.

AT OAK RIDGE Y-12 HAS MORE PROBLEMS WITH LOCK OUT/TAG OUT ACTIVITIES

B&W Y-12, the managing contractor at the Y-12 National Security Complex, is once again having problems with lock out/tag out activities. The contractor suspended all procedures for a month earlier this year in an effort to place more attention on the issue and correct the repeated problems, but an issue with procedures cropped up again last month during a chemical operation at the 9212 uranium-processing facility. According to an Aug. 24 report by staff of the Defense Nuclear Facilities Safety Board, a chemical operator was splashed on the face and chest with a uranyl nitrate solution after opening a valve to enable the solution to be drained. This was toward the end of a lock out/tag out procedures, and the worker was not wearing full-face protection. The report said the operator immediately rinsed himself at a nearby eyewash station, was decontaminated, and a subsequent survey indicated the rad levels were below the reportable threshold.

One of the issues was that both chemical operators and maintenance workers were involved in the activity but they were following different job hazards analyses. The hazard

analyses for the chemical operator was for normal operations at the system and did not require any face protection. "By contrast, the JHA (job hazard analyses) for the maintenance personnel was scoped properly and required the individual who broke the flange from which the uranyl nitrate sprayed to wear a face shield, at a minimum," the DNFSB said. B&W did not respond to requests for comment and additional information. The DNFSB staff also cited a second incident in the same time frame in which—due to a communications problem—a sampling activity took place in a drum storage area that was not properly posted as a radiation area. Even though the radiological engineer intended for the entire area to be posted to require respirator protection for airborne radioactivity, only a portion of the area was posted by the radiation control technician. Therefore, the unprotected workers received exposures—with an estimated dose in the range of 5 millirems. Followup evaluation also revealed a potential concern that some of the work permits governing activities in the area may not accurately reflect the actual projects currently taking place there.

AT OAK RIDGE ORNL LEARNING LESSONS FROM Y-12 SECURITY BREACH

The investigations and reforms taking place at the Y-12 National Security Complex in the wake of the July 28 security breach are taking place around the nuclear weapons complex and at any site where Category I special nuclear materials are housed. That includes Oak Ridge National Laboratory, a DOE Office of Science lab that's located about 10 miles from Y-12 and which houses the nation's largest stockpile of fissionable Uranium-233. "There's no question that the impacts are being felt across the DOE system," ORNL Director Thom Mason said, acknowledging the additional scrutiny. Mason said ORNL had already received an "extent of condition" review to see if there were any similar circumstances to what took place at Y-12. A more detailed security evaluation is on the horizon, he said. The security situation at ORNL is complicated, as it was at Y-12 before some of the restructuring that took place following the intrusion by three Plowshares

protesters, which revealed multiple potential vulnerabilities and problems with the chain of command.

UT-Battelle, the government's managing contractor at ORNL, doesn't have direct responsibility for the special nuclear materials stored at ORNL's Building 3019. The U-233 is under the contract of Isotek, which is preparing the fissile materials for disposition. In addition, security services at the lab site come under the contract of WSI-Oak Ridge, and that hasn't changed—even though the WSI role at Y-12 was subjugated following the unprecedented breach. UT-Battelle is expected to coordinate all of the activities at the site and work with the other contractors in ensuring security, according to Mason. "We obviously have to be paying attention," Mason said, "to make sure there are good communications and things are being properly maintained."

AT OAK RIDGE FBI KEEPS CLOSE TABS ON VEHICLES APPROACHING Y-12 GATES

About a thousand vehicles have been turned away from entrances at the Y-12 National Security Complex over the past couple of years, including lost tourists in Oak Ridge and drunk drivers who apparently were driving toward the brightest lights they saw. The reasons for their unplanned and unauthorized visits to Y-12 may have been numerous, but all of them apparently had one thing in common: their appearance at Y-12's gates was put into the data banks of the FBI terror-watchers. The National Nuclear Security Administration's performance evaluations for WSI-Oak Ridge, the protective force contractor at Y-12 (demoted to subcontractor to B&W Y-12 after the July 28 security breach) showed that vehicles showing up at Y-12 unannounced were reported to the FBI's regional fusion center and evaluated by the FBI Joint Terrorism Task Force.

for the six-month period Sept. 30, 2010, indicated that "persons of interest were appropriately referred to the FBI Joint Terrorism Task Force." The NNSA report did not contain any details of security concerns, and Steven Wyatt, a federal spokesman at Y-12, would not comment on the 2010 event. He also shared little information on the overall counterintelligence program. "We maintain a strong working relationship with local law enforcement and the FBI to ensure the protection of Y-12's vital national security assets," Wyatt said. "We cannot provide any specific information on the actions taken in response to incidents involving unauthorized vehicles at the entrances to Y-12." In addition to providing information to the FBI, the Y-12 contractors also provide reports to the Department of Energy's Counterintelligence Office in Oak Ridge. ■

In most cases, the "barricade contacts" at Y-12 did not reveal any threats to national security. However, one report

Wrap Up

IN CONGRESS

The Senate late last week approved a Continuing Resolution for the first half of Fiscal Year 2013 that funds the bulk of the Department of Energy and most other government agencies at Fiscal Year 2012 levels but includes exceptions for the National Nuclear Security Administration's weapons program and USEC's American Centrifuge Plant project. The measure, which had previously been approved by the

House, had not been signed into law as of press time. The CR is necessary due to lawmakers' inability to complete individual appropriations bills, including the one that funds DOE, before the start of the new fiscal year on Oct. 1. NNSA's weapons program would be allowed to spend at a rate consistent with its \$7.6 billion request for FY 2013, while USEC was allowed to spend \$100 million to keep the ACP project afloat.

IN DOE

Companies bidding on the Department of Energy's Oak Ridge protective force contract will have an extra week to put together proposals thanks to an amendment issued this week that moves the due date for bids to Oct. 19. The amendment makes minor changes to the Request for Proposals, which was overhauled earlier this month to strip out security work at the Y-12 National Security Complex and the Pantex Plant in the wake of a security breach at Y-12. The amendment tweaks wording on employee pay and benefits, indicating that contractors must "carry over the length of service credit accrued" at the start of the contract. DOE also clarified that oral presentations would be held between Oct. 25 and Nov. 9, and made changes to its declaration of government furnished property and information it is seeking on security, environment, safety, health, and quality assurance performance.

IN THE DNFSB

The Defense Nuclear Facilities Safety Board has named new site representatives for Hanford and the Y-12 National Security Complex. David Gutowski will be the Board's new representative at Hanford, replacing William Linzau who is moving to Y-12. Gutowski joined the Board's technical staff in June 2003, and last served as the Board's Cognizant Engineer for the Savannah River Site. Previously he served as Cognizant Engineer for Y-12, according to a Sept. 21 DNFSB release.

ON THE INTERNATIONAL FRONT

A research reactor in Poland has been converted from using highly enriched uranium to low-enriched uranium, the National Nuclear Security Administration said this week. Through a partnership with Polish and Russian governments and the National Center for Nuclear Research, the NNSA said that the Maria Research Reactor in Otwock, Poland had been converted and 27 kilograms of Russian-origin fresh HEU fuel and 61.9 kilograms of spent HEU fuel had been returned to Russia. Under the NNSA's Global Threat Reduction Initiative, 82 research reactors around the world have been converted to using LEU fuel or shut down. "Poland is a key partner in our nuclear threat reduction efforts," NNSA Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement. "The conversion of the Maria Reactor to

low-enriched uranium fuel and the removal of nearly 90 kilograms of highly enriched uranium fuel are significant achievements in our mutual efforts to secure and eliminate highly enriched uranium so that it cannot fall into the wrong hands.

Russian nuclear officials have a new training center thanks to a joint partnership between the National Nuclear Security Administration, Canada's Department of Foreign Affairs and International Trade, and Russia's Ministry of Defense. The NNSA said late last week that the Abramovo Counterterrorism Training Center had been commissioned and would help train Russian personnel in security tactics and strategies. The center will train officials from Russia's Navy, Strategic Rocket Forces and the 12th Main Directorate in secure storage and transport of nuclear weapons as well as how to counter attacks by terrorists. The centerpiece of the training center is a road where mock terrorist attacks can be staged. "The United States, Canada and Russia all recognize the critical need to ensure that the forces responsible for responding to emergency situations involving nuclear weapons and weapons useable materials have the highest levels of training and preparedness," NNSA Principal Deputy Administrator Neile Miller said in a statement. "This partnership between our countries contributes to implementation of the international commitments made at the Nuclear Security Summit and advances President Obama's nuclear security agenda. Together, our nations are working to make the world a safer place."

A new radiation detection training center is up and running in China and more than 25 Chinese officers are expected to take part in the center's first training class, the National Nuclear Security Administration said this week. The NNSA's Second Line of Defense Program has worked with China's General Administration of Customs (GACC) and the Qinhuangdao Customs Training School since 2011 to install radiation detection equipment and develop a specialized curriculum. The training effort is expected to improve the effectiveness of radiation detection equipment installed at the Port of Yangshan last year. "This is a significant achievement in the fight against nuclear terrorism and for President Obama's nuclear security agenda," NNSA Principal Deputy Administrator Neile Miller said in a statement. "China is an invaluable partner in nuclear security, and today's ceremony highlights our close cooperation on our shared security goals. The RDTC and its curriculum are impressive, and I was glad I was able to see them in person." ■

Calendar

October

2 Public meeting: "Public and Worker Safety at the National Nuclear Security Administration's Y-12 National Security Complex," Defense Nuclear Facilities Safety Board, Knoxville Convention Center, 701 Henley Street, Knoxville, Tenn., 1-5 p.m.

October

15-18

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November

6-8 Conference: 13th Annual Business Opportunities Conference; Knoxville Convention Center, Knoxville, Tenn.; Hosted by the Energy, Technology, and Environmental Business Association (ETEBA); Information: www.eteba.org.

22-23 EM PUBLS CLOSED FOR THANKSGIVING

December

24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

January 2013

21 EM PUBLS CLOSED FOR MLK DAY

February

18 EM PUBLS CLOSED FOR PRESIDENT'S DAY

19-22

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May

13-16

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Pittsburgh, Pennsylvania

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27 EM PUBLS CLOSED FOR MEMORIAL DAY

July

4 EM PUBLS CLOSED FOR INDEPENDENCE DAY

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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MONITOR

NUCLEAR WEAPONS & MATERIALS

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Volume 16 No. 40

October 5, 2012

— *INSIDE HIGHLIGHTS* —

Prompted by the NNSA, Y-12 National Security Complex contractor B&W Y-12 fired protective force contractor WSI-Oak Ridge late last week and has begun the process of absorbing WSI’s guard force, but federal officials continue to face criticism that they have not done enough in the wake of the July 28 Y-12 security breach. 2

In another blow to the NNSA’s project management record, the agency confirmed this week that the multi-billion-dollar Uranium Processing Facility at Oak Ridge must be redesigned to fit the necessary equipment into the 340,000-square-foot building that’s been under design for years. 3

The NNSA’s W76 warhead life extension program could face cost overruns and schedule delays if agency officials can’t better control the per-unit cost of the refurbishment effort, the Department of Energy’s Inspector General said in a report released this week. 5

***Procurement Tracker* 6**

The National Council of Security Police formally outlined its opposition to a House bill that would have the military protect the nation’s weapons complex in a letter to lawmakers this week, suggesting strengthened federal oversight and more funding as a better way of beefing up security. 8

DOE is looking at processing HEU solutions from Canada as part of ongoing efforts to maximize the potential of the Savannah River Site’s H-Canyon facility. 9

The United States is continuing its slow descent toward the 1,550-warhead cap on its strategic deployed stockpile set by the New START Treaty and had 1,722 warheads under the treaty’s counting rules as of Sept. 1. 9

The Department of Energy, as expected, wrapped up negotiations on five-year extensions at the SLAC National Accelerator Facility and the Pacific Northwest National Laboratory and contractors at the sites began working under the new contracts this week. 10

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TURNER WELCOMES FIRING OF WSI AT Y-12, BUT 'MORE NEEDS TO BE DONE'

Prompted by the National Nuclear Security Administration, Y-12 National Security Complex contractor B&W Y-12 fired protective force contractor WSI-Oak Ridge late last week and has begun the process of absorbing WSI's guard force, but Department of Energy and NNSA officials continue to face criticism that they have not done enough in the wake of the July 28 security breach at Y-12. Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee and the author of a recently introduced bill that would have the military provide security at NNSA sites, welcomed the decision to fire WSI-Oak Ridge, but said more changes need to be made. "I believe any reasonable person would expect this contract to be terminated given the egregious nature of the security violations," Turner said in a statement provided to *NW&M Monitor*. "There has been no accountability at the federal level. Much more needs to be done to change the systemic culture of mismanagement and excuses that continues to pervade at this NNSA facility and others."

Response to Incident Ongoing

There have been widespread leadership changes at Y-12 following the breach, with Y-12 President and General Manager Darrel Kohlhorst and Deputy Manager Bill Klemm retiring after the incident and NNSA Production Office Deputy Manager Dan Hoag being reassigned to the Oak Ridge Operations Office. Several other "relevant"—but unnamed—federal officials involved in security at the site have also been reassigned, as was Defense Nuclear Security chief Doug Fremont. But lawmakers have previously likened the incident to the mistaken cross-country flight of nuclear warheads on the wing of an Air Force bomber in 2007 and the mis-shipment of nuclear weapons parts to Taiwan in 2008—mistakes that led then-Defense Secretary Robert Gates to ask for the resignation of Air Force Chief of Staff

Michael Moseley and Air Force Secretary Michael Wynne. "Where is the accountability in this situation, which I would submit is no less serious than what occurred in Minot, N.D.," Rep. Michael Burgess (R-Texas) said during a September House Energy and Commerce Oversight and Investigations Subcommittee hearing on the incident. Burgess' office was unable to respond to a request for comment this week.

Rep. Chuck Fleischmann (R-Tenn.), whose district includes Y-12, was less pointed in his response to the firing. "As I told a group of community leaders in Oak Ridge this morning, there have been and will continue to be difficult times as a result of the security incident at Y-12," he said in a Sept. 28 statement. "But I am encouraged by the recent reviews of safeguards and security conducted in the past few weeks at Y-12. While the July incursion was unacceptable, DOE and NNSA must now focus on solutions and move forward with the important national security work at Y-12."

POGO Urges Accountability For NNSA, B&W Y-12

However, a government watchdog group, the Project on Government Oversight, said additional action was necessary. "The only person fired after the security breach was the lowest man on the totem pole, the guard who stopped the peace activists," POGO Senior Investigator Peter Stockton said in a statement. "Now, the only entity being held accountable is again the security contractor. Neither the prime contractor that runs the lab [sic], nor the federal overseers at NNSA who are responsible for the complex, have had to face any consequences. It is time that they do."

Federal officials are still mulling over B&W Y-12's response to an Aug. 10 "show cause" notice, but with an ongoing competition for the combined Y-12 and Pantex Plant management operating contract close to reaching its conclusion, the NNSA doesn't appear likely to fire B&W Y-12. The contractor is likely to face severe financial penalties for its role in the breach as part of its annual

ExchangeMonitor Publications' Nuclear Team (WC Monitor, NW&M Monitor, RW Monitor)

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Performance Evaluation Review, and officials have continued to drop hints that the incident could adversely impact B&W's chances of winning the new contract. B&W is teamed with URS, Northrop Grumman and Honeywell on the rebid, and is one of three bidders for the lucrative contract. In a Sept. 28 letter to B&W Y-12 President and General Manager Chuck Spencer, NNSA Contracting Officer Jill Albaugh noted that "past performance will play an important role in upcoming procurement actions," repeating a theme that was also raised by Deputy Energy Secretary Dan Poneman at last month's House Energy and Commerce hearing.

NNSA: B&W Response to 'Show Cause' Not Enough

It was Albaugh that formally asked B&W Y-12 to fire WSI. In her Sept. 28 letter to Spencer, she said corrective actions undertaken by WSI-Oak Ridge and B&W Y-12 since the incident have not completely addressed issues outlined in the "show cause" notice. The NNSA assigned WSI-Oak Ridge's contract to B&W Y-12 following the incident and B&W Y-12 issued its own "cure" notice to WSI-Oak Ridge in late August. "While we recognize that both B&W Y-12 and WSI-OR have undertaken corrective actions, neither these actions nor the response to the Show Cause Notice are enough, at this point, to fully resolve the issues presented in the Show Cause Notice," Albaugh wrote. "Therefore, we intend to present additional questions and concerns to which we will expect prompt and complete answers. We will also continue to carefully monitor ongoing corrective actions and performance."

B&W Y-12 Begins Process to Hire Y-12 Guards

B&W Y-12 said that all active Y-12 guards and other active union WSI-Oak Ridge employees at Y-12 and Oak Ridge's Central Training Facility will be offered jobs with B&W Y-12 at their current wages and benefits in a process that began Oct. 1. It will also evaluate non-union WSI-Oak Ridge employees, including those in supervisory and support roles. B&W spokeswoman Ellen Boatner said that the bulk of the transition would take "several" weeks, but that other close-out activities could stretch longer. "B&W Y-12 fully supports NNSA's recommendation in this matter and will work diligently to further enhance the security at Y-12 and make the transition for former WSI Oak Ridge employees as seamless as possible," Spencer said in a statement. "We recognize that our focus on safety and security at Y-12 cannot be compromised, and we remain committed to continuing to drive improvements in both areas."

WSI-Oak Ridge said it would cooperate during the transition to new management. "We expect the transition period to be conducted in an efficient manner by all parties

involved over the next several weeks," WSI-Oak Ridge spokeswoman Courtney Henry said in a statement. "WSI Oak Ridge will continue to assist however necessary, for as long as necessary, to ensure a safe and secure transition. Both parties have agreed that in the interest of Y-12 we will work together to secure opportunities for support personnel. WSI has enjoyed supporting NNSA, B&W and the Oak Ridge community at large over our past decade of protective force support to the Y-12 National Security Complex."

—Todd Jacobson

NNSA TO REWORK DESIGN OF UPF TO ACCOMMODATE EQUIPMENT

In another blow to the National Nuclear Security Administration's project management record, the agency confirmed this week that the multi-billion-dollar Uranium Processing Facility at Oak Ridge must be redesigned to fit the necessary equipment into the 340,000-square-foot building that's been under design for years. Safety concerns were supposed to be the focal point of a Defense Nuclear Facilities Safety Board Oct. 2 public hearing in Knoxville, Tenn., but the redesign news proved to be a revelation: that after years of trying, involving hundreds of people and half a billion dollars, the design was going to have to be reworked. This was a particularly stunning event because, as Federal Project Director John Eschenberg acknowledged, there had been no major change in scope or add-ons to explain the space/fit issue.

Eschenberg said the NNSA had not yet determined the root causes for why the building design didn't meet the UPF space needs, although an investigation is under way. "The project prematurely established a hard footprint," he said. He suggested the problem could be related to having the early design team doing work from three different geographic locations. More information should be available in about three weeks after an engineering evaluation is completed, he said.

Safety Issues Raised at Hearing

The DNFSB members hammered away at a number of safety issues, especially expressing concerns about the NNSA's plans to delay the transfer of some operations—currently housed at Building 9215 and Beta-2E—into the UPF in order to focus and accelerate efforts to get out of the dilapidated 9212 uranium complex. But there was no avoiding the challenges of redesigning a facility at a time when design was supposed to be 90 percent complete and pushing toward a definitive baseline. There have been reports for months that the project plan-

ners were having a difficult time squeezing the UPF's equipment into the facility, but Eschenberg said during a June interview that the space/fit problems were not that unusual and that it would be worked out during the final stages of design.

Steven Stokes, the staff leader for the DNFSB's Nuclear Facilities Design and Infrastructure Group, noted that such a redesign "is a serious undertaking with the potential for significant impacts on public and worker safety," with greater impacts on the projects because the problem had been found in the late stages of design. The cost range for the Uranium Processing Facility has been officially estimated at \$4.2 billion to \$6.5 billion, and officials weren't able to say how the redesign would change that. Eschenberg told the Board that in order to create more space for the facility's production activities that the roof of the building will have to be raised about 13 feet. After the meeting, he acknowledged that would add to the cost of the project. In addition, the concrete foundation slab will have to be about a foot thicker, and the walls will have to be thickened from 18 inches to 30 inches, he said. Eschenberg said those are the major structure implications of the space/fit problem.

Issues Found 'Just in Time'

Board Chairman Peter Winokur wanted to know if the space/fit issues were going to create further problems with the safety issues, and Eschenberg said he didn't think the design changes would change the functional aspects of things such as the fire barriers. Eschenberg indicated that some issues were discovered "just in time," and DNFSB Member Joseph Bader picked up on that theme regarding the changes taking place in design and related safety issues. "To me, this is a major step," Bader said. "This is the last time it can be done before construction starts. Is that right?" He said the late-arriving design changes were serving to reinforce the Board's concerns that there was a gap between the maturity of the building design and the incorporation of necessary safety guides and he asked Eschenberg about the risks. At this point, Eschenberg said, it's more of a cost risk than a risk to designs protective of safety.

Despite the design changes and uncertainties, Eschenberg said after the DNFSB hearing that some plans for the UPF are likely to proceed later this year, including some work on site readiness. "Today, our plans as we've talked before, remain constant. That is we want to start the site prep work, which is simply to relocate the main thoroughfare through the valley—Bear Creek Road—and extend the haul road. There are some minor other work scopes that we can do. For example, there are some underground infrastructures that we need to move. So all of those things we

can begin executing through the Army Corps of Engineers soonest. These things are not directly coupled [to the redesign effort]."

Eschenberg: Confidence in CD-2 Schedule 'Eroded'

The planned demolition of Building 9107, a task that was to be done by B&W Y-12, has apparently been put on the back burner. "That is not something we needed right away," Eschenberg said. "Because there are some other things we're going to buy. We're going to buy the concrete batch plant. That sets us up very nice so that as we proceed we've got all the infrastructure we need as we set about digging the large excavation, beginning the backfill and then ultimately getting into the nuclear part of the building." Eschenberg said the UPF team is still hopeful of achieving CD-2 by September 2013, at which time there would be a definitive price tag and schedule for the project. But Eschenberg didn't sound confident in the new date. "Now, I will tell you that my confidence in our ability to meet that date has been degraded, it's been eroded," he said.

9215, Beta-2E Strategy Raises Concerns

While much of the focus of the hearing was on the UPF design changes, Board members repeatedly expressed their concern as to the potential impacts of the strategy to defer putting some of the Y-12 production operations into the UPF. Questions were raised as to whether this would create additional safety issues at 9215 and Beta-2E, which are not quite as old as 9212 but are far from new. Don Cook, the NNSA's deputy administrator for Defense Programs, said there are potential risks all around but the biggest risk is with 9212. Getting out of there is the top priority, he said. The National Nuclear Security Administration plan is to push getting out of 9212. That will defer the transfer of the work done at 921—machining of highly enriched uranium and related inspections—and the work at Beta-2E—where the assembly and dismantlement of warhead parts is done. At present, there is no specific timetable for when the 9215 and Beta-2E work would be incorporated into UPF, but there were indications it could be delayed for 10 or 20 years.

Bader noted there are risks to these kinds of decisions. Just because 9212 is the oldest facility doesn't mean those other facilities aren't old, too, he said. "In 2030, the facilities [9215 and Beta-2E] will be older than 9212 is today," Bader said. The Board also raised issues about how the delayed introduction of the 9215 and Beta-2E work into the UPF would impact safety systems and the other operations already taking place there. The UPF project team members reassured the board that the design of UPF and construction and preparation of the facility would take

into account those other operations, all the way until it's actually ready for installation of the equipment associated with the work done at those facilities. That would help ensure there'll be adequate room for the eventual introduction of that work and help ease any future problems, even if there are some changes in the needs by then, they said.

Delay of Safety Analysis Called a Mistake

Another major topic at the hearing was UPF team's decision several years ago to cancel development of the Preliminary Safety Design Report for the project, a prerequisite for establishing Critical Decision 2 and—according to the Board—a must for demonstrating that safety is integrated into the preliminary design. The report was later picked up again and the UPF completed a PSDR in 2011 and submitted for NNSA review, which identified many issues. Eschenberg admitted that temporarily abandoning the work on a PSDR was a mistake. "We should not have deviated from our practice," he told the board.

—From staff reports

DOE IG RAISES CONCERNS ABOUT COST OF W76 REFURBISHMENT EFFORT

The National Nuclear Security Administration's W76 warhead life extension program could face cost overruns and schedule delays if agency officials can't better control the per-unit cost of the refurbishment effort, the Department of Energy's Inspector General said in a report released this week. The IG said the NNSA's own cost projections indicated that it would miss cost reduction targets by Fiscal Year 2014, jeopardizing the project's production schedule and endangering a follow-on effort to refurbish the B61 bomb. "If NNSA is unable to achieve the cost per unit reductions necessary to meet the W76 LEP's planned production requirements, it will require additional funding, a reduction in scope, or a delay in production," the IG said in the report. "Delays in completing the W76 LEP within schedule, for instance, could prevent NNSA from beginning full production work of the B61 bomb refurbishment to meet existing United States' commitments."

In part to keep the B61 refurbishment on track, the NNSA earlier this year decided to stretch the W76 production effort out for an additional three years, through 2021. Work on warheads for the active stockpile would be completed by 2018, but refurbishment efforts on warheads for the nation's reserve stockpile would be completed from

2018 to 2021, and the IG did not appear to analyze the impact of the new schedule, which the NNSA noted represented a 33 percent drop from the previous production rate.

IG: Production Rate 'Unsustainable'

The IG said funding for the W76 refurbishment effort is expected to be relatively flat over the next few years, the IG said, noting that budget increases for FY 2013 and FY 2014 are only expected to be 2.9 percent higher than FY 2011 levels. However, production is expected to increase 59 percent during the same period, the IG said. To compensate, the NNSA had worked to reduce the unit cost of refurbished warheads by 35 percent starting in FY2014, but it is only expected to realize 25 percent savings. The NNSA said the production numbers used by the IG were "outdated" in a response to the report. "The increase in production appears to be unsustainable given the projected funding," the IG said. "The goal of reducing the unit cost of W76 LEP production appeared to be one of the only paths to keeping the Program on track without adversely affecting other NNSA programs."

The IG also noted that several other factors could keep costs up. It said that the Kansas City Plant's move to a new facility may add \$19 million to the total cost of the W76 refurbishment program, while efforts to resolve technical production problems could cost another \$10 million. Contractor pension increases could add another \$10 million in costs in Fiscal Year 2012—and perhaps additional money in coming years.

NNSA to Develop 'Forward-Looking' Plan for W76

The IG said it was told by NNSA officials that funds would be shifted from other programs if necessary to boost the W76 refurbishment, but the agency hadn't compiled a plan for moving funds or analyzed the impact of such a decision. In response to the IG report, the NNSA said it would develop a "forward-looking" plan to help get the program back on track and that the agency's earned value management system would be tailored for the refurbishment effort. "While NNSA acknowledges that additional adjustments to plans will be required to maintain the program within budget constraints, we believe that the appropriate management tools and management focus are in place to ensure successful execution of the W76 refurbishment," NNSA Associate Administrator for Management and Budget Cynthia Lersten said in a response to the Inspector General included with the report.

—Todd Jacobson

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|---|---|---------------------------------|----------------|--|--|
| IDAHO OPERATIONS OFFICE Idaho Cleanup Project Recompete | Contract with CH2M-WG Idaho to expire in 2012. | DOE has completed negotiations on a sole-source extension with CWI. | 3 years/ \$730 million | Undetermined | Environmental Remediation, D&D, Waste Management | |
| NATIONAL LABORATORIES Pacific Northwest National Laboratory (Office of Science) | Battelle's contract runs out Sept. 30, 2017. | Five-year contract extension signed Sept. 17. | Undetermined | Unrestricted | Laboratory Management | |
| Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | Request for Information on consolidating all or part of Sandia contract with Kansas City contract issued Aug. 8. Comments were due Sept. 6. | Undetermined | Unrestricted | Laboratory Management | NNSA official Ike White leading acquisition strategy team. |
| SLAC National Accelerator Facility (Office of Science) | Stanford University's contract expires Sept. 30, 2017. | Five-year extension signed Sept. 20. | Undetermined | Unrestricted | Laboratory Management | |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Oct. 31, 2012, with five more one-month options. SRS tritium currently part of Savannah River Nuclear Solutions contract. | Y-12, Pantex protective force work added to contract in Aug. 17 amendment. New proposals submitted Sept. 5. | Undetermined | Full and Open | Management and Operation | Only B&W-led team participated in second round of oral presentations. Award expected around Nov. 2. |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expired Sept. 28, 2012, though work under existing award is continuing. | Final Request for Quotes issued May 3. Approximately nine teams submitted bids June 13. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER (Continued)

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|--|--|---|------------------------------------|--------------------------|-----------------------|---|
| OAK RIDGE RESERVATION Oak Ridge Security | Oak Ridge contract held by WSI extended through end of November 2012. | Y-12, Pantex protective force work stripped from planned contract to consolidate security work. Amended RFP issued Sept. 13. Proposals due Oct. 19. | Undetermined | Full and Open | Security Services | New Request for Proposals expected early September. |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | DOE considering cancelling project. |
| MISC. SITES/PROJECTS Legacy Management Supportive Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | S.M. Stoller's current contract extended for up to six months. |
| Paducah Environmental Technical Services | N/A | Request for Quotations issued Aug. 13, 2012. | 5 years/ \$24.5 million | Small Business Set-Aside | Support Services | |
| Portsmouth Environmental Technical Services | Contract held by Restoration Services, Inc. set to expire by Sept. 30, 2013. | Final Request for Proposals issued Aug. 21, 2012. Bids due by Oct. 18, 2012. | 5 years/ \$65 million | Small Business Set-Aside | Support Services | |

GUARDS UNION DETAILS CONCERNS WITH WEAPONS COMPLEX PRO FORCE BILL

The National Council of Security Police formally outlined its opposition to a House bill that would have the military protect the nation's weapons complex in a letter to lawmakers this week, suggesting strengthened federal oversight and more funding as a better way of beefing up security. In its letter to Rep. Michael Turner (R-Ohio), the author of the legislation, and other lawmakers, the umbrella organization representing guards across the weapons complex highlighted several issues with the proposed legislation, including challenges in housing soldiers at weapons complex sites and issues with training and clearing enlisted men and women, complications with a century old law that was designed to limit the military from being used in domestic law enforcement activities. "Shifting nuclear security to the military would be a tremendous undertaking that represents both a huge expense, and challenges to accomplish this action," NCSP Vice President Leo Salazar, the Business Agent for the Pantex Guards Union, said in the Oct. 3 letter.

Turner's bill, the "Securing Our Nuclear Weapons and Facilities Act," is a direct response to the July 28 security breach at the Y-12 National Security Complex that has led to massive management changes at the site, the termination of protective force contractor WSI-Oak Ridge, and the firing of one guard involved in the incident. The bill would give the military the responsibility for protecting nuclear weapons complex sites as well as nuclear transport shipments, which are currently guarded by federalized officers with the NNSA's Office of Secure Transportation. "Our military has the capabilities, training, and cultural mindset needed to secure the nation's most powerful weapons," Turner said in a statement when the bill was introduced. "NNSA was originally created by Congress because of major security and mismanagement problems at DOE. For 12 years DOE and NNSA have been saying they will get things right—this latest incident proves once again that they haven't. I am not willing to risk having security for our nuclear weapons continue to reside inside this broken system."

NCSP Details Criticisms

Those changes would come at a great cost, both financially and in terms of the quality of protection offered, Salazar said. "Enlisted men are transferred and are recycled every two to three years from base to base or end their enlistments," Salazar said. "By the time the soldiers are trained on how to protect nuclear material and weapons and learn their areas of responsibilities the soldiers would be transferred to another assignment or their tour of duty has

ended." There are also complications with the 1879 Posse Comitatus law that restricts the military's ability to be used for civilian law enforcement. The law, however, does not prohibit the military from being used, but requires an Act of Congress to authorize its use. "The Act embodies the long-standing principle in Anglo-American law that there should be a total separation of military from civil law enforcement," Salazar said.

Salazar also noted that many current guards and protective force managers have military backgrounds. WSI-Oak Ridge said that approximately 57 percent of its workforce consisted of veterans. "These are the men and women who have served honorably during the Nation's past wars and conflicts now serving alongside the men and women who have honorably served and those continuing to serve in the current war," Salazar said. "... It would be a great disservice and injustice to replace men and women who have dedicated their lives and careers protecting and securing our most powerful weapons." Salazar suggested that the key issue that needed to be fixed centered on oversight and enforcement. "There have been identified shortfalls within security for many years, but no authority to enforce only to identify the weakness," he said. "If Congress would give the authority to enforce requirements, that in itself would make a huge difference."

Tom Crosson, a spokesman for Turner, noted that military guards detected and prevented an intrusion by protesters at the Strategic Weapons Facility-Pacific, which is located at Naval Base Kitsap-Bangor. Five protesters were arrested for attempting to break into that facility. "The July 28th incident is evidence that the current guards aren't up to the job. Much of the fault is on the larger system that enabled the failures, but ultimately several of the individual guards failed to do their jobs," Crosson said. "They were unprepared to counter an octogenarian nun. Imagine if this had been a trained and motivated terrorist operation."

Group Calls for Panel to Look At Improving Security

In particular, Salazar suggested eliminating zero-based security reviews and "deep dive budget cuts" that he said have "degraded" security. He advocated for the creation of a panel consisting of experts from DOE/NNSA, DOE's Inspector General, management and operating contractors, and the NCSP that would develop a plan to improve the protection of the weapons complex. "This committee would focus on how to rebuild, maintain and train our security forces across the Nuclear Weapons Enterprise," Salazar said. "The committee would also focus on stronger oversight, and continuous inspections for security and supporting security services, through the Nuclear Weapons Complex." Notably, Energy Secretary Steven Chu said last week that he planned to convene a panel of experts to

THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR WASTE MANAGEMENT & CLEANUP DECISIONMAKERS' FORUM

An
MONITOR
EXCHANGE
PUBLICATIONS
& FORUMS
Event

October 15 - 18, 2012
Omni Amelia Island Plantation Resort
Amelia Island, Florida

Additional Speakers...

William Murphie, *Manager, Portsmouth-Paducah Project Office, U.S. DOE-EM*

Robert Raines, *Associate Administrator for Acquisition and Project Management, National Nuclear Security Administration*

John Owsley, *Director, Division of DOE Oversight, Tennessee Department of Environment and Conservation*

Shelly Wilson, *South Carolina Department of Health & Environmental Control*

Tom Dieter, *President, CH2M-WG Idaho*

Bradley Smith, *Deputy Project Manager, Washington Closure Hanford*

Mark Duff, *President, LATA Kentucky*

Mike Johnson, *President, Washington River Protection Solutions*

Steve Jones, *President, Oak Ridge Atomic Trades and Labor Council*

John Lehew, *President, CH2M Hill Plateau Remediation Co.*

Dave Olson, *President, Savannah River Remediation*

Herman Potter, *President, United Steelworkers Local 689, Piketon, Ohio*

Helena Tirone, *Director, Supply Chain Mgmt., Savannah River Nuclear Solutions*

Jim Key, *Vice President, United Steelworkers Local 550, Paducah, Ky.; Vice President Atomic Energy Workers Council*

Ron Slotke, *Vice President/CFO, CH2M Hill Nuclear Group*

Sandra Fairchild, *Business Manager, Savannah River Remediation LLC*

Robert Nichols, *Deputy Project Manager, Fluor-B&W Portsmouth*

John Robinson, *Procurement Manager, Washington River Protection Solutions*

Frank Russo, *Project Manager, Hanford Waste Treatment Plant, Bechtel National*

Frank Sheppard, *Deputy Project Manager, Salt Waste Processing Facility, Parsons*

Carl Stroock, *Manager of Functions, Bechtel National*

Ward Sproat, *Safety Culture Lead, Hanford Waste Treatment Plant*

Taunja Berquam, *Minority Staff, Energy and Water Appropriations Subcommittee, U.S. House of Representatives*

Doug Clapp, *Majority Clerk, Energy & Water Development Appropriations Subcommittee, U.S. Senate*

Keynote Speakers...

Dr. Peter Winokur, *Chairman
Defense Nuclear Facilities Safety Board*

David G. Huizenga, *Senior Advisor for Environmental
Management, U.S. Dept. of Energy*

Mark Lesinski, *Chief Operating Officer, Nuclear
Decommissioning Authority, United Kingdom*

Also Featuring...

Matt Moury, *Deputy Assistant Secretary for Safety, Security &
Quality, Environmental Management, U.S. DOE*

Ken Picha, *Deputy Assistant Secretary for Tank Waste &
Nuclear Material, Environmental Management, U.S. DOE*

Jack Surash, *Deputy Assistant Secretary for Acquisition &
Project Management, Environmental Management, U.S. DOE*

Terry Tyborowski, *Deputy Assistant Secretary for Program
Planning Budget, Environmental Management, U.S. DOE*

Alice Williams, *Associate Principal Deputy Assistant Secretary,
Environmental Management, U.S. DOE*

Paul Bosco, *Director, Office of Acquisition and Project
Management, U.S. DOE*

Rod Baltzer, *President, Waste Control Specialists*

George Dials, *President, B&W Conversion Services LLC*

Mark Fallon, *President, Nuclear Group, CH2M Hill*

Greg Meyer, *Senior Vice President, Fluor Government Group*

Michael Graham, *Mgr., U.S. Environmental, Bechtel National*

Tara Neider, *President, AREVA Federal Services*

Alan Parker, *President, Projects & Gov't. Group, EnergySolutions*

David Pethick, *Gen. Mgr., Global M&O Services, URS*

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— 24TH ANNUAL WC MONITOR DECISIONMAKERS' FORUM —

AGENDA

Monday, October 15

2:00 **REGISTRATION OPENS/
REGISTRATION MATERIALS**

REFRESHMENTS AT REGISTRATION

3:00 **SPECIAL WORKSHOP: FINDING
SUCCESS IN THE UK
DECOMMISSIONING MARKET
(Cumberland C)**

MODERATOR: **Mark Frei**, COO
Longenecker & Associates

Mark Lesinski, Chief Operating Officer
UK Nuclear Decommissioning Authority

Ron Gorham, Supply Chain Director
UK Nuclear Decommissioning Authority

Keith Case, Commercial Director
Sellafield Limited

Chris Woodhead, Managing Director
S.A. Robotics

Renee Echols, Executive Vice President
Perma-Fix Environmental Services

Martin Keighley, CEO
Arvia Technology Ltd.

Neil Foreman, Chairman
Centronic Ltd.

6:00 **COCKTAIL RECEPTION**

7:00 **OPENING DINNER**

Tuesday, October 16

7:00 **CONTINENTAL BREAKFAST**

8:00 **WELCOME REMARKS**

Edward L. Helminski, President
ExchangeMonitor Publications & Forums

8:05 **OPENING KEYNOTE ADDRESS**

MODERATOR: **Edward L. Helminski**,
President, EM Publications & Forums

**DNFSB, DOE and the Contractors: Roles,
Responsibilities and the Road Ahead**

Peter Winokur, Chairman
Defense Nuclear Facilities Safety Board

OPEN DISCUSSION

8:45 **The Path Forward for Nuclear Cleanup
in the UK**

MODERATOR: **Chris Hall**, Director
Business Development, Fluor
Government Group

Mark Lesinski, COO
UK Nuclear Decommissioning Authority

9:15 **Charting a Path for Cleanup Amidst
Future Budget Constraints**

MODERATOR: **Pete Diakun**
Vice President, Energy Programs,
Newport News Nuclear

Terry Tyborowski, Deputy Assistant
Secretary, Program Planning and Budget,
U.S. DOE-EM

OPEN DISCUSSION

10:00 **COFFEE BREAK**

10:20 **A New Disposal Option for the DOE
Cleanup Complex: WCS**

MODERATOR: **Teo Grochowski**,
President, Robatel Technologies

Rod Baltzer, President
Waste Control Specialists

OPEN DISCUSSION

10:45 **A ROUNDTABLE DISCUSSION:
Industry Perspectives on Maintaining
Cleanup Progress in the Face of New
Fiscal Realities**

MODERATOR: **Martin Schneider**, CEO
ExchangeMonitor Publications & Forum

George Dials, President
B&W Conversion Services LLC

Mark Fallon, President
Nuclear Group, CH2M Hill

Michael Graham, Manager
U.S. Environmental, Bechtel National

Tara Neider, President
AREVA Federal Services

Alan Parker, President
Projects & Government Group,
EnergySolutions

David Pethick, General Manager
Global Management and Operations
Services, URS

Greg Meyer, Senior Vice President
E&N Operations, Fluor

OPEN DISCUSSION

12:00 **LUNCH**

1:00 **State Regulators: Priorities for Future
Cleanup**

MODERATOR: **Mike Nartker**, Associate
Editor, *Weapons Complex Monitor*

John Owsley, Director
Division of DOE Oversight, Tennessee
Dept. of Environment and Conservation

Shelly Wilson, Federal Facilities Liaison,
South Carolina Department of Health and
Environmental Control

OPEN DISCUSSION

2:00 **Union Concerns Across the DOE
Complex**

MODERATOR: **Jeff George**
B&W Technical Services Group

Steve Jones, President
Oak Ridge Atomic Trades and Labor
Council

Herman Potter, President
United Steelworkers Local 689,
Piketon, Ohio

Jim Key, Vice President
United Steelworkers Local 550, Paducah,
Ky.; Vice Pres., Atomic Energy Workers
Council

OPEN DISCUSSION

3:15 **COFFEE BREAK**

3:35 **Improving Safety Oversight: Balancing
DNFSB, HSS, the Program Offices and
the Sites**

MODERATOR: **Kenneth Fletcher**,
Reporter, *Weapons Complex Monitor*

Matt Moury, Deputy Assistant Secretary
Safety, Security and Quality,
U.S. DOE-EM

Ward Sproat, Deputy Project Director
Design and Operations, Bechtel National-
WTP

OPEN DISCUSSION

4:35 **Near-Term Opportunities at Facility
D&D Projects Across the Complex**

MODERATOR: **Dan Burns**, Executive
Vice President, WCS

John Lehew, President
CH2M Hill Plateau Remediation Co.

Bradley Smith, Deputy Project Manager
Washington Closure Hanford

Mark Ferri, Vice President
URS | CH2M Oak Ridge, LLC

Tom Dieter, President
CH2M-WG Idaho

OPEN DISCUSSION

— *Raising the Bar on Project Performance to Address Long-Term Challenges* —

5:45 **ADJOURN**

Robert Nichols, Deputy Project Manager, Fluor-B&W Portsmouth

Ken Picha, Deputy Assistant Secretary for Tank Waste and Nuclear Material, U.S. DOE-EM

6:00 **COCKTAIL RECEPTION**

OPEN DISCUSSION

Wednesday, October 17

7:00 **CONTINENTAL BREAKFAST**

11:50 **EM Technology Development Priorities**

Mike Johnson, President Washington River Protection Solutions

8:00 **The Hanford Waste Treatment Plant and the Future of the DOE Cleanup Program**

MODERATOR: **John Rayment**, President, Kurion

Dave Olson, President Savannah River Remediation, LLC

Frank Russo, Project Manager, Hanford Waste Treatment Plant, Bechtel National

Alice Williams, Associate Principal Deputy Assistant Secretary, U.S. DOE-EM

Richard Kacich, Assistant Project Director for Safety Integration, Waste Treatment Plant, Bechtel National

OPEN DISCUSSION

OPEN DISCUSSION

8:30 **Managing Risk in the DOE Complex: What Changes in Risk-Sharing Will Mean for DOE and its Contractors**

12:15 **BOX LUNCH**

Roy Schepens, Director Operations, Salt Waste Processing Facility, Parsons

MODERATOR: **John Longenecker**, President, Longenecker & Associates

12:30 **WORKSHOP: SUCCEEDING IN A BUDGET CONSTRAINED ENVIRONMENT (Cumberland C)**

OPEN DISCUSSION

Paul Bosco, Director Office of Acquisition and Project Management, U.S. DOE

Frank Armijo, Vice President, Energy Solutions, Lockheed Martin

9:30 **Lessons Learned from Portsmouth, Paducah Cleanup**

Robert Raines, Associate Administrator for Acquisition and Project Management, National Nuclear Security Administration

Robert Raines, Associate Administrator for Acquisition and Project Management, National Nuclear Security Administration

MODERATOR: **John Fulton**, Sr. Vice President, CH2M Hill

Jack Surash, Deputy Assistant Secretary Acquisition and Project Management, U.S. DOE-EM

Charles Roy, Manager EnergySector, PricewaterhouseCoopers

William Murphie, Manager Portsmouth-Paducah Project Office, U.S. DOE-EM

Ron Slotke, Vice President and CFO CH2M Hill Nuclear Group

Alice Williams, Associate Principal Deputy Assistant Secretary, U.S. DOE-EM

Robert Nichols, Deputy Project Manager, Fluor-B&W Portsmouth

Carl Strock, Manager Functions, Bechtel National

7:00 **SPECIAL EVENING SESSION**

MODERATOR: **Edward L. Helminski**, President, EM Publications & Forums

Mark Duff, President LATA Kentucky

Frank Sheppard, Deputy Project Mgr. Salt Waste Processing Facility, Parsons

Dave Huizenga, Senior Advisor Environmental Management, U.S. DOE

Michelle Reichert, Deputy Project Manager, B&W Conversion Services

OPEN DISCUSSION

OPEN DISCUSSION

9:45 **Contracting and Procurement Lessons Learned: Analysis from WC Monitor**

8:00 **COCKTAIL RECEPTION**

10:30 **COFFEE BREAK**

Martin Schneider, CEO ExchangeMonitor Publications & Forums

8:30 **DINNER**

10:45 **Upcoming Procurement Opportunities and Acquisition Process Changes**

OPEN DISCUSSION

Thursday, October 18

10:15 **COFFEE BREAK**

7:00 **CONTINENTAL BREAKFAST**

MODERATOR: **Rick Dearholt**, Vice President, Sullivan International

10:35 **Upcoming Subcontracting Opportunities Across the Complex: A ROUNDTABLE DISCUSSION**

8:00 **Implementing EM's New Organization and Institutionalizing Changes for the Long-Term**

OPEN DISCUSSION

MODERATOR: **Kenneth Fletcher**, Reporter, *Weapons Complex Monitor*

MODERATOR: **Edward L. Helminski**, President, EM Publications & Forums

11:15 **Congressional Staff: Perspectives on the Future of DOE Cleanup**

John Robinson, Procurement Manager Washington River Protection Solutions

Alice Williams, Associate Principal Deputy Assistant Secretary, U.S. DOE-EM

MODERATOR: **Mike Nartker**, Associate Editor, *Weapons Complex Monitor*

Sandra Fairchild, Business Manager Savannah River Remediation, LLC

OPEN DISCUSSION

Doug Clapp, Majority Clerk Energy and Water Development Appropriations Subcommittee, U.S. Senate

Helena Tirone, Director Supply Chain Management Savannah River Nuclear Solutions

8:30 **ROUNDTABLE: Improving Integration Among High-Level Waste Tank, Treatment Projects**

MODERATOR: **Mike Nartker**, Associate Editor, *Weapons Complex Monitor*

OPEN DISCUSSION

12:00 **FORUM ADJOURN**

— FORUM PARTICIPATING ORGANIZATIONS —

ACTS, Inc.
ADS Trinity
AECL
AECOM
Aerotek
Agility Logistics
Akima Management Services
Aleut World Solutions, LLC
Alion Science and Technology Corporation
Alliant
Amec GeoMelt
ANSTO Inc
AOC Key Solutions, Inc.
ARCADIS
ARES Corporation
AREVA Federal Services LLC
ARS International
Ascendent Engineering & Safety Solutions
ATK Space Systems
ATL International Inc.
Australian Nuclear Science & Technology Organisation (ANSTO)
Avisco, Inc.
AWS, LLC
B&W Technical Services Group, Inc.
B&W Y-12 (National Security Complex)
Babcock & Wilcox
Babcock Services
Bartlett Services, Inc.
Battelle, Pacific Northwest National Laboratory
Bay Tree Government Services
Better Choices Consulting
BG4 LLC
Black & Veatch Special Projects Corp.
Booz Allen Hamilton
Boston Government Services
Bradburne Consulting, LLC
Burns and Roe Enterprises, Inc.
Cabrera Services, Inc.
CareerSMITH, Inc.
Cavanagh Services Group, Inc.
CBI Polymers
CDM
CH2M HILL
City of Oak Ridge
Clauss Construction
Clean Harbors
CLH Associates Inc
Columbia Energy & Environmental Services
Comprehensive Health Services Inc
Container Technologies
CTAC
CWC, LLC
Dade Moeller & Associates
Decker Garman Sullivan LLC
DEMCO, Inc.
DeNuke Contracting Services, Inc.
DESA, Inc
Doyon Government Group
Duke Energy
Dynamac Corporation
DynMcDermott Petroleum Operations Co.
E.S. Fox Ltd
E.W. Wells Group, LLC
E2 Consulting Engineers, Inc.
Earth Tech - AECOM
Eberline Services, Inc.
ECC
Ecotone Group LLC
Edgewater Technical Associates
Enercon
EnergyX, LLC
Energy Communities Alliance
EnergySolutions, Inc.
Engineered Resources, LLC
ENTACT, LLC
Envirocon, Inc.
Environmental Dimensions, Inc.
Environmental Quality Management, Inc.
Environmental Rail Solutions
Epsilon Systems Solutions, Inc.
ERSI, LLC.
ETEBA
Federal Engineers and Constructors, Inc.
Fluor Corporation
Fluor Government Group
Fluor Hanford
Fluor-B&W Portsmouth L.L.C.
Fox Potomac Resources, LLC
Frankie Friend & Associates, Inc
Future Unlimited, Inc.
Gallagher Consulting Group
GD Electric Boat
GEL Laboratories, LLC
GEM Technologies, Inc
General Atomics
Geo Consultants, LLC
Geosyntec Consultants, Inc.
Global BGITM Corporation
Global Solutions LLC
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Hypercompaction Technologies/Harris Waste Management Group
IAP Worldwide Services, Inc.
IBM
ICE Service Group, Inc.
Idaho National Laboratory
IET
IHI INC.
IMPACT Services, Inc.
Innovations/Oceanus
Innovative Solutions
INTERA Incorporated
Jacobs Engineering Group
JG Management Systems, Inc
Kelly, Anderson & Associates, Inc.
Kiewit Federal Group
Kleinfelder
Kurion, Inc.
LATA/Parallax Portsmouth LLC
LB Services
LMK Engineers, LLC
Lockheed Martin Corporation
Longenecker & Associates, Inc.
Los Alamos National Laboratory
Los Alamos Technical Associates, Inc. (LATA)
LVI Services Inc.
MACTEC, Inc.
Major Tool & Machine, Inc.
Management and Environmental Solutions
Mark Turnbough
MCM Management Corporation
McNeil Technologies, Inc
Merrick & Company
MHF Logistical Solutions
Midwest Research Institute
Mission Support Alliance
MOCA Systems
MPR Associates, Inc.
MSE Technology Applications, Inc.
NAC International
National Security Technologies
Navarro Research and Engineering, Inc.
New Mexico Environment Department
New World Environmental, Inc.
Newport News Nuclear
Nicholson Construction
North Wind, Inc.
Northern New Mexico Citizens' Advisory Board
Northrop Grumman Corporation
Northwest Demolition LLC (SDVOSB)
Nuclear Decommissioning Authority
Nuclear Management Associates
NUKEM Technologies
Numark Associates
Nuvia Limited
NuVision Engineering, Inc.
Oak Ridge Associated Universities
Oak Ridge Energy Corridor
Oak Ridge Site Specific Advisory Board
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analyze how the Department stores and secures nuclear material and look at additional options for protecting the weapons complex. That panel has not been formed yet, and Salazar said representatives from the NCSP had not yet been asked to participate in the effort.

—*Todd Jacobson*

DOE TO USE SAVANNAH RIVER'S H-CANYON FOR CANADIAN HEU

The Department of Energy is looking at processing highly enriched uranium solutions from Canada as part of ongoing efforts to maximize the potential of the Savannah River Site's H-Canyon facility. The project would involve the return of the U.S. origin HEU from the Atomic Energy of Canada Limited, which would pay DOE about \$60 million for the project. The possibility comes at a time when DOE is actively seeking a number of new missions for the aging nuclear chemical separations plant. "We've got the facility there and it's operating basically on one dissolver and we can operate it on three dissolvers and we've actually had some discussions with the people over at the [White House] Office of Management and Budget and discussions inside headquarters here on the wisdom of trying to put it to full use," DOE cleanup chief David Huizenga said this week at a meeting of the chairs of the Environmental Management Site-Specific Advisory Boards, held in Washington. "If you're going to have it there I think there is a good case to be made for trying to maximize it."

Given the \$150 million minimum annual price tag on maintaining the facility whether it's operating or not, DOE officials have said new missions at H-Canyon will give the Department the most value out of its existing infrastructure. The latest project under consideration would involve about 23,000 liters of material resulting from Molybdenum-99 production in Canadian, which would be downblended to low enriched uranium at H-Canyon for use as fuel in commercial nuclear power plants. The project, which would start in middle to late 2013 and end in 2016, has not yet been finalized. "An initial agreement has been reached but more preparations must occur before shipments and processing of the solutions can begin at SRS," DOE Savannah River spokesman Jim Giusti said in a written response. The Department started up a new mission at H-Canyon in August when it began processing vulnerable spent nuclear fuel stored at Savannah River. Additionally, in November the facility is expected to begin processing to prepare plutonium feedstock for the Mixed Oxide Fuel Fabrication Facility under construction at the site.

DOE Had Looked to Largely Ramp Down Operations

DOE's new approach to H-Canyon marks a significant shift from the Department's previous plans, as in early 2011 DOE said that due to budgetary concerns it planned to largely suspend operations of the facility and put it into a standby mode. However, that move was questioned by lawmakers, local stakeholders and the Defense Nuclear Facilities Safety Board because of concerns over possible impacts to nuclear material disposition efforts. When the planning started to process the vulnerable sodium reactor fuel and MOX feedstock last fall, it marked the first steps away from shuttering the facility. That was followed in January by an announcement from Department officials that the facility would not be flushed of bulk fissile materials this year, a move that had been necessary to prepare the plant for shutdown. To process spent fuel and MOX feedstock, the Department is considering using the facility to extract americium from waste streams, which could be used commercially, as well as producing plutonium-238 for space exploration needs.

—*Kenneth Fletcher*

U.S. STRATEGIC DEPLOYED STOCKPILE DIPS TO 1,722 UNDER NEW START TREATY

The United States is continuing its slow descent toward the 1,550-warhead cap on its strategic deployed stockpile set by the New START Treaty and had 1,722 warheads under the treaty's counting rules as of Sept. 1, the State Department said this week. The stockpile number, released twice a year under declarations required through the New START Treaty with Russia, represents a 15 warhead decrease from the U.S. declaration in February, and is down from 1,800 when the treaty went into force in February of 2011. Russia's strategic deployed stockpile increased slightly as of Sept. 1, rising to 1,499, up from 1,492 Feb. 1, but it's down from a New START-high of 1,566 reported by Russia a year ago. In its first declaration under the treaty, Russia had 1,537 warheads.

The U.S. also had 806 delivery vehicles (nuclear-capable bombers, ICBMs and submarine-launched ballistic missiles), six less than it had Sept. 1, while Russia has reduced its delivery vehicles over the last six months by three to 491. The treaty allows 700 deployed delivery vehicles, and a total of 800 counting reserve systems. In total, the U.S. has 1,034 delivery vehicles, while Russia has 884. The U.S. and Russia must be beneath the treaty's limits by 2018.

Slow Pace Draws Criticism

The treaty only counts strategic deployed warheads, and not warheads held in reserve or tactical warheads. Hans Kristensen, director of the Nuclear Information Project at the Federation of American Scientists, noted that the countries are moving slowly to reduce their stockpiles, though Russia is already under the treaty's warhead limits. "Much of these numbers are fluctuations due to delivery platform maintenance and it is not clear that either country has made any explicit warhead reductions yet under the treaty," Kristensen said in a blog post this week. "In any case, 38-78 warheads don't amount to much out of the approximately 5,000 nuclear warheads the two countries retain in each of their respective nuclear stockpiles."

Kristensen called on the United States to move quicker to get under the treaty's limits, both to cut costs and remove incentives for Russia to increase its warhead and delivery vehicle production capabilities. "There is simply no reason for the Pentagon to stretch reductions of excess nuclear forces through 2017," Kristensen said. "Forces slated for retirement should be removed from service now and the reserve of upload warheads should be trimmed. Doing so is good planning. Not only is it expensive (and stupid) to keep more nuclear forces than needed. But a bloated force structure provides unhelpful justification for those in the Russian establishment who argue for increasing missile production and deploying new missiles."

—Todd Jacobson

DEPT. OF ENERGY FORMALLY EXTENDS M&O CONTRACTS AT PNNL, SLAC

The Department of Energy, as expected, wrapped up negotiations on five-year extensions at the SLAC National Accelerator Facility and the Pacific Northwest National Laboratory and contractors at the sites began working under the new contracts this week. DOE reached agreements on the extensions with the facilities last year, but negotiations on the extensions weren't formally concluded until last month. The new deals at the labs extend Stanford University's contract at SLAC and Battelle's contract at PNNL through Sept. 30, 2017. In its justification for extending Stanford's contract without a competition, which was released last week, DOE said "considering the exemplary performance of the current contractor, DOE has no expectation of meaningful improvement in performance or cost as a result of the competition at this time. In fact, Stanford has implemented changes and managed the laboratory to effect significant improvements to Laboratory performance. It is highly unlikely that a competition

at this time would improve SLAC's performance." A similar justification has not been released for PNNL.

In addition to SLAC and PNNL, the M&O contracts at Brookhaven and Oak Ridge National Laboratories have also been extended recently by five years as DOE under Energy Secretary Steven Chu has moved away from a policy of mandatory competition for its Office of Science (SC) labs that have generated little competition and improvements. The same, however, is not expected to hold true for Sandia National Laboratories, a National Nuclear Security Administration lab that is expected to draw heavy competition from industry when its contract runs out at the end of next year. "SC has reviewed the outcomes from previous SC M&O competitions and found that the benefits of competition were not realized in most cases," DOE said in the justification for Stanford's five-year extension. "That is, SC did not experience: 1) significant, if any, competitions, or a substantively new contractor; 2) cost saving for the government; or 3) substantially improved contractor performance. In particular, SC only received one proposal in response to each of the past six SC M&O competitions and in each case the proposal was from the incumbent (or a team led by the incumbent). The lack of interest and improvements may be a result of the unique nature of the SC national laboratory and their management and operating performance fee-based contracts."

Lab Agreements Present Challenges

Both SLAC and PNNL presented unique challenges during negotiations. Because Stanford owns the land on which the accelerator facility sits, bringing in another contractor would be cost prohibitive and it's unlikely that there would be any competition for the contract if it was opened up for bid. DOE said annual costs to run SLAC would rise by \$35 million under another contractor, and it would cost the Department approximately \$101.6 million to settle the lab's pension plan. PNNL also owns 21 percent of the building square footage on its campus, and DOE had sought to do away with a lucrative "use permit" that allowed work to be done at the lab for private industry since 1965 alongside research for federal agencies.

The PNNL-owned facilities were built in the late 1960s and early 1970s and include the Research Operations Building at what serves as the entrance to the campus and the Battelle Auditorium. A formal agreement for DOE use of the Battelle facilities has been worked out to replace a gentleman's agreement. "During negotiations, the goal of both parties was to ensure that Battelle-owned facilities remain available to support the mission of PNNL," PNNL Director Mike Kluse said. Under the contract extension, DOE assumes full use of all facilities, according to Roger

Snyder, the manager of the Pacific Northwest Site Office. DOE now will cover the full operating cost for these facilities as well as for the Battelle-owned land making up the core campus, according to Battelle. Partly in consideration for the continued exclusive use of Battelle property and also based on the research to be conducted at PNNL, Battelle will be eligible for larger award fees. In fiscal 2011 and 2012, Battelle has been eligible to earn up to \$9 million for managing and operating PNNL. The maximum award payment possible for fiscal 2013, which started Monday, will increase to \$11.9 million. For the last three years of the contract extension, that will increase to \$12.5 million.

ACT Replaces ‘Use Permit’

The negotiations also had to create and implement a replacement use permit, which for decades allowed Battelle to partner with industry and served as a vehicle to push research and technology to the marketplace. However, it expired at the end of Fiscal Year 2012. In December, DOE

established a pilot program called Agreements for Commercializing Technology, or ACT, to allow businesses to work in partnership with PNNL or other national labs to bring new technology to the market. ACT “is a technology transfer mechanism currently being implemented at PNNL that allows us similar latitude for the majority of work that we currently do under the use permit,” Kluse said in a memo explaining the changes.

The use permit previously was used by Battelle outside its DOE contract, but now ACT will work as a portal in the contract to bring industry work into PNNL, Snyder said. The goal of ACT is to get science out the door and commercialized, said Julie Erickson, deputy manager of DOE’s Pacific Northwest Site Office. Work to phase in ACT began in April. It will allow PNNL to continue to perform the majority of the work it has been doing for industry under the use permit. Some of the other use permit work also is being moved to another contract mechanism, called “Work for Others.”

—Todd Jacobson and staff reports

At the Weapons Labs/DOE Sites

AT LIVERMORE RULING ON MOTION IN AGE DISCRIMINATION LAWSUIT LOOMING

A California judge is set to rule Oct. 5 on a key age discrimination issue in a lawsuit involving 130 laid off Lawrence Livermore National Laboratory employees. Lawyers for the former workers have alleged that the workers were unfairly targeted because of their ages during a round of layoffs in 2008 that led to the departure of 440 lab employees, and Alameda County (Calif.) Superior Court Judge Robert Freedman is expected to rule Oct. 5 whether or not the plaintiffs can use the age discrimination argument during the trial. Livermore has discounted the age discrimination claim and has sought to have the argument thrown out, and lawyers for both sides have battled over the last several months on the issue, with each side providing their own experts. If the claim is thrown out, the trial would be based on a breach of contract claim by the former workers, and as of now, it is expected to begin with jury selection next week. “It’s an important judgment for our case,” said Gary Gwilliam, an Oakland-based lawyer for the workers. Gwilliam said that there appears to be no sign of a settlement and that he expects the lawsuit to go to trial.

When 440 scientists, engineers, technicians and other support staff were let go in the 2008 layoffs, the lab’s first

since the 1970s, Gwilliam said many expected to be immune from the layoffs because of their seniority. But he has argued that the employees were singled out because of their higher salaries and benefits. Gwilliam said the average age of his 130 clients is 54 years old, and their average experience at the lab was 20 years. “My clients were angry they were fired after working their 25 or 30 years and many people who had been there only a few years were kept and are doing their jobs now,” Gwilliam said.

The trial will involve five of the 130 plaintiffs: Marian Barazza, a purchasing specialist in the lab’s Supply Chain Management Department; Elaine Andrews, an administrator in the lab’s Human Resources department; Mario Jimenez, a supervisor in the lab’s Plant Engineering Department; Greg Olsen, a supervisor in the lab’s Plant Engineering Department; and James Torrice, a supervisor in the lab’s Plant Engineering Department. Each of the employees was older than 50 when they were laid off and Gwilliam suggested they had believed their jobs would be safe because of their seniority.

AT LOS ALAMOS DOE TO UP COOPERATION WITH DNFSB ON PF-4 UPGRADES

The National Nuclear Security Administration will take another approach to evaluating the ability of Los Alamos National Laboratory's Plutonium Facility (PF-4) to withstand an earthquake, Deputy Energy Secretary Dan Poneman said in a Sept. 28 letter to the Defense Nuclear Facilities Safety Board that pledged to increase cooperation with the Board on the much scrutinized effort to upgrade the facility. Poneman said he was directing the agency to undertake a "modal loading analysis" that would complement an almost-complete "static nonlinear pushover analysis." The Board had raised questions about the analysis, suggesting that it was proceeding "without adequate definition and technical justification" in a July letter to Poneman.

Previous seismic studies have recognized vulnerabilities at PF-4, but the current analysis is important to determine the extent of upgrades needed at PF-4 to protect the facility from collapse in a massive earthquake. In his letter, Poneman said DOE and NNSA are "working to ensure that our analytical methods are validated and our results are technically correct. It is crucial that the decisions we make regarding this vital facility be of the highest quality and take into account the views" of the DNFSB. Poneman

promised to discuss any planned structural upgrades with the Board. "I suggest that our staff continue to work together to ensure that we all clearly understand the work and results that have been completed as well as the path forward to complete the remaining planned analysis and testing," he said.

PF-4 and its ability to withstand a massive earthquake has been a subject of much concern from the Defense Board in recent years. The facility, built in the 1970s, was not designed to withstand new estimates about the potential for massive earthquakes in Northern New Mexico that could result in ground motions five times stronger than previous estimates. The NNSA has poured millions into upgrading the facility, but earlier this summer, the Board suggested that potential exposures from an earth-quake induced fire still were nearly four times DOE guidelines. The recent upgrades to the Plutonium Facility were undertaken as the result of an analysis completed in 2011, but the current analyses being performed by the lab and NNSA are part of a more comprehensive review of the potential impact of an earthquake on the facility that will help inform decisions about the need for more upgrades for the facility.

AT OAK RIDGE HSS PERFORMS INVESTIGATION AT ORNL

Few details were available, but a spokesman for Oak Ridge National Laboratory confirmed that the Department of Energy's Office of Health, Safety and Security conducted a security exercise that took place Oct. 3 and reportedly simulated explosions at the site. Employees were notified via the public address system of the exercise taking place at the lab, informed there would be simulated explosions and ammunition, and told there would be ORNL response vehicles involved. The employees were asked to do as told by the protective forces involved in the exercise. ORNL spokesman David Keim confirmed that the exercise was

related to the visit by HSS but declined to provide additional information.

In the wake of the serious security breach July 28, the Department of Energy has ordered security testing at all DOE sites where Category I special nuclear materials are stored. ORNL has a large stockpile of fissionable uranium-233 stored at the lab's Building 3019—a World War II era facility not far from the Graphite Reactor. The HSS team earlier did a top-to-bottom security evaluation at Y-12, where protesters were able to penetrate the plant's vaunted security systems and deface the facility where the nation's supply of weapons-grade uranium is housed.

AT OAK RIDGE DEER HUNT CANCELLED IN WAKE OF Y-12 SECURITY BREACH

The July 28 security breach at the Y-12 National Security Complex has claimed another victim, with the Tennessee Wildlife Resources Agency cancelling an Oct. 20-21 archery deer hunt on the Department of Energy's Oak Ridge reservation. In letters sent to the 450 hunters selected to the scheduled opportunity, TWRA said the hunt was put on hold because of the ongoing security investigation that followed the break-in by Plowshares protesters. Y-12 spokesman Steven Wyatt, said Y-12 asked TWRA to

cancel the October hunt. The November and December hunts are expected to proceed as scheduled. "We just felt for a lot of reason it was best to cancel [the hunt] for this month," Wyatt said. "I don't want to get into specifics, but we just felt it was the most appropriate thing to do." Multiple investigations are under way regarding the break-in by three anti-weapons protesters and other security failures since identified at the nuclear installation.

AT OAK RIDGE Y-12 SUBCONTRACTOR TO PAY BACK WAGES

Following an investigation by the U.S. Labor Department, a contractor that has provided detection dog services at the Y-12 National Security Complex has agreed to pay its dog handlers more than \$178,000 in back wages and benefits. The Y-12 subcontractor, K-9 Search on Site (K-9 SOS), reportedly failed to record and pay workers for hours that the dog handlers spent picking up, transporting and returning their dogs to and from work sites and kennels. That resulted in a significant amount of unpaid overtime, the Labor Department in announcing its findings. "Additionally, the employer failed to pay the correct fringe benefits to these kennel workers and did not provide the correct number of vacation weeks to its employees according to their years of service," the agency statement said.

The contractor reportedly violated requirements of the Fair Labor Standards Act and the McNamara-O'Hara Service Contract Act. The Labor Department said K-9 SOS, which has been an Oak Ridge subcontractor for 11 years, agreed to future compliance as well as pay all back wages and benefits due to the 34 dog handlers. Freddie R. Brasfield, owner of the company, said he believed that the company had fully complied with the Labor Department's findings. "We didn't argue with what they found," he said. The company provides dogs and handlers that perform checks of vehicles and personnel entering the high-security plant. The dogs reportedly can accurately detect the presence of drugs, explosives and other items of concern.

AT SAVANNAH RIVER UNION, INDUSTRY OFFICIALS TOUR MOX PROJECT

Officials from the labor group AFL-CIO and the industry organization Nuclear Energy Institute have toured the construction of the Mixed Oxide Fuel Fabrication Facility in the last week. The tours come as the National Nuclear Security Administration prepares to release a new baseline for the project later this year that could include cost increases of more than \$2 billion and a significant slip in schedule. During his Sept. 28 visit to the site, AFL-CIO Building and Construction Trades Department President Sean McGarvey touted the employment provided by the project, which has a local workforce of more than 2,100. "The employment opportunities offered at the MOX project are important to our workers, their families and the community," McGarvey said in a statement. "The MOX project also affords us the opportunity to implement specialized training for these craft professionals in order to arm them with the necessary skills that will allow them to not only finish this important nuclear nonproliferation pro-

ject, but to also move on to other nuclear construction projects in the future."

This week, NEI President and CEO Marv Fertel toured the site with AREVA Inc. President and CEO Michael Rencheck. Fertel said that MOX construction, led by contractor Shaw AREVA MOX Services, was helping rebuild a nuclear trained workforce needed for construction of commercial nuclear plants. "This project is on the forefront of rebuilding America's infrastructure and providing energy solutions for future generations," Fertel said in a statement. "The Shaw/AREVA consortia has created more than 2,000 jobs and is developing a highly skilled workforce that is steeped in quality assurance work that is required in nuclear energy projects. Coupled with new reactor construction in Georgia and South Carolina, this region is leading the future of nuclear energy, which is the only large-scale, 24/7 and clean-air electricity source on the power grid." ■

Wrap Up

IN DOE

The Department of Energy released two more amendments to its scaled down Oak Ridge protective force contract this week, making minor adjustments to the Request for Proposals but maintaining the Oct. 19 due date for bids. In response to questions from industry, the agency clarified how bidders should treat overtime and doubletime when preparing proposals as well as making several other minor changes to proposal preparation guidelines. Those changes, however, don't substantially change the RFP, which is why the agency did not adjust the due date for proposals. The contract was initially expected to include

protective force work at the Y-12 National Security Complex and the Pantex Plant in addition to other DOE security work in Oak Ridge, but NNSA protective force work was stripped from the contract after the July 28 security breach at Y-12.

The Department of Energy recently commissioned a new training facility at the Department's National Training Center in Albuquerque, naming the new Live Fire Shoothouse after former National Nuclear Security Administration Defense Nuclear Security Chief Bradley Peterson. Peterson died earlier this year after he was in a car accident in Albuquerque. A Navy veteran, Peterson

spent 20 years at DOE, working as the director of the Office of Independent Oversight in the Office of Health, Safety and Security and Deputy to the Assistant Deputy Administrator for Secure Transportation.

IN THE INDUSTRY

B&W Pantex has been awarded a Voluntary Protection Program Star of Excellence award for safety performance, earning recognition from the DOE safety program for the third straight year. B&W Pantex earned VPP Star Status in 2010 and was honored with the program's Super Star Award in 2011. To earn a Star of Excellence award, sites must have a Total Recordable Case rate 75 percent lower than the industry average. B&W Pantex said it has gone 6.7 million hours without a lost-time injury. "The key to Pantex's success in safety has been active employee

involvement at every level, promoted by the strong leadership of our employee-led safety teams," B&W Pantex Environments, Safety, Health and Quality Division Manager Jim Stevens said in a statement. "Safety has to become a daily standard that is factored into everything you do."

Jeff Binder has been promoted to associate lab director for Nuclear Science and Engineering at Oak Ridge National Laboratory. He has held that position on an interim basis since last November. Binder joined the Oak Ridge staff in 2003 following 13 years at Argonne National Laboratory in Illinois. His primary interests have been in development of nuclear technology for the production of energy, the production of isotopes and for use as a general scientific tool, the lab said. ■

Calendar

October

- 8 **Speech: "Shared Responsibility for Nuclear Disarmament and Nuclear Non-Proliferation,"** Scott Sagan, Stanford University, at George Washington University, 1957 E St., NW, Room 602, Washington, D.C., noon.
- 10 **Speech: "Nuclear Arms Control and Disarmament 50 Years Since the Cuban Missile Crisis,"** Arms Control Association Executive Director Daryl Kimball, part of the Past, Present, and Future of Nuclear Arms Control mini-series, Room 395, Building E51, 77 Massachusetts Ave., Cambridge, Mass., 4-6 p.m.

- 10 **Discussion: "Nuclear Weapons, Energy and Waste: What South Carolina Needs to Know,"** Tom Clements, Alliance for Nuclear Accountability; Susan Corbett, Sierra Club of South Carolina; and Glenn Carroll, Nuclear Watch South, sponsored by the Carolina Peace Resource Center, University of South Carolina, Green Quad Learning Center, 1216 Wheat St., Columbia, S.C., 7 p.m.
- 15 **Discussion: "Is the World More Dangerous 50 Years After the Cuban Missile Crisis?"** with Jane Harman, Wilson Center; Robert Gallucci, MacArthur Foundation; Graham Allison, Harvard University; and Timothy Naftali, New America Foundation, at the Wilson Center, Sixth Floor Conference Room, Reagan Building, 1300 Pennsylvania Ave., NW, Washington, D.C., 1-2:30 p.m.

(Changes from previous Calendar in Bold)

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HOUSE ARMED SERVICES COMMITTEE NOT ON BOARD WITH CMRR REPROGRAMMING

Committee Chairman Outlines Concerns, Conditions Support on Answers to List of Questions, Concerns

The House Armed Services Committee, an outspoken advocate of the Administration's deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility, isn't signing off on the National Nuclear Security Administration's request to reprogram \$120 million for an alternate plutonium strategy and is continuing to suggest that widespread management changes are necessary across the weapons complex. In a letter to acting Department of Energy Deputy Chief Financial Officer Joanne Choi obtained by *NW&M Monitor*, HASC Chairman Buck McKeon (R-Calif.) ripped the Administration for deferring construction of the CMRR-NF, the decision that has prompted DOE to ask to reprogram funds so it could pursue an alternate plutonium strategy. While House and Senate appropriators have signaled support for the alternate plutonium strategy, the House Armed Services Committee joined the Senate Armed Services Committee in opposing the reprogramming request.

But while the Senate panel said it would support the alternate plutonium strategy if the agency kept the CMRR-NF alive, McKeon conditioned the House committee's support on answers to a dozen questions related to the strategy and responses on six overdue reports and documents—or a commitment to fully resurrect the project. "The committee supports the goal of a responsive and modern nuclear infrastructure and believes a 5+ year deferral of CMRR-NF is a mistake with grave implications for the future of the U.S. nuclear deterrent and overall national security policy," McKeon wrote. "Modern plutonium science capabilities and the pit production they support are essential for an uncertain future."

Committee Urges Reevaluation of NNSA

Calling the deferral "hasty" with "poorly understood" impacts that are based on "only the most rudimentary and preliminary analysis," McKeon urged the Administration—"at the highest levels"—to reassess the decision to defer the CMRR-NF and consider broader management reforms. Notably, Rep. Michael Turner (R-Ohio), the chairman of the committee's Strategic Forces Subcommittee, authored legislation that was included in the House version of the Fiscal Year 2013 Defense Authorization Act to reform the NNSA, and late last month, he introduced a bill that would have the military provide security at weapons complex sites in the wake of the July 28 security breach at the Y-12 National Security Complex. "Given the atrophied condition of the U.S. nuclear deterrent, now is the time for bold action and outside-the-box thinking to reevaluate everything from the management, budget, and appropriations process for nuclear weapons to the current bifurcated, two-department relationship between those who set nuclear weapons requirements and those who are charged with ensuring they are met," McKeon wrote. He said the deferral of the project represented evidence that the Administration was backing off of promises made during debate on the New START Treaty. "Most critically, the deferral of CMRR-NF indicates that the administration is no longer pursuing its own policy, as outlined in its April 2010 Nuclear Posture Review (NPR), to create a responsive and 'revitalized infrastructure.'"

A High Bar to Clear

The Administration will have a high bar to clear in order to satisfy the committee's demands. The information being sought by the committee includes requests on 12 issues surrounding CMRR-NF and the alternative plutonium strategy:

— Detailed cost estimates for the alternative strategy and the cost of deferring construction of CMRR-NF;

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- A description of how the alternative strategy would help the lab produce 30 pits per year and the risk to warhead refurbishment efforts if that rate can't be achieved;
- Risk mitigation plans for if 30 pits are unable to be produced a year or the reuse of pits proves impractical for any future warhead refurbishment efforts;
- A detailed plan to confirm pit reuse is viable for future life extension programs;
- A detailed plan using pit replacement if pit reuse is found to be impractical;
- A description of the deferral of CMRR-NF on pit production capacity and how that might impact life extension options;
- Details of how the \$120 million reprogramming request would be spent;
- Details on the consequences of deferring the W78 and W88 life extension programs;
- An explanation of the decision to shut down the CMRR-NF project without Congressional approval;
- Cost and schedule estimates for immediately reconstituting the CMRR-NF project team;
- Details on analysis conducted before Feb. 13, 2012, that supports the CMRR-NF deferral decision; and
- Funding from FY2014 to FY2018 that would be needed if CMRR-NF was restarted.

The committee noted that the agency only asked Los Alamos to study alternative plutonium strategy options on Feb. 13, the day that the Obama Administration released its FY 2013 budget and formally deferred the CMRR-NF project. Given 60 days to study the issue, the lab said its effort should not be a substitute for 10 years of planning. "Fundamentally, NNSA's path forward for sustaining robust plutonium capabilities is little more than a conceptual aspiration. The committee has been provided with negligible details on all aspects of this plan—and it appears NNSA had few such details itself when the CMRR-NF deferral decision was made," McKeon wrote.

Additionally, the committee asked for responses on several overdue reports and documents before it said it would act on the reprogramming request, including:

- A detailed site-by-site breakdown of how the NNSA would spend money under the six-month Continuing Resolution that will fund the government through the end of March;
- Necessary funding for the W76 refurbishment program in FY 2013;
- The FY 2013 Stockpile Stewardship and Management Plan;
- The FY 2013-2017 Future Years Nuclear Security Program; and

- A pair of Congressionally mandated reports on modernizing the weapons complex.

House Dem Speaks Out Against Colleagues

The House decision, however, did not enjoy the support of at least some Democrats on the committee. Rep. Loretta Sanchez (D-Calif.), the ranking member of the Strategic Forces panel, suggested the decision to withhold support for the reprogramming request jeopardized the NNSA's plutonium sustainment mission. Sanchez was among a contingent of Democrats on the committee that opposed its decision to authorize funding for the project earlier this year and move its management to the Department of Defense. "I am concerned that the long-term deferral of the funding for the plutonium sustainment strategy may put at risk our ability to meet requirements for increasing pit production capacity in a timely way and for sustaining critical warhead life extension programs," Sanchez said in a statement to *NW&M Monitor*. "This de-facto lengthy deferral is all the more questionable as it risks delaying a cost-effective path forward identified in place of wasting taxpayer money on a \$6 billion plutonium facility that the nuclear weapons laboratories, NNSA, and the Department of Defense, including the Joint Chiefs of Staff and STRATCOM, say we do not need in the near-term. We cannot run the technical or financial risk of delaying a viable, affordable strategy for ensuring the safety, security and reliability of critical warheads."

—Todd Jacobson

WITH DECISION ON Y-12/PANTEX LOOMING, IMPACT OF PAST PERFORMANCE DEBATED

Can a B&W-led team win the combined contract to manage the Y-12 and Pantex sites so soon after the July security breach at the Y-12 National Security Complex where the company leads the current managing contractor? That's the question hanging over the National Nuclear Security Administration and its contractor base as the expected award date for the contract looms. B&W Y-12 has scrambled to recover from the incident over the last few months—top managers have been replaced at the site, corrective actions have been put into place, and a B&W-led team has retooled its proposal for the new contract, redoing oral presentations in the hopes that it can demonstrate that it has learned from the devastating security incident.

But the B&W team—which also includes URS, Northrop Grumman and Honeywell as teaming members and Shaw and EnergySolutions as subcontractors—win with such a large black mark on its record? Teams led by Bechtel and

Fluor also submitted bids, and the conventional wisdom suggests that B&W moved from one of the favorites for the contract to a severe underdog. But weapons complex observers and industry officials have not dismissed the possibility that the B&W team could retain the contract, in part because it's happened before. And not that long ago. While the circumstances are not exactly the same, a team of Bechtel and the University of California won both the Los Alamos and Lawrence Livermore national laboratory M&O contracts, even as security and safety issues at the UC-run labs pushed Congress to mandate that the lab contracts be competed and ultimately forced the resignation of then-NNSA Administrator Linton Brooks.

Structure of Competitions Different

One of the main differences between the lab procurements and Y-12/Pantex appears to be how they each were structured. While B&W remained in the lead on its team even after the security incident, UC and Bechtel were careful to construct their team to insulate the University of California, delineating that UC would focus on what it did well—namely research and development—while allowing other teaming partners like Bechtel and URS to focus on safety, security and actually running the site. “The roles proposed were very defined and very specific,” one industry official told *NW&M Monitor*. “The firm, UC, that had the bad past performance was proposed for a role where they had good past performance and not for a role where they had bad past performance. They weren't proposed to do nuclear operations or anything involving a lead in safety or security or procurement. Those were all the roles of all the other teaming members.” The B&W-led team, however, had little time to alter its bid, and ultimately chose to keep B&W in the lead, largely because of its nuclear production experience running Y-12 and Pantex, according to industry officials. “You've got to go back to the core mission for Y-12 and Pantex. It's production,” one industry official said. “It's hard to take the leading production guy out of the equation.”

For its part, in the wake of the unprecedented security breach at the Y-12 National Security Complex, the Department of Energy has made a point to drop hints that site management and operating contractor B&W Y-12 will be held accountable for its role in the security incident that has rocked the weapons complex. In a letter to B&W President and General Manager Chuck Spencer earlier this month, NNSA Contractor Officer Jill Albaugh noted that “past performance will play an important role in upcoming procurement actions.” Previously, Deputy Energy Secretary Dan Poneman told Congress the same thing at a House Energy and Commerce Oversight and Investigations Subcommittee hearing. “Past performance, including deficiencies and terminations, would be considered in the

awarding of any future contracts,” Poneman said, and when he was pressed on lawmakers about accountability for the contractors involved, B&W Y-12 and protective force contractor WSI-Oak Ridge, he brought the issue up again. “The government always has the ability to reach back and look at past performance and make adjustments consistent with the contract, and our plans are to do just that in this case,” Poneman said.

Importance of Past Performance Increased

In addition, since the Los Alamos and Lawrence Livermore National Laboratory procurements, the NNSA has raised the importance of past performance in its evaluation criteria. In the lab procurements, past performance was worth 75 points out of 1,000, or 7.5 percent. So UC's poor track record, which was evaluated as a weakness by the Source Evaluation Board, was able to be mitigated by better past performance of its teaming members and other evaluation criteria. “The process itself kind of minimized the impact of something that small,” another industry official told *NW&M Monitor*. In the Y-12/Pantex contract, the NNSA did not specify exactly how much past performance is worth in evaluation criteria, saying that management approach/cost savings and key personnel/orals will now receive the same weight in evaluations for the M&O portion of the contract and will be “significantly more important” than past performance and corporate experience, which will also be weighed equally. Industry officials suggested that could mean past performance could be worth about 20 percent of the evaluation. The portion of the management and operating contract that deals with the Uranium Processing Facility is treated slightly differently, with past performance and project management approach will be weighted equally and considered “significantly more important” than key personnel/orals and corporate experience.

The ambiguity in the evaluation criteria could give the government the flexibility to punish B&W for the security slip-up where it didn't have that ability in previous procurements. “Past performance is always an issue. The question is how big an issue,” another industry official said. “It's definitely a bigger deal than it has been in the past. That's true, and DOE is making it bigger. Isn't that a general theme of what's going on. If you are a part of the B&W team, it's reason to worry.” However, each of the teams has had issues with past performance to varying degrees. Bechtel has had problems at the Waste Treatment Plant, and Fluor earlier this year was severely criticized by the NNSA for mismanaging the construction of the Waste Solidification Building at the Savannah River Site, and the agency is seeking the return of millions of dollars of fee earned by Fluor-led Savannah River Nuclear Solutions on

the project. “If they really want to hold past performance against you, they can,” another industry official said.

The B&W-led team would also have to overcome the optics associated with awarding a multi-billion-dollar contract to a company so close after an incident that has garnered so much attention. “There’s a political overlay to this decision, and a legal overlay,” one industry official said. “You’re probably going to have a controversial decision no matter what, and you may have a decision that can be challenged no matter what.”

—*Todd Jacobson*

HOUSE LAWMAKER STILL CONCERNED ABOUT Y-12 AFTER JULY BREACH

Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, left a visit to the Y-12 National Security Complex this week with the feeling that security at the site was as “good as it’s ever been” since a July 28 security breach but unconvinced that enough is being done to protect Y-12 and the rest of the weapons complex. “I’m still very skeptical of whether or not we’re sufficiently addressing our security needs at the NNSA facilities,” Turner said in an Oct. 9 teleconference with reporters, adding that he was still looking to NNSA to take action to correct “failings on such multiple levels.” Turner, who toured Y-12 with NNSA Administrator Tom D’Agostino, Rep. Chuck Fleischmann (R-Tenn.), representatives from B&W Y-12, and Congressional staff, tracing the steps that three elderly protesters took to penetrate the most secure areas of the site, acknowledged that investigations into the incident were still ongoing. But he said despite suggestions by NNSA officials to the contrary, he did not believe that senior officials at NNSA were unaware of security vulnerabilities at the site, which included inoperable security cameras, high false alarm rates, and insufficient reaction from security guards. “I’m not comfortable with the statement that they didn’t know. It’s not credible,” he said.

He said that he confronted leaders on the issue this week. “I expressed to them on-site that it is unfathomable and not credible that the systems would have had such repeated failures and have such great vulnerability and no one knew,” he said. However, Turner stopped short of pushing for more action from the agency in the wake of the incident, seeming content to allow the agency to complete its investigation. He and other lawmakers have likened the Y-12 breach to several mishaps involving the Air Force in 2007 and 2008, including the unauthorized cross-country flight of nuclear weapons on the wing of a bomber in 2007 and the inadvertent shipment of warhead fuses to Taiwan

in 2008. Those incidents led to the dismissal of the Secretary of the Air Force and the Air Force’s chief of staff, but thus far, the highest ranking official at NNSA to feel the repercussions of the Y-12 security breach has been Defense Nuclear Security Chief Doug Fremont, who has been reassigned while security reviews are completed. “I’m confident at this point that they’re pursuing the issue vigorously of holding senior management responsible and we will see unfolding greater actions, I believe, as their investigation concludes,” Turner said. “They indicated there were investigations that were ongoing that would have the net result of holding people accountable. I’m comfortable that those investigations are proceeding vigorously.”

Alexander Patient on Security Reviews

Sen. Lamar Alexander (R-Tenn.) also said this week that he is content to wait for the results of reviews that are still underway before drawing conclusions. “It’s an indefensible incident, and I think we need to complete the review of how it happened, all the way from the contractor to the top of NNSA and make a decision about whether to make changes,” the Tennessee Republican said. However, Alexander said he didn’t support proposals made by Turner and other lawmakers to have the military take over the security role at Y-12 and other facilities that house the nation’s special nuclear materials. “I’m not ready to transfer all responsibility to the Defense Department at this stage,” Alexander said.

Alexander suggested that he has been satisfied with the NNSA response to the unprecedented security intrusion. “Well, there’s been an aggressive response. I mean, first, the Congress and the Department [of Energy] recognized the seriousness of the breach. Second, some heads have rolled as a result of it, which they should. Three, we’re doing a review, both in Congress and in the administration to try to determine whether there should be further changes in accountability. “I think we’re on track to come to a good decision,” he said.

Searching for Answers

Turner had previously expressed his concern with security across the weapons complex in a Sept. 13 letter to President Obama. Along with Rep. Loretta Sanchez (D-Calif.), the ranking member of the House Armed Services Strategic Forces Subcommittee, Turner suggested that security at DOE/NNSA facilities was “inadequate” and the complex could be “gravely at risk.” In their letter, the lawmakers said that “lapses at every level in terms of process, personnel, and accountability could have allowed a disaster. We believe these issues may not be limited to Y-12. We ask your personal attention to this matter. We

further ask that you take decisive action to ensure that in the aftermath of this incident the highest standards for accountable leadership and tough oversight are put into place at the DOE-NNSA.” The NNSA has since asked Y-12 contractor B&W Y-12 to fire protective force contractor WSI-Oak Ridge, and Energy Secretary Steven Chu is convening a high level panel to examine security across the Department. Other actions that have been taken since the security breach have included the retirement of top B&W officials and the reassignment of a handful of federal officials, including Fremont and NNSA Production Office Deputy Manager Dan Hoag. “Clearly the system that was in place was not only permitted to degrade but maybe even insufficient. We are hoping for an answer on that,” Turner said. “... We were in a situation where obviously the systems didn’t just fail that night but had been repeatedly failing and had been allowed to degrade to a condition where surely not just one or two people who were in the security area would have known.”

Turner did offer praise for the actions that are being put in place, and specifically noted the contributions of new B&W Y-12 Deputy Manager for Safeguards and Security Rod Johnson, who was moved to the site from Pantex after the incident. “I think that from the presentations we received that the steps that are being taken are positive ones,” Turner said. “I am no security expert, but some of the steps that they are taking ... to standardize and ensure that policies and procedures are occurring and the technology works. I think that the people who are tasked with this are absolutely committed and I was very impressed with the presentations we received, with the actions that they’re currently taking.”

Security Costs Heading North

Turner acknowledged that costs for security could rise as a result of upgrades that have been made in the wake of the security breach and the recognition of existing deficiencies. In recent years, security costs across the weapons complex have been decreasing, and in the NNSA’s Fiscal Year 2013 budget request to Congress, it said \$341.7 million would be needed for protective forces, a \$77 million reduction from FY2012. The reduction was enabled in part by a 5 percent reduction in protection resources at sites requiring Category 1 sites following a Zero-Based Security Review that began in FY2009. “Through the acceptance of additional risk, sites will be able to maintain a capable protective force as an essential element that is integral to maintaining an effective and efficient protective force program,” the NNSA said in the budget request.

Since the incident, the agency has scrapped plans to lay off Y-12 guards and scaled back a procurement that would

have combined protective force management of Y-12 with other Oak Ridge security work and security work at the Pantex Plant, which had been touted as a way to save considerable amounts of money. Instead, protective force work at Y-12 and Pantex will be performed as part of a combined management and operating contract for the sites. In addition to fixing inoperable cameras at Y-12 that contributed to the breach and adding fixes to decrease the false alarm rate at the site, patrols have been increased and additional barriers have been put in place to beef up security. The NNSA has not said how much the upgrades have cost at Y-12, or elsewhere across the weapons complex. “My only concern on the cost area is that they’re having to make up for bad decisions previously,” Turner said. “We have no margin for error in protecting these facilities and I’m concerned that previously they may have been cutting corners in trying to lower costs. Although we don’t have an unlimited budget, we have no margin for error. I think they’ve been overly hesitant to identify their real security needs. We hopefully want to support them in that.” He said he believed there would be bipartisan support for increasing spending on security, even as the NNSA struggles to perform work to modernize the nation’s weapons complex and arsenal under a tight fiscal constraints. “I think it has been neglected,” he said.

—Todd Jacobson

MOX FUEL VENDOR GEARS UP FOR FUEL LICENSING, LOOKS TO LIMITED FIRST RUN

As the search continues for a dedicated buyer for fuel from the Mixed Oxide Fuel Fabrication Facility under construction at the Savannah River Site, at least one fuel vendor looking at MOX licensing is calling for an initial run lasting several years before a heavier load could be burned in commercial reactors. Such a lead use assembly (LUA) of between four and eight assemblies would be used in a boiling water reactor for four-to-six years before a reload of up to 20 or 30 assemblies. The LUAs will not be ready for loading into a reactor until at least 2019, according to a licensing schedule presented by fuel vendor GE-Hitachi to the Nuclear Regulatory Commission in August, but a new baseline for construction of the facility is expected to push back current schedules and increase the price significantly. “We have the first MOX reload in the 2025 time frame,” GE-Hitachi Manager of Emerging Technologies Earl Saito told *NW&M Monitor* this week. He added, “That’s 12 years out, so you have all the uncertainties of what’s going to happen over the next 12 years.”

The MOX facility would only be able to store the fuel produced for up to a year given the decay rate of the plutonium used in the fuel. That could create a dilemma if

an LUA campaign takes place, because of the multi-year gap between producing the first assemblies and the next reload in a reactor. However, GE-Hitachi is not the only fuel vendor working on MOX. AREVA had discussions in February with the Nuclear Regulatory Commission on licensing the fuel for use in pressurized water reactors, where they made the case that no further lead assembly testing was necessary given the results of a 2005 test run in Duke Energy's Catawba reactor (*NW&M Monitor*, Vol. 16 No. 11). But critics have questioned the results of those tests, pointing out that following fuel growth issues those assemblies were removed early from the reactor in 2008 after two 18-month cycles. Ultimately the decision on whether or not to require additional lead assemblies will be made by the NRC.

The LUA approach would be different than testing, Saito said, noting that GE-Hitachi's subsidiary Global Nuclear Fuel has worked with MOX fuel used in boiling water reactors in Japan. "You have good certainty of your results, you have good data," he said. "It is just the final demonstration before you go to large quantity." Global Nuclear Fuel has contracted with the Department of Energy to license codes and methods for using MOX in BWRs with the Nuclear Regulatory Commission. "Our plan is to do the lead use assemblies, like we've done with any other design," GE-Hitachi Vice President of Fuel Cycle Engineering Andy Lingenfelter told *NW&M Monitor*. "You would make those first, do the irradiation, do the inspection and then move to a larger quantity. It follows the same path we have already for any other change in a fuel design." After that process is complete, the fuel would subsequently be fabricated by MOX Services using components provided by Global Nuclear Fuel and then would be shipped to customers.

Search for Customer Continues

But it is still unclear who those customers will be. The Tennessee Valley Authority is the only utility publicly expressing interest in using MOX fuel, though private discussions are believed to be underway with other utilities. TVA has said that it is exploring using the fuel in its Browns Ferry boiling water reactors, as well as pressurized water reactors at the Sequoyah plant. However, TVA officials said last month that a decision is likely three-to-four years away, as the utility is focusing on safety issues uncovered at the Browns Ferry plant (*NW&M Monitor*, Vol. 16 No. 38). And the MOX facility itself faces uncertainty, with a new baseline expected later this year is expected to increase the price by more than \$2 billion with a projected completion date that could slip "significantly," *NW&M Monitor* reported last month. The project's 2007 baseline estimated that the facility would cost \$4.8 billion and be up and running by 2016, but it has faced a rise in

commodity prices, hiring and retention issues, and difficulty obtaining specialty components.

Fuel Licensing Discussions Start Up This Year

As an initial step toward licensing the fuel for use in reactors, the fuel vendor will submit licensing technical reports to the NRC that outline their codes and methods, which Global Nuclear Fuel expects to do around 2015. Meanwhile, on a parallel track, the utility planning to use the fuel would need to submit a license amendment request to the NRC. Global Nuclear Fuel's schedule calls for the utility customer to be in place and submit an amendment for the lead assembly in 2015 to ensure a 2019 load. Utilizing lead assemblies makes sense for utilities planning to use a new fuel, especially given the higher security concerns associated with MOX fuel, John Thompson of the NRC's Office of Nuclear Reactor Regulation told *NW&M Monitor*. "When they introduce a new fuel type they are very cautious about the changes," he said. "They like to make small incremental changes that are in a very controlled environment that they can understand. They've got a plan B, C, D and E for wrinkles that come along."

—Kenneth Fletcher

TENNESSEE SENATOR SUPPORTIVE OF NNSA REDESIGN OF UPF

Sen. Lamar Alexander (R-Tenn.), the top Republican on the Senate Energy and Water Appropriations Subcommittee, said this week that he strongly supports the National Nuclear Security Administration's decision to move ahead with a redesign of the Uranium Processing Facility. Alexander said it was the smartest thing to do given the potential for huge cost escalation if the project got into the construction phases and then had to be reworked to accommodate the nuclear operations. "I wish we didn't have to have a redesign, but I'd much rather have a redesign before we start [construction] than to tear the building down after we start because we made a mistake," he said.

The Tennessee Republican said he and Sen. Dianne Feinstein (D-Calif.), the subcommittee chairman, had been meeting with John Eschenberg, the federal project director for UPF, and other project officials on a monthly basis to get updates on the project and said those meetings will continue as the changes take place on the project—currently estimated to cost between \$4.2 billion and \$6.5 billion. The NNSA acknowledged in recent weeks that the UPF design would have to be redone because the design in the works couldn't be configured in such a way to accommodate all the equipment needed to process highly enriched

uranium in various forms and to house the assembly and dismantlement capabilities.

The roof of the 350,000-square-foot building will be raised by about 13 feet, and the walls and foundation slab will be thickened by about a foot in order to make the structure work as it should. Alexander said the decision to redesign the UPF building averted the possibility of a midstream redo that could have jacked up the cost—possibly doubling it—as the project moved through construction. “My opinion about it is I don’t want them to start building it until they’ve got it properly designed,” he said. The Uranium Processing Facility is the most important project in the modernization of the nuclear weapons complex, and it’s extremely important that it be done right, Alexander said. “They’re trying to design a building that’s supposed to last 50 or 75 years,” Alexander said. “There’s no other uranium processing [facility] in the world like it. It’s a very complex, difficult enterprise. It would have been much better if their first try worked. But it didn’t. And I want them to design as efficiently as they can. ... I’m hopeful they can get to 90 percent design [completed] by September 2013. But if they’re not there, I don’t want them to start building.”

—From staff reports

NUNN-LUGAR CTR PROGRAM FUTURE UNCLEAR AS RUSSIA SEEKS CHANGES

Russia has signaled that it does not want to extend the Nunn-Lugar Cooperative Threat Reduction program with the United States beyond 2013, suggesting it needs a “more modern” legal framework to replace the landmark nuclear security pact. Among the threat reduction work for which it is credited, the program has been responsible for the deactivation of 7,610 Russian strategic nuclear warheads, the destruction of 902 intercontinental ballistic missiles and the elimination of hundreds of warhead delivery vehicles since the effort was founded in 1991 by former Sen. Sam Nunn and Sen. Richard Lugar (R-Ind.). The program has spent more than \$8 billion in more than two decades, and the Obama Administration requested \$519 million for the program in Fiscal Year 2013.

However, conditions have changed drastically since the program was created in the wake of the fall of the Soviet Union, with Russia less in need of financial help from the United States and more interested in protecting information about its nuclear stockpile. “We have received an offer from the American side for the next renewal of the 1992 agreement,” Russia’s Foreign Ministry said in a statement. “Our American partners know that their proposal is not consistent with our ideas about what forms and on what

basis further cooperation should be built. To this end, in particular, we need another, more modern legal framework.”

State: ‘We Are Prepared to Work With Them’

With the existing agreement set to expire in June of 2013, State Department spokeswoman Victoria Nuland said that the U.S. and Russia began talking about an extension of the agreement in July. “They have told us that they want revisions to the previous agreement,” Nuland told reporters Oct. 11. “We are prepared to work with them on those revisions, and we want to have conversations about it.” In a separate interview with press, White House spokesman Josh Earnest said President Obama viewed the CTR program as a “valuable program” that has “been beneficial for United States national security.” He added: “There is certainly more work to be done in that program and we’re going to engage in that effort.”

Russia has not specified exactly what parts of the agreement it would like to be changed, but issues involving liability and secrecy are believed to be among the most significant. Provisions in the agreement cover U.S. companies from being liable for accidents even under the most extreme conditions. From the U.S. point of view, it’s happy to have such protections in place for U.S. contractors, but “you can imagine that Russia is not very happy about that,” Matthew Bunn, an associate professor of Public Policy at Harvard University, told *NW&M Monitor*. Bunn said there are cases in recent years where different liability language has been negotiated as a part of other agreements, and he suggested that the liability issue would not be a show-stopper. What could be more difficult to overcome is the secrecy issue, he said. Through the existing agreement, there is a significant disparity in the number of U.S. visits to Russian weapons sites and vice versa. “There are Russian agencies that are taking the view that you guys are getting a lot of intelligence that we don’t want you to get through this cooperation,” Bunn said. The changing financial situations in Russia also makes it so that Russia is less in need of U.S. financial assistance, and thus less likely to agree to unfavorable terms. That sentiment was borne out in comments to the Russian news agency Interfax this week by Russian Deputy Foreign Minister Sergei Ryabkov. “The basis of the program is an agreement of 1991 which, by virtue of the time when it is conceived, the way it was worked out and prepared, does not meet very high standards,” Ryabkov said. “The agreement doesn’t satisfy us, especially considering new realities.”

Experts: Not Necessarily the End

Bunn and Ken Luongo, the Executive Director of the Partnership for Global Security, suggested that Russia's statement does not necessarily mean that it wants to end the program. "The Russians have not said, 'We're sick of Nunn-Lugar, we want it to be over.' They've said, 'We don't like the existing text and we'd like to revise it,'" Bunn said. However, Luongo suggested it was telling that Moscow had not done more to elaborate on the benefits of the program, which he said serves as an example for the rest of the world on securing nuclear materials. "Every statement from the Russian government basically says nothing about the value of this agreement and its value going forward," Luongo told *NW&M Monitor*. "If the Russian government said we value this agreement, but it needs to be changed in places to make it more durable, that would be completely different than saying we don't want to extend this agreement." Luongo noted that in recent years Russia has opposed renewing the HEU purchase agreement as well as the Nuclear Cities Initiative, suggesting a troubling movement. "There's a trend and the trend is not one of, 'Oh, please let's cooperate.' The trend is we don't want you involved in our internal affairs," Luongo said.

Bunn and Luongo agreed that extending the Nunn-Lugar agreement is important. "We do have a lot of other things on the U.S./Russia agenda these days but nonetheless it would be very detrimental, particularly to the nuclear security arena," Bunn said. "This is a moment when the U.S. and Russia are trying to lead a global effort to secure all the nuclear material worldwide. To stop cooperating on nuclear security at that moment would be foolish." Luongo emphasized that it was an issue that didn't impact only the U.S. and Russia, but the rest of the world. "The problem for the Russians is they are apparently viewing this as some kind of a bilateral issue. It's not," he said. "The global impact of this kind of cooperation between two former nuclear rivals and the largest possessors of fissile materials and nuclear weapons on the face of the earth has an importance that goes beyond the bilateral relations. It sends a signal to the rest of the world that if we can do it, maybe you can do it, as well as having established a whole raft of precedents for how you would engage and protect sensitive information in this kind of an area." Luongo also suggested without the Nunn-Lugar umbrella agreement, other U.S. threat reduction activities inside Russia would be impacted, including the National Nuclear Security Administration's nonproliferation work there. "They could come up with their own separate agreement, but if the Russians don't want this, why would they be willing to do that?" Luongo said.

Lugar Confident in Future of Program

Lugar, who was defeated in an Indiana Republican primary earlier this year, emphasized in a statement that he believed Russia was not ending the agreement, but only seeking to alter it. He said Russian Federal Space Agency officials had expressed interest in continuing work to destroy SS-19 and SS-18 missiles during recent meetings. "During my meetings with the Russian Foreign and Defense Ministries this past August—which were among the first held on the subject of the future of Nunn-Lugar in Russia—the Russian Government indicated a desire to make changes to the Nunn-Lugar Umbrella Agreement, as opposed to simply extending it," Lugar said. "At no time did officials indicate that, at this stage of negotiation, they were intent on ending it, only amending it."

In a separate statement, Nunn suggested that the program could be improved through adjustments in the agreement. "I hope and expect that the U.S.-Russian partnership will be strengthened by any changes to the program and that the lessons learned and best practices developed by our two nations can help other countries meet their security responsibilities in reducing nuclear, biological and chemical dangers around the globe," he said.

—Todd Jacobson

NEW REPORT: NUKE PROGRAMS TO COST APPROX. \$640 BILLION OVER 10 YEARS

*Latest Estimate by Ploughshares Fund
Less Than Figure Released Last Year*

A new estimate by the Ploughshares Fund puts the total costs over the next decade for U.S. nuclear weapons and related programs at \$640 billion, \$60 billion lower than the controversial number the organization released a year ago. The think tank calculated its estimate by compiling budget plans from across government agencies for nuclear weapons production, operation and maintenance, missile defense, environmental cleanup and nonproliferation programs. Rejecting much lower estimates put forth by the Obama Administration and supporters of the nuclear weapons program, the group said its estimate is crucial to current budget deliberations. "As Congress debates cuts to defense spending that may force veterans and soldiers in the field to sacrifice benefits and needed weapons, American taxpayers deserve to know how much the U.S. plans to spend on nuclear weapons," Ploughshares Fund President Joe Cirincione said in a statement. "Before we destroy vital programs for our servicemen and women, we should give serious consideration to cutting weapons we no longer need."

Advocates of cuts to weapons program last year seized upon a previous higher estimate by Ploughshares that put a \$700 billion 10-year price tag on nuclear weapons (*NW&M Monitor*, Vol. 15 No. 38). Notably, Rep. Ed Markey (D-Mass.) used the figure to drum up support for a \$100 billion cut to the weapons program included in ultimately unsuccessful legislation he introduced with 34 other lawmakers earlier this year. The Administration has disputed the previous Ploughshares estimate, and stated last year that the actual cost is closer to \$200 billion over the next decade—the modernization plan for the National Nuclear Security Administration’s weapons program is expected to cost \$88 billion over the next decade, and \$125 billion is needed for the modernization of the nation’s nuclear delivery systems. Those figures, however, do not include several programs in the Ploughshares estimate, which for example includes over \$100 billion in defense environmental cleanup. The previous Ploughshares numbers also came under scrutiny in a *Washington Post* critique and were slammed by Rep. Michael Turner (R-Ohio), chairman of the House Armed Services Strategic Forces Subcommittee.

New Figure Average of Two Estimates

The latest \$640 billion figure is an average between two different estimates compiled by Ploughshares in the last year; a low number of about \$620 billion assuming that Defense budgets grow less than inflation, as is currently planned, and a \$661 billion estimate assuming program growth matches inflation. The latest report estimates that the NNSA will spend between \$91.8 billion and \$99.1 billion through FY 2022 on weapons activities, with the Department of Defense spending between \$268.9 billion and \$301.7 billion. Defense environmental cleanup comes to about \$100.7 billion, nuclear threat reduction is at \$62.7 billion, nuclear incident management at \$8.5 billion and missile defense at \$95.9 billion to \$96.4 billion.

Ploughshares is not the only organization to claim that actual costs could be much higher than the Administration’s figures. A study released by the Stimson Center earlier this year puts the annual tab for maintaining the nation’s nuclear deterrent at about \$31 billion, more than 50 percent more than the Administration’s own estimate of what it takes to steward the nuclear deterrent. Extended over 10 years, the study’s authors suggested the nation will spend between \$351 billion and \$391 billion, which is significantly more than the Administration’s own \$214 billion estimate but still far below the Ploughshares numbers. Cirincione has conceded that the lack of comprehensive budget figures for nuclear weapons spending from the government make it difficult to accurately account for how much is spent on the nation’s nuclear deterrent, and

has urged the publication of comprehensive government data.

A release accompanying the Ploughshares report claims, “Official accounts of spending on nuclear weapons and related programs are often opaque and poorly defined. Partially, this is due to the sprawl of these programs across the federal government.” It adds, “The lack of clarity is also due to disagreement over what programs should be included, and consistently unreliable government budget projections.” Ploughshares claims that its estimate is “conservative,” because it does not include “relevant costs that are difficult to calculate.” That would include some intelligence and missile defense programs, aerial refueling costs, and programs that do not yet have official estimates, such as a new Intercontinental Ballistic Missile.

—*Kenneth Fletcher*

ROMNEY ADVISOR: OBAMA NUCLEAR POLICY TOO FOCUSED ON RUSSIA

A top national security advisor for Republican Presidential candidate Mitt Romney said this week that the Obama Administration has focused too much on Russia when considering reductions to the size of the nation’s nuclear stockpile. Dov Zakheim, a senior advisor at the Center for Strategic and International Studies and a former Reagan and Bush Administration Defense Department official, told *NW&M Monitor* after a debate on national security and foreign policy with Obama Administration advisor Richard Verma yesterday that a host of factors would impact Romney’s interest in reducing the size of the nation’s nuclear stockpile, namely preserving U.S. missile defense plans and the actions of other countries. The Obama Administration is pursuing cuts beyond the 1,550-cap on strategic deployed warheads in the New START Treaty. “I think his priority clearly is to protect our missile defense program,” Zakheim told *NW&M Monitor* on the sidelines of the event at the Willard Intercontinental Hotel in Washington, D.C. “I don’t recall him saying that he wouldn’t cut but I think that is the number one priority. We need clarity on that. The other thing you’ve got to remember is it isn’t just Russia that has these weapons. The weapons and stockpile that is growing most quickly is Pakistan. If they keep that up they’re going to overtake a lot of countries so you’ve got to look at the entire situation when you look at what we need to do. I think this administration has focused far too much on Russia without looking anywhere else.” He said when taking into consideration factors beyond Russia, “you may come up with a somewhat different answer.”

Zakheim also reiterated Romney's support for modernizing the nation's nuclear weapons complex and arsenal, which was a key part of the 2012 GOP platform released this summer. "We've got to modernize," he said. "If we're not modernizing we have a whole bunch of obsolete weapons. That doesn't help anybody, least of all us." Republicans in Congress have been critical of the Obama Administration's follow-through on commitments made during debate on the New START Treaty to modernize the nation's nuclear deterrent, and Romney's campaign platform has seized on that issue. In the 2012 platform released earlier this year, the Republican National Committee said that President Obama's decision to scale back plans to modernize the nation's nuclear weapons complex and arsenal have weakened the nation's nuclear deterrent. Romney has been a critic of the New START Treaty, arguing that it was Obama's "worst foreign policy mistake" in a 2010 Washington post op-ed. "The United States is the only nuclear power not modernizing its nuclear stockpile," the platform states. "It took the current Administration just one year to renege on the President's commitment to modernize the neglected infrastructure of the nuclear weapons complex—a commitment made in exchange for approval of the New START Treaty."

The platform also says that the Obama Administration failed to maintain the nation's nuclear arsenal at a level adequate for nuclear deterrence. "We recognize that the gravest terror threat we face—a nuclear attack made possible by nuclear proliferation—requires a comprehensive strategy for reducing the world's nuclear stockpiles and preventing the spread of those armaments," the platform states. "But the U.S. can lead that effort only if it maintains an effective strategic arsenal at a level sufficient to fulfill its deterrent purposes, a notable failure of the current Administration." Little of this week's "surrogate national security debate" between Verma and Zakheim focused on nuclear issues, but Verma did not that Romney's opposition to New START put him at odds with military leaders as well as Republicans like Henry Kissinger, George Shultz, and George H.W. Bush.

—Todd Jacobson

COOK SAYS HE HAS 'VERY HIGH' CONFIDENCE IN W76 LEP EFFORT

Don Cook, the National Nuclear Security Administration's deputy administrator for Defense Programs, said he has "very high" confidence that the NNSA will meet its commitments for delivering refurbished W76 warheads to the Defense Department by the end of 2018. His comments came in the wake of a report by the Department of Energy's Inspector General last week that raised questions

about the NNSA's ability to sufficiently increase its production rate under tight budgets unless there are considerable advances in cost efficiencies. "We've taken actions," Cook said, noting significant hurdles in the W76 life-extension programs have already been overcome to help reduce the costs of the production activities. "If you look to what they said, they said they don't believe the NNSA will achieve the—I think it was a 35 percent unit cost reduction—but believe we have plans in place to achieve a 25 percent cost reduction. So, you know, the devil's in the details. If you look at the issues from a few years ago to where we are, we have gotten through some of the early issues," he said.

Among the technical problems with the W76 project was a difficult time in establishing production of a material code-named Fogbank at the Y-12 National Security Complex in Oak Ridge. The issues delayed the completion of a First Production Unit by a year. "Yeah, there were a number of technical issues—three or four—and we've gotten through each of those," Cook said. "We've gotten to the point where full rate production, the rate we want to be at, too. We believe we can sustain that now through the end of the W76 build. We're meeting all the Navy's operational requirements." The NNSA earlier this year chose to alter its production schedule for the W76 refurbishment effort, planning to complete production on warheads for the nation's stockpile by 2018 but putting off the completion of hedge warheads until 2021. Asked about his level of confidence in meeting the DOD delivery commitments. "I believe it's very high," he said.

—From staff reports

U.S., OTHER NUCLEAR POWERS IN TALKS TO BREAK OPEN NEGOTIATIONS ON FMCT

The United States and other nuclear weapons states are continuing talks on trying to break a stalemate on the Fissile Material Cutoff Treaty, taking the first steps to potentially moving negotiations on the agreement outside the stalled Conference on Disarmament. The CD, which operates on a consensus basis, wrapped up its third session of 2012 last month without making any progress on starting talks on the treaty. Pakistan continues to block the adoption of an agenda for negotiating an FMCT, which is one of the pillars of President Barack Obama's nuclear security agenda, and with the multilateral negotiating body deadlocked, momentum has grown in recent years to move talks on the FMCT outside of Geneva. Talks with the P-5 would include all of the established nuclear powers: China, France, Russia, the U.S., and the United Kingdom. "The CD remains our preferred venue for negotiating an FMCT, since it includes every major nuclear-capable state and

operates by consensus, ensuring everyone's national security concerns are protected," acting Under Secretary of State for Arms Control and International Security Rose Gottemoeller said in a speech this week at the United Nations First Committee. "A year ago the United States initiated consultations among the P-5 and others on unblocking FMCT negotiations in the CD, and to prepare our own countries for what we expect would be a challenging negotiation."

Pakistan initially agreed to support negotiations on the FMCT in 2009, but changed its mind, choosing instead to block the adoption of an agenda at the 65-member conference, which operates on a consensus basis. Pakistan, which only recently tested a nuclear weapon, has significant concerns about a potential FMCT—which would ban the production of fissile materials worldwide—that are rooted in the large existing stocks of nuclear materials held by the

U.S., Russia and other nuclear weapons states, including its regional rival, India. "This 'P-5 Plus' has potential to move FMCT forward," Gottemoeller said. "That said, our patience on this issue is not infinite and we will push for what is in the best interest of global security. We will work hard to convince others that commencement of negotiations is not something to fear." Gottemoeller continued to emphasize the importance of the treaty in her speech at the UN First Committee, which last year considered, but ultimately backed off of, a proposal that would have established a timeline for international intervention into the deadlocked negotiations on the FMCT. "The United States is continuing its fight for the verifiable end to the production of fissile material for use in nuclear weapons," Gottemoeller said. "A Fissile Material Cut-off Treaty is a logical and absolutely essential next step in the path towards global nuclear disarmament."

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT NEVADA NSTEC REORGANIZES SENIOR MANAGEMENT STRUCTURE

Nevada National Security Site manager National Security Technologies has reorganized its senior management structure, installing a pair of senior executives as top vice presidents. In a statement this week, NSTec named Mike Butchko as the company's Vice President of Operations and Jim Holt as its Vice President of Program Integration in a move that NSTec President Raymond Juzaitis said would help him in "ensuring that mission programs at the Site are fully integrated with company-wide institutional support elements, enhanced by standards of excellence,

peer and program reviews, and best business practices." Butchko had recently served as the company's chief operating officer, while Holt was NSTec's Director of Defense Experimentation and Stockpile Stewardship. In his new position, Holt will oversee efforts to integrate programs for various federal agencies at the site. "The company has established standards of excellence that rival any in the nuclear security complex," said Juzaitis, who took over as NSTec's president in January. "Our goal is to continue building on that success."

AT OAK RIDGE SNS BACK UP AFTER TARGET VESSEL SWAP

Researchers were back at their stations Oct. 11 following the return to operations at the Spallation Neutron Source at Oak Ridge National Laboratory. A nearly two-week unexpected interruption was created when the stainless steel vessel that holds the SNS' mercury target failed prematurely. At virtually the same time as the SNS restart, the lab also restarted research activities at the High Flux Isotope Reactor following its 46-day fall outage for maintenance and repairs.. According to info released by ORNL's Neutron Sciences Operations Manager Kevin Jones, the target change at SNS was the "quickest on record and finished ahead of schedule." The exact cause of the failure is apparently still being evaluated.

increasing over that period. Some of the vessels have lasted more than 3,000 operating hours, including two of those manufactured by Metalex, which also made the most recent one that failed after about 700 hours. There are two other manufacturers under contract to make the target vessels. ORNL Associate Lab Director Kelly Beierschmitt, who oversees the neutron sciences directorate, said each of the stainless-steel vessels and associated hardware costs close to \$1 million. Beierschmitt said ORNL hopes to eventually get the performance time to about 1 target vessel per year. The most recently results have required about two vessels per year. Besides Metalex, the other manufacturers under contract to provide SNS target vessels are Major Tool and Oak Ridge Tool-Engineering.

Only six vessels have been used at the SNS since startup in 2006, as the power of the accelerator systems gradually

AT OAK RIDGE . B&W Y-12 STILL IN PROCESS OF ABSORBING Y-12 PRO FORCE WORK

B&W Y-12, the management and operating contractor at the Y-12 National Security Complex, is in the process of absorbing the protective force role at the site after firing security contractor WSI-Oak Ridge late last month. “We expect to be done with the majority of transition activities in several weeks; other transition close-out activities may take longer,” B&W spokeswoman Ellen Boatner said in a statement. She said those activities include: interviews and job offers of WSI personnel; transfer of records; review of procedures; inventory of government-owned equipment; talks with union leadership; and revision of the contracts.

There has still been no word from NNSA regarding the status of B&W Y-12, which the National Nuclear Security Administration threatened to terminate in an Aug. 10 “show cause” notice. NNSA spokesman Josh McConaha earlier said the federal officials were not satisfied with B&W Y-12’s initial response to the notice, but this week he said he had no updates on that situation.

Reinforcements Added Near HEUMF, Brush Cleared

A host of other corrective actions have occurred at the plant, although there’s been some reluctance to discuss some of the details for security reasons. There have been reports of additional barricades being installed along the fence-line where the protesters reportedly gained access to the Highly Enriched Uranium Materials Facility. Y-12 spokesman Steven Wyatt confirmed that additional reinforcements have been installed near HEUMF, but he was less talkative about the reports of chopping down brush and vegetation on Pine Ridge north of the facility, where the three protesters reportedly hid in the weeds while watching patrol vehicles pass by. “We have recently taken a number of actions as a part of normal maintenance for the plant,” Wyatt said. “These include clearing brush along the hill sides and ensuring vegetation at our perimeters meet security expectations. These actions are not associated with the HEUMF. Additionally, the site continues to assess various aspects of the security program and

make changes to enhance the quality of the overall security mission.”

There also have been reports of problems with the detection dogs used at Y-12, with some suggestions that the dogs either had been decertified or replaced on a temporary basis. In response to questions, Wyatt said, “In August we responded to an allegation regarding the effectiveness of the dogs being used to detect explosives at Y-12. We responded rapidly to this allegation and determined there was no concern with the dogs and their ability to detect explosives at Y-12.”

Protesters Refuse to Plea Bargain

Meanwhile, attorneys representing three protesters arrested for the Y-12 intrusion that shocked the nuclear world have asked for more time to file motions in the high-profile case in U.S. District Court in Knoxville. The attorneys for the three, in a joint motion, said they are still investigating the case and need additional time to consult with their clients. They asked that the deadline for motions be extended a month, to Nov. 9. Meanwhile, the three Plowshares protesters—Sister Megan Rice, Michael Walli, and Greg Boertje-Obed—issued a statement vowing not to plea-bargain with the U.S. government.

The three are each facing three federal charges, including two felonies, for entering Y-12 via Pine Ridge to the north of the plant, cutting through multiple security fences, and defacing the exterior of a storehouse for bomb-grade uranium. In a seven-point statement, which they said was in response to a plea offer, the three said production of nuclear weapons is a criminal act. They said they were acting in compliance with their legal obligations to “oppose or expose” those acts. They called for the shutdown of nuclear weapons production and recommended that the entire Y-12 complex be placed under the control of the United Nations. Their trial is scheduled for Feb. 26. ■

Wrap Up

IN DOE

The Y-12 National Security Complex was recently recognized for “innovation and excellence in sustainability, pollution prevention and environmental sustainability stewardship efforts” by the Department of Energy for a pair of projects. The site received two Sustainability Awards at the 2012 GreenGov Symposium in Washington, D.C., earning the recognition from a pool

of approximately 137 nominations. The site projects included an outreach effort that collected employees unused personal electronic equipment, keeping 4,700 pounds of material from being thrown out, and a program that addressed hard-to-disposition excess legacy materials, critical and strategic materials, and equipment at the site.

With the due date for proposals looming, the Department of Energy has hired accounting firm KPMG to

audit financial information and cost proposals included in bids for its Oak Ridge protective force contract, DOE informed bidders this week. The Department said that KPMG would conduct fieldwork audits starting the week of Oct. 22, three days after the Oct. 19 due date for proposals. DOE said that KPMG has provided confidentiality and non-disclosure agreements, allowing it to perform the audits on proprietary financial information included in proposals. "The audit services will likely be required on aspects of the pricing submitted by your teaming partners and subcontractors, as well," DOE said in a notice posted to the procurement website yesterday. "After DOE has received the proposals, KPMG may perform certain inquiries related to your proposal prior to audit fieldwork for audit planning purposes." DOE also released another round of questions-and-answers yesterday about the procurement, most notably denying a request to extend the due date for proposals another two weeks.

IN GAO

David Trimble has been named as a director in the Government Accountability Office's Natural Resources and Environment division, heading up the department's nuclear security, safety and nonproliferation group.

Trimble is replacing Gene Aloise, who announced in August that he was retiring from GAO to become the deputy chief of the Special Inspector General for Afghanistan Reconstruction. Trimble has spent two stints at GAO, most recently returning to the government watchdog agency in April 2009 to head up work on clean water and clean air topics and controlling toxic substances as well as Superfund and Environmental Protection Agency management issues. Prior to working at GAO, Trimble served as the Director of the Office of Defense Trade Controls Compliance in the State Department's Political Military Affairs Bureau. He also worked at GAO from 1986 to 2000.

IN THE INDUSTRY

Retired Air Force Col. Jay Carroll has joined Oak Ridge-based Pro2Serve as assistant vice president and deputy director of the company's National Security Programs Division. According to information from Pro2Serve, Carroll has 22 years of technical experience in security/cyber evaluation, strategic planning and oversight, security program management and other fields, including interagency partnerships. ■

Calendar

October

15 Discussion: "Is the World More Dangerous 50 Years After the Cuban Missile Crisis?" with Jane Harman, Wilson Center; Robert Gallucci, MacArthur Foundation; Graham Allison, Harvard University; and Timothy Naftali, New America Foundation, at the Wilson Center, Sixth Floor Conference Room, Reagan Building, 1300 Pennsylvania Ave., NW, Washington, D.C., 1-2:30 p.m.

15-18 Forum: **THE TWENTY-FOURTH ANNUAL WEAPONS COMPLEX MONITOR DECISIONMAKERS' FORUM**; Omni Amelia Island Plantation Resort, Amelia Island, Florida; Information: www.decisionmakersforums.com; Contact: forums@exchangemonitor.com.

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 42

October 19, 2012

— *INSIDE HIGHLIGHTS* —

The NNSA has notified B&W Y-12 of the potential for a fee reduction in relation to the potentially costly redesign of the Uranium Processing Facility as it continues to take a hard line on contractor accountability. 2

The unprecedented security breach at the Y-12 National Security Complex has served as a “wake up call” for the weapons complex, according to contractor executives, but it should not result in more federal oversight or less responsibility for contractors running facilities across the weapons complex. 3

The NNSA is considering shifting some of its work away from management and operating contractors, Associate Administrator for Acquisition and Project Management Bob Raines said this week. 4

In a critique of any move to reduce burdensome safety requirements or directives, DNFSB Chairman Peter Winokur suggested this week that DOE should be remain conservative in its approach to safety standards, especially those dealing with nuclear materials. 5

Union officials are raising concerns about looming labor talks at the Y-12 National Security Complex, which are expected to take place just as a new Y-12/Pantex contractor takes over management of the sites. 6

Former Lockheed Martin CEO Norm Augustine has been tapped to be part of a panel formed by Energy Secretary Steven Chu that will analyze the model for protecting nuclear materials across the weapons complex. 7

Bidders for DOE’s scaled back Oak Ridge protective force contract were due to submit proposals today, including incumbent WSI Oak Ridge, which is still reeling from a July 28 security breach at Y-12. 7

The NNSA and Lawrence Livermore National Laboratory fired back at a suggestion by the *New York Times* that the budget for the National Ignition Facility should be curtailed because of problems achieving ignition, arguing that the facility has already proven valuable in aiding the nation’s Stockpile Stewardship Program. 8

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B&W Y-12 FACING FEE HIT DUE TO UPF DESIGN PROBLEMS

NNSA's Raines Details Emphasis on Contractor Accountability

The National Nuclear Security Administration has notified B&W Y-12 of the potential for a fee reduction in relation to the potentially costly redesign of the Uranium Processing Facility, *NW&M Monitor* has learned. And while NNSA has refused to publicly release its correspondence or comment on discussions with the contractor, the action hews closely to the contractor accountability approach reinforced by NNSA Associate Administrator for Acquisition and Project Management Bob Raines at this year's *Weapons Complex Monitor* Decisionmakers' Forum. "When we first got started, what we said was that accountability is important to us," said Raines, who took over as the head of the agency's new acquisition and project management organization last summer. "We will use our contracts for their full force and effect so that's what we're doing. Again, I think people are asking questions on things that are not finalized yet and I don't want to speculate where we're going. We're going to do a review of where we're at. We're going to try to understand how we got where we're at. And we'll make a decision that meets the requirements of the contract."

A Hard Line on Project Performance

The NNSA has taken a hard line on contractor performance on major projects this year, most recently sending a letter to B&W Y-12 about its concerns with the project and seeking to hold the contractor accountable for the design changes. Likewise, the agency in June accused Savannah River Nuclear Solutions of being negligent in its management of the Savannah River Site's Waste Solidification Building and has asked for the company to return fee for that project. Raines said the new Office of Acquisition and Project Management had made it easier to hold contractors more accountable for project issues. "We're

just understanding, and we're trying to explain to people, that the reason we created this APM group was to be able to say, 'Hey, we have a contract that is the guiding principle for the contracts that we're doing,'" Raines said. "I think our folks are learning and they're learning what's available to them a little more than they had in the past."

Raines declined to go into detail about what went wrong at UPF, suggesting that the issues are still being analyzed, and he said it is too early to estimate how much the redesign would add to the cost of the project. UPF Federal Project Director John Eschenberg revealed earlier this month that the roof of the facility would need to be raised 13 feet, the walls would have to be thickened from 18 inches to 30 inches, and the facility's concrete foundation slab would have to be about a foot thicker. The current Critical Decision 1 cost estimate for the facility is between \$4.2 and \$6.5 billion, which includes about \$2 billion in contingency funds. "That's doing things the right way," Raines said. "When we CD-1 a project that early in the design stage, we want to have that much contingency. I think that we did the right thing on that and we're going to go take a look and see what the impacts are." He said more will be known about the cost when a "replan" is completed at the end of this month, but he emphasized that the redesign could allow for savings that could offset some of the possible cost increases. "We had risks on this job and we had opportunities on this job," Raines said. "We are mining the opportunities and we have generated some new opportunities partially as a result of the risk that we realized, so that will generate some opportunities that heretofore we wouldn't have been able to do because of the way the building was going to be constructed."

Size of Design Team To Increase

This week, the NNSA also confirmed that the federal and contractor team working on the UPF will also grow, both in the number of employees and the office space where the high-priority project is being carried out. NNSA spokes-

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man Steven Wyatt this week confirmed that about 10 to 15 employees would be added to the federal staff of UPF before the end of the year, with an unspecified number of design staff to be added to the contractor group. "We will be adding to the overall UPF project team in FY 13," Wyatt said in response to questions. Federal staff will be added to the team by January "with specialty skillsets in the areas of structural engineering, fire protection safety, criticality safety, nuclear safety, chemical processing engineering and electrical engineering," Wyatt said.

The reason for bumping up the NNSA staff is to "ensure that safety is appropriately integrated into the overall design of the project," Wyatt said. That was one of the key concerns raised by the Defense Nuclear Facilities Safety Board earlier this month, with board members emphatically stated that safety components were lagging far behind the design progress in the earlier effort.

According to Wyatt, the current contractor and federal design team has 560 people. That includes nine federal employees, 193 B&W Y-12 employees supported by another 88 people working under "staff augmentation" contracts, and 270 people working on the design as subcontractors under Basic Ordering Agreement. B&W Y-12 previously said there were four multi-company BOAs for the UPF design, with those headed by Merrick & Co. (special mechanical design); Jacobs Engineering (utility design); CH2M Hill (architectural/structural tasks and drafting support group); and URS Energy & Construction (process and instrumentation design support and 3D mechanical design).

Design Team Seeking Space Near Y-12

The UPF team is currently working out of multiple locations, including a 65,000-square-foot building in Commerce Park about a mile from Y-12. There also is a 32,000-square-foot operation in Knoxville near the National Transportation Research Center. Besides that, the UPF team occupies some of the space in the Department of Energy's Office of Scientific and Technical Information in east Oak Ridge. But the UPF team is seeking a significant amount of additional space.

Following the DNFSB hearing earlier in the month, B&W Y-12 bought advertisements seeking an additional 48,500 square feet of office space near Y-12. The building or buildings would have to be equipped to access controls to accommodate the high-security nature of the work. "The Lessor will need to perform possible building modifications and various upgrades in a timely manner as move-in/occupancy is planned for June 1, 2013," one advertisement said. About 260 employees will work in the new facility, according to the ad. "We are trying to consol-

idate our personnel as much as possible, so we are looking for space that is in close proximity to Y-12 and to our existing main off-site offices," Wyatt said.

—Todd Jacobson and staff reports

EXECS: Y-12 'WAKE UP CALL' DOESN'T LESSEN CONTRACTOR ASSURANCE NEED

AMELIA ISLAND, Fla.—The unprecedented security breach at the Y-12 National Security Complex has served as a "wake up call" for the weapons complex, according to contractor executives gathered at the *Weapons Complex Monitor* Decisionmakers' Forum held here this week, but it should not result in more federal oversight or less responsibility for contractors running facilities across the weapons complex. The incident has sparked debate in Congress about the proper amount of oversight for the weapons complex, and a Department of Energy Inspector General report issued in the wake of the security breach called into question the reliance on contractor assurance systems and suggested increased federal oversight could be necessary. "I don't think that there's any reason to say that one program precludes the other one from working effectively," Fluor Vice President Greg Meyer said during a panel discussion at the conference, noting that he disagreed with the conclusions of DOE's Inspector General on contractor assurance. "At the end of the day both of them can go forward. Both of them can work just fine."

Meeting Expectations

Meyer and other executives on the panel emphasized the importance of remaining vigilant about meeting expectations and maintaining rigorous contractor assurance systems, especially in the area of security. "There's a common saying out there that people do what is inspected as opposed to what is expected," AREVA Federal Services President Tara Neider said. "I've definitely seen situations where that has definitely been the case, where you're looking over people's shoulders and so they're doing what you're telling them to do as opposed to what needs to get done. And we really need to get away from that. What we really need to do is install within our employees, each one of our employees, how important their jobs are and how they have to do things that are right as opposed to what the customer is looking at." URS Executive Vice President Steve Piccolo emphasized that it was important for companies to have strong independent assessments so that problems can be identified and a willingness to bring up problems. "I don't think it's incumbent on the Department to increase oversight in it," Piccolo said. "I think it's incumbent on the contractors to know that they're doing

the right things up front and meeting their expectations so they can communicate that.”

B&W Conversion Services President George Dials, who previously managed Y-12 for B&W, said in many instances federal oversight has become supervision. “Our job is to manage the contract and the contractor workforce and contractor assurance is not the issue when you have some failure, be it a security failure or some other programmatic failure,” he said. “The real strength of an organization lies in every individual’s understanding that you do the right thing and you follow the proper procedures and safety requirements when nobody’s looking, whether it’s your own supervision or a DOE oversight person. So I believe that one way to get there is a very strong commitment to contractor assurance and having buy-in from the bottom up; that is doing the right thing is the bias and not taking the expedient approach.”

Industry Paying Closer Attention to Security

Neider referred to the event as a “wake up call to all of us in the industry” and said that officials at the Mixed Oxide Fuel Fabrication Facility, which is managed jointly by Shaw and AREVA, had been paying close attention to the security breach. Of particular importance was the problems integrating security work at Y-12, where management and operating contractor B&W Y-12 and protective force contractor WSI-Oak Ridge have been faulted for not better communicating about various problems that contributed to the breach. “We need to ensure that everything is integrated within the one project,” Neider said. “We’ve changed some of our processes and procedures and look forward to incorporating the lessons learned going forward.”

Dials suggested that the incident had heightened awareness of the pitfalls that could come in the integration of technology and employee roles. “When you have human and equipment interactions that are required to maintain security, there’s always the possibility for failure,” he said. “So rigorous programs need to be instituted so that you’re monitoring that and you’re making sure that is an assurance form of itself. The contractor has to assure its own operational capability that you’re getting the right performance.”

Meyer said the incident has created “good questioning attitudes” at Fluor and other companies. “What’s happened is it’s caused everybody to look at and take these assumptions and things we take for granted and start a much more questioning look at our sites,” Meyer said. At Fluor, he said that consideration is being given to bringing in security consultants to meet with safeguards and security

managers and “saying, just take a look at our posture, how are we set up and what’s going on.”

‘This is Just Too Important’

CH2M Hill Nuclear Group President Mark Fallon suggested it was important that any lessons be shared throughout the weapons complex. “An issue like this one that safeguards security of this material and more broadly the national security of our country transcends whatever sort of intramural sort of conflicts or personalities exist,” Fallon said. “It transcends, in my judgment, even some of our, you know, governance responsibilities internally. ... This is just too important to miss beyond kind of whatever drama exists on a given week or quarter among our companies.”

In a separate address at the Decisionmakers’ Forum, DOE Environmental Management cleanup chief David Huizenga stressed the need for open communication between contractors. “Frankly there were things at Y-12 that need to, and should’ve been, corrected,” Huizenga said. “I believe people fundamentally knew that there were issues that needed to be corrected. I don’t think anybody was trying to create a problem, but it comes back again to we have a clarity and a vision and an understanding of who’s responsible for a particular activity. And we don’t want to set ourselves up for a situation where one contractor thinks another contractor is doing something and another one thinks they’re doing it or vice versa.”

—Todd Jacobson

NNSA PROJECT MGMT. CHIEF OFFERS PLAN TO IMPROVE PERFORMANCE

AMELIA ISLAND, Fla.—The National Nuclear Security Administration is considering shifting some of its work away from management and operating contractors, Associate Administrator for Acquisition and Project Management Bob Raines said here this week. Speaking at the *Weapons Complex Monitor* Decisionmakers’ Forum, Raines suggested that carving some work out of M&O contracts could help the agency improve its contracting performance. He said he had recently briefed NNSA Administrator Tom D’Agostino on ways to strengthen contract deliverables, where he said he included the issue with other priorities like definitive work authorizations on contracts, planning and design up front, integrating schedules with technical development and risk analyses, stable funding profiles, and adequate contract incentives. “I’m a big believer in competition. What we have found, and not in an infrequent number of instances, is that you all are just a CM [construction management] firm for me,” Raines said in

comments directed at M&O contractors. “You sub[contract] out all the work.” He noted that the agency had been successful directly contracting to industry on some projects. The largest such project would be the Mixed Oxide Fuel Fabrication Facility being built at the Savannah River Site. “There is competition out there and there is a value proposition that our M&Os bring and we want them to understand that we believe there is a value proposition but that value proposition has a limit.”

Raines also emphasized the need for better people on projects, both on the federal and contractor sides. “We have the best companies. I don’t think we have the best people,” Raines said. “That’s a harsh statement. I don’t think our risk-reward system, our incentive system, has generated by and large the best people on the projects that demand the best.” He added: “Collectively, there is too much churn and turnover. It seems as people get smart and know what they’re doing, they move on. We know some of our jobs take awhile, and it doesn’t look like we have well thought out transition plans. So how do I manage risk? I want better people.”

Raines Stresses Credibility Issue

While the NNSA remains a mainstay on the Government Accountability Office’s High-Risk List, Raines noted that the agency is making progress to improve its project management performance. He said that since new policies and procedures had been put in place to shore up project management, 100 percent of the projects baselined under the new rules and completed in Fiscal Year 2011 and FY 2012 were delivered within 110 percent of their baselines and 80 percent of the projects were delivered at the baseline or under it. Most of those projects are small—among the biggest is Sandia National Laboratories’ Ion Beam Laboratory replacement project—but with other major projects looming, he emphasized the importance of increasing project performance. “The number one thing needed in a budget constrained environment is credibility with the people who provide funding to us,” Raines said. “If we don’t have credibility with the Congress, who provide us the resources for us to do this mission, then this will be impossible. I can’t tell you how many times I read, ‘Gee, we’re over budget, we’re behind schedule, let’s take money away, that’ll teach them.’ Anyone here think that’ll help? It’ll make you feel good for about a day, it’s good to read about it, but it doesn’t help. We have to make sure we’re not giving them that opportunity to criticize.”

That includes more work for the government to do on its own processes, Raines said, and he noted that work was being done to ensure that front-end design and planning was improved. “I owe you a clear requirement, I owe you answers when you have questions,” Raines said. “That is

a fair criticism. We often times like to keep moving around. We’re working to improve that.” He said requirements were being put in place to control changes in scope once a project was off the ground. “We are not disciplined on the owner side and we’re trying to change that,” Raines said. “We have told our people that we will not do scope changes, that we will not add scope. And when we find people adding scope we are taking their ability to do changes in the field away from them. And that’s awful, because it creates an extra layer. But what we need to do is understand that on most of our projects the risks we have are because of uncontained scope creep. And we need to fix that.”

He also stressed better communication between contractors and the government. “For your companies you need to explain to me what’s important to you,” Raines said. “Is reputation important? Is fee important? Is it follow-on work that’s important? Because once I know what’s important to you then I can incentivize you. And we will put together contracts that will help do that. The corollary to that is once we make that deal we expect you to follow through on that deal.”

—Todd Jacobson

DNFSB CHAIRMAN WARNS DOE AGAINST ACCEPTING MORE SAFETY RISK

AMELIA ISLAND, Fla.—In a critique of any move to reduce burdensome safety requirements or directives, Defense Nuclear Facilities Safety Board Chairman Peter Winokur suggested this week that the Department of Energy should remain conservative in its approach to safety standards, especially those dealing with nuclear materials. Speaking at the *Weapons Complex Monitor Decisionmakers’ Forum* this week, Winokur said he feared that efforts to streamline directives elsewhere within the Department could encroach on nuclear safety. “There is always the suggestion made that the nuclear island is protected. I don’t believe that’s quite the case,” Winokur said.

Changes, But In ‘Careful and Methodical Way’

While the Department has made an effort to reduce burdensome requirements and directives under Energy Secretary Steven Chu, some in Congress have pushed for even more reform—especially in the National Nuclear Security Administration. Through a push by Rep. Michael Turner (R-Ohio), the House Armed Services Committee support efforts to reform the agency, making the agency more autonomous, and reduce the authority of the DNFSB on nuclear safety. Provisions were adopted in the House

version of the Fiscal Year 2013 Defense Authorization Act, and while they were not designed to weaken nuclear safety, Winokur suggested he feared DOE was moving to accept more risk through its safety framework. “Even under severe budget constraints DOE must continue to ensure its priorities are balanced between mission and safety,” Winokur said, adding: “I think DOE has a good safety framework. There’s nothing wrong with changing or improving it, but I think it should be done in a careful and methodical way.”

Winokur said that operations dealing with plutonium and highly enriched uranium are necessarily burdensome and should remain so. “You better believe things are burdensome and they need to be,” Winokur said. “So is open heart surgery. So is flying a jet plane across this country. And prescriptive? Yeah it’s prescriptive. I believe it needs to be prescriptive. This whole discussion of the ‘what’ and ‘how’ is beyond me. I believe the contractors in the Department should take advantage of the safety framework and understand the how of doing things. And being prescriptive is the nature of the business.”

Winokur Calls for Vigilance Under Tight Budgets

Winokur said that it was problematic that DOE appeared to believe its defense-in-depth posture was too conservative, but he made the case that new information about facilities often pushes the margins of safety. He noted specifically recent seismic evaluations at Los Alamos National Laboratory that have revealed the dangers from a massive earthquake are five times greater than previously believed. That has forced significant upgrades to Los Alamos’ Plutonium Facility and a reconsideration of seismic hazards in other construction plans. “Any margin of defense in depth that was built into that building was going to be necessary and needed,” Winokur said, referring to the Plutonium Facility. “When you eat up that defense-in-depth and say you don’t need as many controls, you have less ability to deal with an accident you may not have characterized correctly—not necessarily your fault—and you’re going to have a very difficult time with beyond design basis accidents.”

Winokur emphasized that it was especially important to maintain vigilant on safety as financial pressure tightens budgets across the weapons complex. “We are in a budget environment in which history tells us there will be impacts to safety and people will look for tradeoffs,” he said. “My point is that safety is not opportunity lost. It’s opportunity’s cost. ... Safety is the enabler for this mission and it needs to be worked in.”

—Todd Jacobson

Y-12 UNION CHIEF WORRIED ABOUT LOOMING TALKS WITH NEW CONTRACTOR

The National Nuclear Security Administration hasn’t yet awarded its combined Y-12/Pantex management and operating contract, but when it does, one of the first tasks of a new contractor will be to deal with an expiring collective bargaining agreement with the Oak Ridge Atomic Trades and Labor Council. And Steve Jones, president of the Oak Ridge ATLC, said this week that he’s concerned that a new contractor could seek to substantially cut benefits for workers. The ATLC’s contract expires June 22, several months after transition is scheduled to conclude. “They’ve been tasked to cut all this money and we’re the first folks they run into,” Jones said on the sidelines of the *Weapons Complex Monitor Decisionmakers’ Forum*. “We’ve got a good deal. We’ve got good benefits, good wages. I’ll be the first to admit that. So they’ve got to be thinking, ‘Here’s an easy way for us to get this huge cost savings off the bat.’”

Unions have opposed the merger of the contract since the NNSA announced its plans nearly three years ago, with the agency deciding not to include language that would protect incumbent jobs. Union leaders have pressed the NNSA for better protections for existing workers under the contract, suggesting that the NNSA’s stance on hiring incumbent employees was “flawed,” but the agency did not make any changes. According to the Request for Proposals in the contract, employees will have a “right of first refusal” for positions identified by the contract as necessary for the mission of the sites, and the winning contractor will have 135 days to implement its workforce plan and offer contracts to workers. Incumbent employees offered the same position will earn the same salary, and incumbent employees offered different jobs will earn a salary “commensurate” with the job, the RFP states. Union leaders had suggested that the RFP include language mandating that all incumbent contractor employees would become employees of the new contractor on a specific date and that the agency “expects the Contractor to subsequently exercise appropriate managerial judgment regarding employee retention and job assignments,” the union said in a letter to Energy Secretary Steven Chu earlier this year.

Three teams have bid for the contract: a group led by Y-12 and Pantex incumbent Babcock & Wilcox and including URS, Northrop Grumman and Honeywell (with Shaw and EnergySolutions as subcontractors); a team of Lockheed Martin, Bechtel and ATK; and a team made up of Fluor, Jacobs and Pro2Serve. The NNSA told bidders in August that it hoped to award the contract around Nov. 2.

Workforce Feeling Weight of Competition

Jones said the contract competition has taken its toll on workers at the sites, more than any previous competition that he can remember. "Instead of having a workforce focused on safety and the job at hand, we have a workforce now who are worried if they're going to have a job when the next contractor comes in," Jones said. "The other thing that's obvious in this RFP is the emphasis on cost savings. Labor understands the need for efficiencies and cost savings but the cost savings they're seeking in this RFP we know can be obtained only by reducing the workforce and reducing employee benefits." Jones said he was most worried about protecting the defined benefit pension plan enjoyed by Y-12 employees as well as retiree medical benefits. "It makes it tough that we're one of the last standing on these defined benefit pension plans," Jones said. He suggested that cuts to employee benefits could have a negative impact on the workforce at the sites. "I think if the trend to do away with employee benefits continues I think you'll see employee loyalty toward companies will diminish," Jones said. "They'll get a job, let a company train them, go through an apprentice program, and they'll go to the next best job that will pay them. Companies need employees that are loyal."

Jones said he envisioned a compromise similar to the deal that the union struck at Oak Ridge National Laboratory earlier this year. With the lab facing a tough budget climate, the union renegotiated its deal, agreeing to cut planned raises consenting to pay into a defined benefit pension plan for the first time. "We all have to make sacrifices sometimes today that may make us more successful into the future," Jones said. But he said he worried that unfamiliarity between a new contractor and union officials could be a problem during negotiations, but he said he wasn't convinced a short-term extension of the collective bargaining agreement at the site was a good idea, even though that is an option. "I think everyone knows that trust in relationship is very important when you negotiate a labor agreement," Jones said. "So whoever the new contractor is will face a huge challenge early. We've always been up for the challenge and I'm confident we'll get through this one as we have many in the past."

—Todd Jacobson

FORMER LOCKHEED CEO AUGUSTINE TO BE PART OF CHU SECURITY PANEL

Former Lockheed Martin CEO Norm Augustine has been tapped to be part of a panel formed by Energy Secretary Steven Chu that will analyze the model for protecting nuclear materials across the weapons complex, *NW&M*

Monitor has learned. The creation of the panel comes as the Department of Energy and the National Nuclear Security Administration continue to deal with fallout from the July 28 security breach at the Y-12 National Security Complex. On Sept. 28, NNSA spokesman Josh McConaha said that the panel would consist of "observers outside the Department" that would "analyze the current model for protection of nuclear materials and explore options for protecting these sites." The NNSA declined to comment this week on the further composition of Chu's security panel.

Augustine was the CEO of Martin Marietta and later Lockheed Martin from 1987 to 1997, when the company ran the Y-12 National Security Complex for DOE and took over as the management and operating contractor at Sandia National Laboratories. B&W Y-12 took over as the site contractor in 2000. Chu's review comes on top of several reviews that are ongoing or have been completed in recent weeks stemming from the Y-12 incident. DOE's Inspector General has already completed a review of the incident, and an investigation by DOE's Office of Health, Safety and Security was completed in late September. A review of the organizational structure of the agency's security management by Brig. Gen. Sandra Finan is also underway, as is an "extent of condition review" of all DOE sites and HSS inspections across the weapons complex.

—Todd Jacobson

TEAMS DUE TO SUBMIT BIDS ON OAK RIDGE PROTECTIVE FORCE WORK TODAY

Bidders for the Department of Energy's scaled back Oak Ridge protective force contract were due to submit proposals today, including incumbent WSI Oak Ridge, which is still reeling from a July 28 security breach at the Y-12 National Security Complex. The security incident led the National Nuclear Security Administration to direct WSI-Oak Ridge be fired as the Y-12 protective force contract and abandon plans to combine the management of protective force work at Y-12 and the Pantex Plant with other DOE security work in Oak Ridge. What remains is work to guard Oak Ridge National Laboratory, the East Tennessee Technology Park and the Office of Science Federal Building Complex, and industry officials expect WSI to face a stiff test to hold onto its Oak Ridge work.

In a statement, WSI-Oak Ridge spokeswoman Courtney Henry confirmed that WSI was bidding for the contract without any teaming partners and said the company was continuing to correct problems that were uncovered as a result of the Y-12 security breach. "We are proud of our 50 year history of working with DOE across the country and

hope to continue our 13 year partnership to provide protective force services to the Federal Office Building Complex, Oak Ridge National Laboratory and East Tennessee Technology Park,” Henry said. “We remain focused on recovery, reorganization and realignment following the July incident at the Y-12 National Security Complex and continue to refine our training, tactics and techniques to ensure Security Police Officers have the tools and new leadership they need to continue to successfully carry out our mission for DOE.”

Challengers Lining Up?

WSI, which holds protective force contracts at the Savannah River Site, the Nevada National Security Site and Sandia National Laboratories’ California campus and is part of the Hanford’s Mission Support Alliance team, may be at its most vulnerable following the Y-12 security breach, and a handful of other companies are expected to challenge the company. Most prominent among potential competitors is Los Alamos protective force contractor SOC, which is the only other security contractor with current work protecting a DOE M&O site. Secure Transportation support services contractor Innovative Technology Partnerships also has expressed interest in the contract, as have Triple Canopy Inc. and Securigard, Inc., which have teamed to bid on DOE protective force work in the past. Paragon Systems, PAI Corp., Tetra Tech, Netgain Corp., and Golden Services also attended an industry day in May before the Y-12 and Pantex work was stripped out of the contract.

While DOE has emphasized that the past performance of companies involved in the breach would be considered in future contract awards and lawmakers have suggested WSI should be barred from remaining as the Oak Ridge protective force contractor, procurement officials did not adjust the Request for Proposals to add weight to past performance. Past performance represents only 10 percent of the evaluation criteria, while technical approach will represent 35 percent and key personnel will represent 30 percent. Corporate experience (15 percent), transition plan (5 percent) and small business participation plan (5 percent) round out the evaluation criteria. As it had in the previous procurement, DOE said the first six criteria were “significantly” more important than cost and price, but it said that cost and price will contribute substantially to the selection

decision. Oral presentations are scheduled to be held between Oct. 25 and Nov. 9. The contract includes a three-year base term and two one-year options.

—Todd Jacobson

D’AGOSTINO, ALBRIGHT ADVOCATE FOR SUPPORT OF NATIONAL IGNITION FACILITY

The National Nuclear Security Administration and Lawrence Livermore National Laboratory fired back at a suggestion by the *New York Times* that the budget for the National Ignition Facility should be curtailed because of problems achieving ignition, arguing that the facility has already proven valuable in aiding the nation’s Stockpile Stewardship Program. In an Oct. 18 letter to the *Times*, NNSA Administrator Tom D’Agostino and Livermore Director Parney Albright noted that the facility was “conceived, designed, built and funded to conduct experiments that help replicate the conditions found inside nuclear weapons, and has already answered important questions about the United States’ aging stockpile. Fusion energy—while an important area of study—has never been its primary purpose.”

In an Oct. 7 editorial, the *Times* suggested that “Congress will need to look hard at whether the project should be continued, or scrapped or slowed to help reduce federal spending” in the wake of the facility’s missed Sept. 30 deadline to achieve ignition. The NNSA has said it will focus more on stockpile stewardship shots while it charts a path forward for its ignition attempts, but D’Agostino and Albright advised that giving up should not be among the options. “Last month we marked 20 years since the United States last conducted an underground nuclear test. The National Ignition Facility is an investment in the future—one where we never again have to perform explosive testing on nuclear weapons, one where we have a greater scientific understanding of fusion and one where the president has no doubt that our nuclear weapons will work when needed,” D’Agostino and Albright wrote. “The consistent support the facility has seen from the Obama administration and Congress represents a shared belief in that vision for the future. To abandon it now after only a few years of effort, even while the facility is already paying dividends, would be an irresponsible disservice to national security and scientific discovery.”

—Todd Jacobson

At the Weapons Labs/DOE Sites

AT LIVERMORE WORKERS SUING LAB EARN WIN ON AGE DISCRIMINATION ISSUE

Laid off Lawrence Livermore National Laboratory workers that are suing laboratory contractor Lawrence Livermore National Security won a key decision this week when an Alameda County (Calif.) Superior Court judge ruled that they could argue that they were laid off because of their age. In the lawsuit filed by 130 former workers, the lab had sought to have the age discrimination claim thrown out, but after months of legal wrangling and more than three years after the workers initially filed their lawsuit, Judge Robert Freedman said in an order released Oct. 16 that the workers could use the argument during a jury trial, which could take place later this year or early next year. The 130 workers were included in a layoff of 440 laboratory employees in 2008. "Our clients have waited a long time for this trial," Gary Gwilliam, a lawyer for the employees, said in a statement. "We look forward to having a jury hear this case as soon as possible." Gwilliam said a hearing will

take place Nov. 1 to schedule a trial, which could take place later this year or in January.

Lawyers for the workers, with an average age of 54, argued that lab managers had unfairly targeted the employees because of their age during the round of layoffs, and a statistician for the plaintiffs said in an analysis presented to the court earlier this year that the layoffs were disproportionately skewed toward employees over the age of 40. Lawyers for the lab had opposed the claim, which was pivotal to the suit being brought by the workers, but Freedman ruled that a jury should hear the case and get the opportunity to decide whether the lab could have taken other actions to avoid terminating the older employees. In a statement, the lab opposed the judge's ruling. "The lab disagrees with the judge's conclusion," Livermore spokesman Jim Bono said. "We are currently reviewing the details of the decision and considering various options."

AT NEVADA MELLINGTON TO RETIRE AS NEVADA SITE OFFICE MANAGER

Steve Mellington, the manager of the National Nuclear Security Administration's Nevada Site Office, is retiring at the end of the year, he said in a message to colleagues Oct. 16. Mellington, a 25-year veteran of the Nevada Site Office, has served as its manager or acting manager for nearly five years. "Together we have taken this office to the next level and helped it to become one of the leading Site Offices in the NNSA Complex," Mellington said in his message. "I believe in and support the new vision of our NNSA leadership. I know that change is hard and sometimes uncomfortable but it is necessary in our current

environment if we are to maintain a viable nuclear weapons enterprise. I ask that you embrace this change as an opportunity to excel and set the standard for the complex." Before taking over as the site office manager, Mellington served as the director of the site office's Environmental Restoration Division as well as the deputy assistant manager and assistant manager of its Environmental Management Organization. Mellington's retirement will take effect Dec. 29. NNSA spokesman Josh McConaha said his replacement is expected to be named in the coming weeks.

AT OAK RIDGE SPALLATION NEUTRON SOURCE PUZZLED BY TARGET FAILURES

The world's top neutron source has put all experiments on hold while trying to solve a puzzling problem. What was thought to be an anomaly with a stainless-steel vessel that holds the mercury target at the Spallation Neutron Source has become a repeated problem that may be more complex than originally thought. Last month, the SNS shut down operations at Oak Ridge National Laboratory when sensors indicated a target vessel—which cost about \$1 million apiece to manufacture—was in an end-of-life condition and need to be replaced, even though it had only been in the intensely radioactive environment for about 600 operating hours. That was far below the norm—with some target vessels lasting 3,000 operating hours or more.

virtually the same as the previous one. Only this time, the vessel lasted only about 100 operating hours and didn't even get to the stage where researcher users were brought back to the scene. Kelly Beierschmitt, ORNL's associate lab director for neutron sciences, said the SNS team wants to take a close look and try to better understand what's going on before proceeding. "These are too expensive to just throw away," he said. "We need to understand this. . . . We're looking for a smoking gun."

No Immediate Manufacturing Flaw Detected

Beierschmitt said officials hope to determine if there actually was a condition that caused the earlier vessel to fail prematurely and, if so, what was the cause of that failure. SNS currently has two backup vessels available for use, and more are in various stages of fabrication. There

That target vessel was replaced in record time and the Spallation Neutron Source was restarted a couple of weeks ago, but the control room soon received signals that were

are three companies under contract to manufacture the high-precision steel vessels, but most of the ones used to date—including the two most recent ones—were manufactured by the same Ohio-based company, Metalex. The two vessels currently in reserve were made by Major Tool, Beierschmitt said. Results over the past couple of years have required only a couple of target vessels per year, and Beierschmitt recently said ORNL hoped to get to the stage where only one vessel per year was necessary. So, the back-to-back problem is a blow to the confidence of operations at the facility. The lab official said Metalex was involved in the evaluation to determine what went wrong. He also said earlier there was no immediate indication of a manufacturing flaw.

Beierschmitt emphasized that even though the research user program is on hold there is plenty of activity at the Spallation Neutron Source, with work taking place on research instruments and scientists studying results from previous experiments. “Our user community is really behind us,” he said. “We owe it to them to have this machine operating properly.” Beierschmitt said the facility’s accelerator has been placed in maintenance mode while the evaluation is taking place.

AT OAK RIDGE HFIR COMPLETES LONG MAINTENANCE PERIOD

Oak Ridge National Laboratory recently completed the largest maintenance period of the year at the High Flux Isotope Reactor and, according to Ron Crone, the research reactors chief, about 178 maintenance, upgrade and operations activities were completed during the 46-day outage. The reactor was started Oct. 9, and all activities have now resumed—including isotope production, neutron-scattering and neutron-activation experiments, and materials irradiation studies, Crone said. The High Flux Isotope Reactor will operate until Nov. 2, the next scheduled outage. During the restart of HFIR, reactor employees performed three hours of low-power surveys on neutron-

Considering Other Possibilities

If the problems weren’t due to material failures in the vessel, other possibilities could be a malfunction in the sensors associated with the target, which is bombarded with pulses from a high-powered proton beam in order to generate streams of neutrons, or a problem in the lines that feed the monitoring data to the control room. The SNS was constructed at a cost of \$1.4 billion, beginning operations in April 2006. It is considered the world’s top neutron source for studies that explore the structure and properties of materials.

Beierschmitt said there isn’t a timetable for restarting the SNS research activities. He wouldn’t rule out the possibility of restarting operations before the problem is fully documented. However, he noted, “I need to have reasonable confidence that we know what the problem is before we burn up another [target vessel].” Asked for the preferred outcome of the investigation, Beierschmitt responded, “There’s not a single problem we can’t deal with once we find it. They’re all manageable. We just need to find the problem.”

scattering instruments that had been worked on during the outage, Crone said.

The fall outage was used for work on the electrical, cold source, instrumentation, and experiment system, he said, including “extensive preventive maintenance on the cold source hydrogen compressor, cold source helium expansion engines, and electrical distribution equipment.” HFIR workers also completed the annual inspection the internal components of the reactor core, Crone said. During Fiscal Year 2012, which concluded Sept. 30, the High Flux Isotope Reactor hosted more than 1,000 researchers, he said.

AT OAK RIDGE NEW ORNL SUPERCOMPUTER AIMS TO BE WORLD’S FASTEST

Oak Ridge National Laboratory Director Thom Mason, in an Oct. 16 speech to an audience of mostly retired ORNL employees, indicated that the lab’s top supercomputer—which is being transformed with a new hybrid architecture and a new name (Titan)—will have a capability exceeding 20 petaflops, or 20 million billion calculations per second. That prompted a number of questions, including how much above 20 petaflops the Cray supercomputer will achieve and if it’ll be certified in time to ascend to No. 1 on the next Top500 list of the world’s

fastest supercomputers, which is due to be released in November.

After his speech, Mason said whether the ORNL machine gets to No. 1—a position once held by Titan’s predecessor, Jaguar—will depend in part on what happens at other computing sites around the globe. As to whether the newly transformed computer meets the November timetable also is a bit iffy, Mason indicated. “I think it’s could happen,” he said. “I mean, it depends on whether there’s any hiccups

along the way. Any of these things, there's a possibility you're going to hit a glitch."

Using the 'Bones of Jaguar'

The building of Titan involves the use of Jaguar's cabinets and cooling systems and other key parts, Mason said. "In fact, this is the bones of Jaguar, but there's been a brain transplant," Mason said. The makeover of the Cray computer involves populating the cabinets with GPGPUs (General Purpose Graphical Processing Units) from Nvidia, which are being paired with next-generation CPUs from AMD. "That upgrade is in process now," the ORNL director said. "We've been running the machine without the GPUs for a couple of months, been serving the user

program, doing all sorts of simulations of everything from climate change to fusion simulations to computational materials science."

The use of GPGPUs, however, will significantly bolster the supercomputer's capabilities, he said. "We're now populating the GPUs and getting ready to begin the performance testing that will qualify the machine . . . and based on the initial tests that we've done on the prototype machine, called Titan Dev, we're really looking forward to a pretty good performance," Mason said. "It should be above 20 petaflops, and Jaguar—the one it replaced—was a little over 2 [petaflops], so it's more than 10 times more capable than Jaguar." How far above 20 petaflops? "I don't know. We'll have to wait and see," Mason said.

AT OAK RIDGE Y-12 GETS 'COOL' ROOF FOR SEVERAL BUILDINGS

Some of the oldest buildings at the Y-12 National Security Complex are getting a 21st century improvement via light-colored "cool" roofs that improve energy efficiency and lower costs. According to information released by the National Nuclear Security Administration, Y-12 has installed almost 100,000 square feet of new heat reflective roofs. The initiative is one of the priorities set by Energy Secretary Steven Chu early in the Obama administration. The newest Y-12 roofs were put in place at Building 9204-2E—where warhead parts are assembled and dismantled—as well as in Building 9103.

A federal spokesman said 15 percent of Y-12's roofs are now equipped with the technology, and there are plans to increase that to a majority in the near future. "The light-colored cool roofs reflect more heat than darker roofs emitting absorbed solar radiation back into the atmosphere," NNSA said. "By doing so the roof covering remains relatively cooler and less likely to transfer heat down through the other components of the roof system and into the building." The energy gains could result in a 15 percent savings over the total annual cooling costs at the Y-12 buildings, NNSA said.

AT SAVANNAH RIVER AREVA MAKES CASE TO NRC FOR NO MOX TESTING

As part of efforts to license mixed oxide fuel for use in U.S. reactors, AREVA told the Nuclear Regulatory Commission this week that previous experience using the fuel in reactors would mean no additional testing is necessary. "There is sufficient data available to demonstrate the adequacy of the models to predict the behavior of WG MOX fuel," states an AREVA presentation. "Additional Lead Use Assemblies will not provide any more information than is already available." Lead use assemblies are an initial run lasting several years of a small amount of new fuel type before the NRC licenses a reactor to take on larger loads of a new fuel type. The decision on whether to require such a run is up to the NRC, but at this week's meeting AREVA presented its case, with the company emphasizing that it had 40 years of operating experience with the fuel in reactors across Europe, and that "no fuel

rod issues or failures have ever been identified related to MOX."

Unlike AREVA, GE-Hitachi subsidiary Global Nuclear Fuel has included plans for lead use assemblies in meetings with the NRC on licensing MOX fuel. The AREVA meeting this week at NRC headquarters in Rockville, Md., is part of initial discussions with the fuel vendor on licensing the product that will be produced by the Mixed Oxide Fuel Fabrication Facility under construction at the Savannah River Site. This follows a meeting in February with the NRC in which AREVA said that test results could show the fuel will perform safely in both pressurized water reactors and boiling water reactors (*NW&M Monitor*, Vol. 16 No. 11). Those exams were undertaken on four lead test assemblies fabricated at the Cadarache and MELOX MOX facilities in France and irradiated in Duke Energy's Catawba Reactor in South Carolina starting in 2005. ■

Calendar

October

- 22 Debate: Third and final presidential debate, President Barack Obama, Massachusetts Gov. Mitt Romney, Lynn University, Boca Raton, Fla., 9-10:30 p.m.
- 24 Discussion: "Cuban Missile Crisis: Nuclear Order of Battle," Robert Norris, Federation of American Scientists, and David Rosenberg, Institute for Defense Analysis, Wilson Center, Fifth Floor, Reagan Building, 1300 Pennsylvania Ave., NW, Washington, D.C., 3:30-5 p.m.
- 24 Speech: "50th Anniversary of the Cuban Missile Crisis: Lessons Learned," Graham Allison, Harvard University, George Washington University, Seventh Floor, City View Room, 1957 E St., NW, Suite 401, Washington, D.C., 6 p.m.
- 25 Discussion: "U.S. Nuclear Exports and 123 Agreements: The Impact on Jobs and the Economy," Craig Piercy, American Nuclear Society, and Dan Lipman, Nuclear Energy Institute, Sponsored by Foundation for Nuclear Studies and Global America Business Institute. 2325 Rayburn House Office Building, Washington, D.C., noon-1 p.m.

November

- 6-8 Conference: 13th Annual Business Opportunities Conference; Knoxville Convention Center, Knoxville, Tenn.; Host: ETEBA; Information: www.eteba.org.

22-23 EM PUBLS CLOSED FOR THANKSGIVING

December

- 4-6 Meeting: 2012 EFCOG Semi-Annual Meeting, U.S. Dept of Energy, Forrestal Building, Washington, DC; Contact: Efcog@gmail.com.

24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

January 2013

21 EM PUBLS CLOSED FOR MLK DAY

February

18 EM PUBLS CLOSED FOR PRESIDENT'S DAY

19-22

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May

13-16

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(Changes from previous Calendar in Bold)

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NUCLEAR WEAPONS & MATERIALS

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Volume 16 No. 43

October 26, 2012

— *INSIDE HIGHLIGHTS* —

The NNSA will not award its combined Y-12 National Security Complex/Pantex Plant management and operating contracts before the Nov. 6 general election, and *NW&M Monitor* has learned that the agency is now hoping to award the contract by Dec. 13—when the proposals submitted back in March officially expire. 2

A major project to upgrade security at Los Alamos National Laboratory has stalled out just short of completion because of significant construction problems, and lab and National Nuclear Security Administration officials are scrambling to come up with additional funds to cover the issue, which *NW&M Monitor* has learned could cost “tens of millions of dollars.” 3

DOE’s Inspector General is set to launch an investigation into allegations raised by a group of current and former DOE security agents of mismanagement in the Department’s Office of Special Operations. 4

The sale of Shaw Group to Chicago Bridge and Iron remains on track despite opposition from shareholders and a lower-than-expected earnings forecast for Shaw in fiscal 2013, officials from both companies told investors over the last week. 5

While Iran dominated nuclear issues at the final presidential debate this week, President Barack Obama and Massachusetts Gov. Mitt Romney each got in a shot about U.S. nuclear relations with Russia. 6

Nuclear industry officials called on the United States to move quickly to renew civil nuclear agreements and implement new deals with other countries at a Capitol Hill briefing this week, emphasizing the need to remain flexible on implementing restrictions on reprocessing and enrichment. 7

DOE’s Inspector General released this week the latest version of its annual report on management challenges facing DOE, focusing on many of the same issues as last year’s report regarding efficiencies and cost savings while increasing emphasis on security following the security breach this summer at the Y-12 nuclear weapons plant. 8

Whoever wins the New Mexico U.S. Senate race to replace retiring Democrat Jeff Bingaman will support continued work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory. . . . 8

DOE plans to implement reforms to its foreign travel policies after the DOE Inspector General’s Office recommended measures that it says could save millions per year in travel expenses. 9

At the Weapons Labs/DOE Sites 10

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Calendar 12

AWARD DATE FOR Y-12/PANTEX SLIPS TO DECEMBER WITH QUESTIONS FROM NNSA

NNSA Issues Another One-Month Extension to B&W-led Incumbents at Y-12, Pantex

The National Nuclear Security Administration will not award its combined Y-12 National Security Complex/Pantex Plant management and operating contract before the Nov. 6 general election, and *NW&M Monitor* has learned that the agency is now hoping to make an award by Dec. 13—when the proposals submitted back in March officially expire. The agency this week sent another round of questions to three teams that bid for the combined contract, and after initially seeking answers by early next week, the agency pushed back the due date to Nov. 7, five days after the date it had told bidders that it expected to award the contract. The agency also extended the existing contracts at Y-12 and Pantex for another month.

Industry officials say the agency’s questions centered on past performance issues as well as information about the funding profiles used to prepare cost-cutting plans. “It seems like they’re trying to cover their bases and make sure this is protest-proof,” one industry official told *NW&M Monitor*. “They’re obviously trying to make sure every bidder is getting what they need, and they don’t want any threat of a protest.” The NNSA declined to confirm that it had asked questions of bidders this week, extended the due date for answers to those questions, or was now shooting to award the contract before Dec. 13. “We continue to work with bidders,” NNSA spokesman Josh McConaha said in a statement. “The SEB is hard at work, and we’re committed to a thorough, thoughtful process that takes into account all the variables we have to weigh.”

Three teams—led by Y-12 and Pantex incumbent Babcock & Wilcox, Bechtel and Fluor—submitted bids for the contract earlier this year, but the procurement was delayed when the agency amended the Request for Proposals to

include protective force management in the wake of the July 28 security breach at Y-12. The procurement timeline would not be impacted directly by one-month extensions for incumbent teams at Y-12 and Pantex led by Babcock & Wilcox because the agency would need to further extend those contracts anyway to accommodate a four-month transition period. The agency decided last month to shift strategies on extending the contracts, doing away with plans for two three-month options in favor of six one-month options. The current extensions run through Nov. 30. The Dec. 13 date is more important because it represents 270 days from the initial submission of proposals—and when those proposals would officially expire. If the NNSA does not award the contract by then, bidders would have to extend the expiration date of the proposals.

Will the NNSA Get What it Expects?

When the NNSA amended the contract in August, it generated speculation that the agency would not be able to award the contract before the Nov. 6 election due to a combination of timing and pre-election skittishness, but the agency told bidders that it still planned to award the contract around Nov. 2. Revised bids were submitted in early September, and speculation among industry in recent weeks had been that the Source Evaluation Board for the procurement had completed its work and its decision was being run through agency headquarters.

One industry official suggested that it was no surprise that more questions had arisen. “When they bring things through headquarters and try to get the decision or process approved, everyone starts asking questions about, ‘Did you consider this, did you consider that, did you, did you, did you?’ Right now I figure they have lots of people asking questions about ‘did you?’ “ Another industry official suggested that the process could still be wrapped up quickly, unless the agency received unexpected answers to

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its questions. “You may have just put your head in the lion’s mouth,” the official said. “If you get what you don’t expect you might have to take more time.”

—Todd Jacobson

PROBLEMS DRIVING COST HIKE, DELAYS ON LANL SECURITY PROJECT

NNSA Issues ‘Demand’ Letter, Promises Accountability

A major project to upgrade security at Los Alamos National Laboratory has stalled out just short of completion because of significant construction problems, and lab and National Nuclear Security Administration officials are scrambling to come up with additional funds to cover the issue, which *NW&M Monitor* has learned could cost “tens of millions of dollars.” The \$213 million project—the second phase of a security overhaul at the lab—was specifically designed to upgrade physical security systems, protection strategies and security requirements in the lab’s Technical Area-55 and Plutonium Facility. But NNSA and laboratory officials confirmed this week that major issues—most notably fiber optic cable that was incorrectly installed—have caused significant cost overruns. *NW&M Monitor* has learned the fiber optic cables essential to the operation of security systems were supposed to be physically separated, but were instead routed together. Other issues include problems with the perimeter lighting system and a perimeter denial system.

As a result of those problems, five subcontractors working on the project, including Kiewit New Mexico Company, have been ordered to stand down, and lab personnel working on the project have been shifted to other work. In addition, NNSA issued a pointed “demand” letter to LANL contractor Los Alamos National Security LLC Oct. 24 requesting information about the project’s problems. Included in the demand letter was a request for full disclosure of accounting on the project, documentation of the lab’s plan to hold subcontractors accountable for the problems as well as information about available funding or fee sources that could be used for the project and a demonstration that special nuclear materials continue to be protected at the lab. The lab’s response is due by Oct. 31. “Clearly, LANS’ inability to complete the NMSSUP II project, inability to know the project’s EAC [estimate at completion], inability to know the precise project’s financial status, and having to suspend project construction activities before the project is complete is unacceptable,” Federal Project Director Herman LeDoux and Contractor Officer Robert Poole wrote in an Oct. 24 “demand” letter to Paul Henry, the lab’s Associate Director for Capital Projects, that was obtained by *NW&M Monitor*. “It calls into question everything from the ability of LANS to manage line item construction projects to the validity of

LANS’ certified EVMS [earned value management system]. NNSA is exploring all avenues of cost recovery and contractual performance actions within its purview [sic].”

The NNSA also appeared to be unhappy that the lab this week ordered subcontractors to stand down on the project. The agency went out of its way to note that LANS “unilaterally” issued a Suspension of Work to Kiewit. “This action was not formally coordinated prior to issuance with the Federal Project Director (FDP), Acquisition Executive, or affected NNSA organizations,” LeDoux and Poole wrote in the demand letter. Kiewit New Mexico Company did not respond to a request for comment.

\$21-25 Million Could be Needed

The NNSA also notified Congress this week that an emergency reprogramming of funds would be necessary to rescue the project, suggesting that an additional \$21 to \$25 million might be needed. However, LeDoux and Poole chastised the lab for not providing an exact estimate of what it will take to rescue the project. “NNSA has made repeated requests for information on the precise financial status of the project and an accurate estimate at completion (EAC),” LeDoux and Poole wrote. “That estimate has been repeatedly promised and then not provided. LANS is directed to provide NNSA with an EAC with accompanying details of magnitudes to include all (accounted and unaccounted) risks and trends, level of confidence of the EAC, and bounding cost and schedule parameters.” The officials also ordered LANS to provide a “full accounting of the funds spent, accrued and remaining for LANS and each subproject by subcontractor.”

Much of the cost is believed to be tied to maintaining extra security at the site that would have been unnecessary had the upgrades been completed on time. As the NNSA scrambles to figure out a way to pay for the cost overruns, it seemed especially intent on holding LANS and other contractors financially accountable for the problems, which reflects a recent effort to take a hard line on contractors with respect to project management problems. Earlier this year, the NNSA went after fee paid for work on the Waste Solidification Building after it was revealed that project had significant cost overruns, and last week, the agency said it would explore all possible options to hold contractors accountable for design problems with the Uranium Processing Facility. In their Oct. 24 letter, LeDoux and Poole ordered LANS to provide “documentation on how they plan to ensure work already paid for is completed” and said the contractor should also provide a “complete plan on how re-work is being addressed, controlled, and fully recouped financially.”

NNSA: ‘We Will Hold LANS Fully Accountable’

NNSA spokesman Josh McConaha emphasized that cost recovery would be a priority for the agency, and the NNSA is sending a forensic team to the lab Oct. 29 to analyze the financial and management issues that may have created the problem. “The performance on this project has been unacceptable and we will hold LANS fully accountable for all costs,” McConaha said in a statement. “We take our responsibility to protect taxpayer dollars seriously, and we will use all the tools available to correct the situation. As always, protection of Category 1 material is our top priority, and we will ensure that the project is completed while maintaining full compliance with all protection requirements.” In a separate statement, lab spokesman Fred DeSousa said the lab was working to fix the problems and was maintaining security at the site in the meantime. “This delay does not impact the site’s security of its nuclear materials. The laboratory is working with NNSA to develop a solution that keeps the delay as short as practical and the cost as low as possible. The lab remains committed to its national security mission,” DeSousa said.

One of the big questions that remains to be answered revolves around who knew what about the project, and when. Both NNSA and the lab say that problems with the project initially surfaced in 2010, and Performance Evaluation Reviews for LANS over the last two years have suggested problems with the project loomed. In its Fiscal Year 2010 PER, NNSA reduced LANS’ fee for problems with the security upgrade project and coordination with the now-deferred Chemistry and Metallurgy Research Replacement-Nuclear Facility. “NNSA had to engage for a second time in the interface between the NMSSUP2 and CMRR projects to derive a best value solution. Failure to evaluate incremental design and requirement changes in near real time manner has resulted in cascading impacts and cost estimate surprises and reduced HQ and DOE confidence,” the agency wrote. In its FY 2011 PER, LANS continued to have problems, and was dinged for “continued PM [project management] execution challenges,” though it’s impossible to tell how much the contractor’s fee was reduced.

‘What Possibly Took So Long?’

However, the NNSA hasn’t said exactly what was known in 2010, and why problems weren’t corrected in the meantime. That question has been forefront in the minds of Congressional staff that follow the project. Updates included with the NNSA’s annual budget submission gave no signs that there were problems with the project, which was expected to be completed in June and ready to operate in January. “What possibly took so long?” one Congressional aide told *NW&M Monitor*. “This is not UPF, which is

much more complicated. Here, it’s does the fence go all around the perimeter and do the sensors work and so forth. It’s hard to understand why it took so long to discover the problem, and if it was discovered early, why it wasn’t addressed earlier by LANS or the site office.” The staffer said the problems raised additional questions about NNSA’s project management capabilities. “At a higher level what concerns us the most is the fact that this was a simple project: small scale and standard,” the staffer said. “There are PIDAS’ all across the complex. This was not a large construction project, defined as anything about \$750 million. It was not one-of-a-kind, it was not a nuclear construction build, yet they failed to properly execute this. This is just a fence with some alarms and cameras. So what confidence do we have on them being able to execute on a large complicated project if they can’t even finish a simple project.”

—Todd Jacobson

DOE IG TO INVESTIGATE MISMANAGEMENT ALLEGATIONS IN SECURITY OFFICE

The Department of Energy Inspector General’s Office is set to launch an investigation into allegations raised by a group of current and former DOE security agents of mismanagement in the Department’s Office of Special Operations. In a letter sent earlier this month to lawmakers, the agents’ said the office is suffering from a “myriad of leadership and management issues” that jeopardies the Department’s ability to protect the Secretary of Energy and other top officials. *NW&M Monitor* obtained a copy of the unsigned letter late this week. “Management has long since assumed a fly by the seat of their pants approach to planning and execution of day to day operations,” the letter says. “The mindset of this office (management) is to fit the mission into their ‘way of doing business’ as opposed to structuring the operations of this office around the requirements of the mission. From its very inception, this office is completely backwards.”

In their letter, the agents’ accused the Office of Special Operations, located within DOE’s Office of Health, Safety and Security, of a culture of “malfeasance” they said was similar to that which led to the now-infamous security breach this summer at the Y-12 plant. HSS “has asked the Inspector General to investigate this matter. Decisions on executive protection are made by the security professionals in the Office of Special Operations on the merits based on the security requirements of each situation,” DOE spokeswoman Niketa Kumar said in a written response late this week.

The agents' concerns also have gotten the attention of House Armed Services Strategic Forces Subcommittee Chairman Michael Turner (R-Ohio), a long-time critic of DOE management who received a copy of the agents' letter. "This past month has been troubling to say the least when it comes to management and priorities at the Energy Department. These most recent allegations are serious and Chairman Turner intends to request a meeting with the DOE [Inspector General] as soon as Congress returns to Washington to examine the Energy Department across all levels of its security enterprise," Turner's Chief of Staff, Adam Howard, said in a written response.

'An Environment of Mistrust'

The agents, who described themselves as holding federal ranks ranging from GS 11-13, accused the management of the Office of Special Operations of creating "an environment of mistrust, lack of clarity and a 'team' that is fundamentally unprepared to handle even the most simplistic of contingencies." The letter says, "Each and every manager in this office is making decisions in a vacuum, which has resulted in a complete lack of continuity. When multiple supervisors are questioned as to why a decision was or was not made, the same answer is almost never consistently communicated. Blame is invariably shifted amongst current or former managers as to why no standard or policy exists to govern day-to-day operations or critical incidents."

Among the agents' allegations is that the office's management failed to develop a strategic plan and provide training to execute required continuity of operations and continuity of government responsibilities; failed to provide "basic safety equipment" to agents until complaints were filed with the Occupational Safety and Health Administration; and failed to "effectively manage and use resources" such as law enforcement equipment. The agents' also accused the office's leaders of failing to effectively manage employees. As an example, the agents' letter says that two of the four current "Detail Leaders" were not allowed to "perform assigned duties by request of the Secretary, Deputy Secretary and/or staff, as a result of lack of professionalism and consuming alcoholic beverages while on duty," and that there was an "alleged cover up" of the incident by a program manager.

Agents Say They Were 'Driven Out'

The agents accused the Office of Special Operations' management of having "driven out" more than 14 line agents in four years, with other line agents "aggressively seeking employment elsewhere." The letter says, "Senior leaders within this office demonstrate a stereotypical approach to acquiring and maintaining power and control

by withholding information. The tighter they hold on to it, the more power/status they retain. There is a constant power struggle between supervisors and leaders. All the while, line agents observe in utter amazement until feeling no other option than to seek other employment. In the meantime, the office and mission is set up for failure."

—Mike Nartker and Todd Jacobson

SHAW SALE TO CHICAGO BRIDGE & IRON REMAINS ON TRACK

Shareholder Votes Expected in Late November, Early December; Close Slated for 1Q 2013

The sale of Shaw Group to Chicago Bridge and Iron remains on track despite opposition from shareholders and a lower-than-expected earnings forecast for Shaw in fiscal 2013, officials from both companies told investors over the last week. In a conference call with investors Oct. 23, CB&I Chief Executive Officer Philip Asherman said shareholders could vote on Shaw's sale to CB&I as early as late November and that the sale was proceeding smoothly. He said the deal was on track to close in the first quarter of 2013, and he said that the companies had cleared most of the regulatory hurdles required to proceed with the sale. "We remain confident the proposed transition will receive the few remaining necessary government approvals," Asherman said on the conference call. "The next major milestone will be the filing of the final proxy statement, which is in process now."

Shaw did not hold a conference call when it unveiled its earnings for the fourth quarter of 2013, but Shaw President and Chief Executive Officer James Bernhard said in a statement that the sale was proceeding. "All of Shaw's business segments continue to perform well," Shaw President and Chief Executive Officer James Bernhard said in a statement. "We are making progress with the CB&I transaction, with all aspects moving forward as scheduled toward closing in the first quarter of calendar year 2013."

Lawsuit Filed in Louisiana to Block Sale

The approximately \$3 billion acquisition, which has been approved by the boards of directors of both companies, involves CB&I paying approximately \$46.00 per share of Shaw stock, consisting of \$41.00 in cash and \$5.00 in CB&I equity for each share of Shaw stock. CB&I said a shareholder vote is expected in late November or early December. The vote is likely to draw considerable scrutiny as some shareholder groups have expressed concern about the sale and have sued to block the transaction. Late last week, shareholder Peter Osten filed suit in the U.S. District Court for the Middle District of Louisiana to block the

sale, alleging that Shaw was not getting the best deal for shareholders via the deal with CB&I.

Denali Investors, which says it owns 1.1 percent of Shaw's stock, has also come out publicly against the sale, and last week circulated a white paper outlining its opposition to the deal. "The current deal with CBI at \$46 per share is a sweetheart transaction for CBI allowing them to steal SHAW on the cheap without a proper auction process or an appropriate control premium," Denali said in a statement. It suggested that the political aspirations of Bernhard, who is rumored to be eyeing a run for the Senate or to be governor of Louisiana, factored into the sale. "There is ample evidence that the deal price is not the fair price that shareholders deserve given the: 1) strength of SHAW's underlying business, 2) massively impactful unwind of the substantial Westinghouse investment, and 3) recent sale of the problematic and volatile E&C segment," Denali said. In its annual report, Shaw said that the lawsuits "are without merit" and that it would "contest them vigorously."

'They're in Good Shape Going Forward'

Asherman said yesterday that Shaw's financials, which the company reported last week, were on par with what was expected. Shaw reported earnings of \$113.2 million for the fiscal fourth quarter of 2013, about \$1.68 per share—up from the \$90.3 million loss it posted during the same period last year, but forecast lower-than-anticipated earnings in 2013. Shaw said it expected fiscal 2013 profits between \$1.70 and \$1.90, which is below the \$2.56 per share that had been projected by analysts. But Shaw's \$1.4 billion cash position and \$242 million in earnings before interest, taxes, depreciation, and amortization as of Aug. 31 exceeded the requirements of the deal. "We certainly think they're in good shape going forward and have every confidence we'll be able to close this deal in February," Asherman said.

—Todd Jacobson

OBAMA, ROMNEY BRIEFLY DEAL WITH NUCLEAR ISSUES IN FINAL DEBATE

Presidential Candidates Trade Blows on New START, Iran, Nuclear Relations With Russia

While Iran dominated nuclear issues at the final presidential debate this week, President Barack Obama and Massachusetts Gov. Mitt Romney each got in a shot about U.S. nuclear relations with Russia. Obama highlighted Romney's opposition to the New START Treaty with Russia early in the debate, criticizing him for speaking out against Senate ratification of the treaty as part of a broader critique of his foreign policy credentials. "I know you haven't been

in a position to actually execute foreign policy, but every time you've offered an opinion, you've been wrong. ... You indicated that we shouldn't be passing nuclear treaties with Russia, despite the fact that 71 senators, Democrats and Republicans, voted for it," Obama said. Romney never addressed the New START Treaty, but used Russia's recent announcement that it would not extend the Nunn-Lugar Cooperative Threat Reduction program as an example of weakening U.S. influence around the world. "I look around the world, I don't see our influence growing around the world," Romney said. "I see our influence receding." Obama also criticized Romney for identifying Russia as America's top international rival, quipping, "The 1980s are now calling to ask for their foreign policy back because, you know, the Cold War's been over for 20 years." Romney responded that he would not have more "flexibility" with Russia after the election—a reference to Obama's off-mic comments about missile defense—and said he would not "wear rose-colored glasses when it comes to Russia or Mr. Putin."

On Iran, Romney suggested that Obama had done little to curb Tehran's nuclear program, noting that Iran is four years closer to creating a nuclear weapon, but Obama defended the sanctions and diplomacy-based U.S. approach and emphasized that tougher actions are still on the table. "A nuclear Iran is a threat to our national security and it's a threat to Israel's national security," Obama said. "We cannot afford to have a nuclear arms race in the most volatile region of the world. ... So the work that we've done with respect to sanctions now offers Iran a choice. They can take the diplomatic route and end their nuclear program or they will have to face a united world and a United States president, me, who said we're not going to take any options off the table."

Modernization Draws No Attention

U.S. nuclear policy received almost no attention during the three presidential debates and has not become a focal point of the presidential race despite drastically differing views from Obama and Romney. While Obama advocated for a world free of nuclear weapons in 2009, helped push through the New START Treaty with Russia and has said that the United States could further reduce the size of its nuclear arsenal in follow-on arms control negotiations with Russia, Romney has come out against arms control reductions. While Dov Zakheim, a national security advisor for Romney, said earlier this month that Romney had not ruled out any reductions to the nation's nuclear arsenal, Romney was an outspoken critic of the New START Treaty, calling it Obama's "worst foreign policy mistake" in a 2010 Washington Post op-ed. The Republican platform also addresses efforts to modernize the nation's nuclear stockpile and weapons complex, ripping

the Administration for not following through on promises made during the New START Treaty. “It took the current Administration just one year to renege on the President’s commitment to modernize the neglected infrastructure of the nuclear weapons complex—a commitment made in exchange for approval of the New START Treaty,” the platform states. On his campaign website, Romney said he would “review the implementation of the New START treaty and other decisions by the Obama Administration regarding America’s nuclear posture and arms-control policies to determine whether they serve the best interests and national security of the United States.”

The Democratic platform reiterates Obama’s interest in working with Russia on a new arms control agreement with “responsible reductions” to the size of the each nation’s stockpile of nuclear weapons and delivery vehicles as well as push for the Senate ratification of the Comprehensive Test-Ban Treaty and a Fissile Material Cutoff Treaty. “President Obama and the Democratic Party are committed to preventing the further spread of nuclear weapons and to eventually ridding the planet of these catastrophic weapons,” the platform says. “This goal will not be achieved overnight. It will require patience, perseverance, and the steady accumulation of concrete actions. But real progress has already been made. ... The Obama Administration has moved away from Cold War thinking by reducing the prominence of nuclear weapons in America’s national security strategy, and it has urged others to do the same. As long as these weapons exist, the United States will maintain a safe, secure, and effective arsenal to deter any adversary and guarantee the defense of our allies. But President Obama has taken important steps to decrease America’s nuclear arsenal and is committed to further responsible reductions.”

—Todd Jacobson

INDUSTRY OFFICIALS RENEW CALLS FOR ACTION ON CIVILIAN NUCLEAR DEALS

Nuclear industry officials called on the United States to move quickly to renew civil nuclear agreements and implement new deals with other countries at a Capitol Hill briefing this week, emphasizing the need to remain flexible on implementing restrictions on reprocessing and enrichment. Several key agreements, known as ‘123 agreements,’ are up for renewal soon, and the Obama Administration is also in discussions regarding new deals with four countries. Other countries will enter those markets if the agreements aren’t solidified soon, which industry warned could weaken safety and nonproliferation standards. “Clearly, confidence in the U.S. as a supplier country is very, very critical. Like any bureaucratic process predict-

ability and reliability is fundamental,” said Dan Lipman of the Nuclear Energy Institute, the main trade group for the U.S. nuclear industry. “What I can tell you is if agreements in force expire there are plenty of other countries that are going to fill the breach.”

Countries with agreements set to expire in the next three years include South Korea and China, while discussions have been started for new deals with Jordan, Vietnam, Malaysia and Saudi Arabia. Nonproliferation advocates are pushing for the United States to adopt a “gold standard” for such agreements going forward that would be based on the 2009 ‘123 agreement’ with the United Arab Emirates that restricts the development of enrichment and reprocessing technologies. However, after restarting negotiations with Vietnam and Jordan on agreements in the last year, the Obama Administration informed lawmakers in January that it will continue to develop those deals on a case-by-case basis rather than impose a broad standard. That decision has come under fire, as some lawmakers have argued that the approach will ultimately weaken U.S. nonproliferation policy (*NW&M Monitor*, Vol. 16 No. 3).

Industry: Gold Standard Not ‘Best Way to Go’

But industry officials this week said the debate surrounding such a gold standard is misguided. “The real goal, the real thing that we control, has been our safety system, our regulatory system, and exporting that worldwide. That truly is the gold standard,” said Craig Piercy of the American Nuclear Society. He noted that the UAE did not push for enrichment or reprocessing, but the process would likely go differently for some other nations. “You have countries where they are going to treat that as a bargaining chip,” Piercy said. “But the question is do you stall a negotiation because you can’t come to terms on it, thereby giving an advantage to another non-U.S. company to build reactors? That then locks you out of that market so that you don’t exercise as much influence over that domestic program as you would if you sold your technology there. That might not be the best way to go.”

Case-by-Case Approach Criticized

Sen. Richard Lugar (R-Ind.), ranking member on the Senate Foreign Relations Committee and a longtime nuclear nonproliferation advocate, has sharply questioned the Administration’s decision to apply the standard on a case-by-case basis. “It is my strong recommendation that this decision to apply the Gold Standard only selectively be reversed, and promptly. American leadership in nonproliferation has been the basis for many of the established prerequisites for any nation contemplating nuclear trade,” Lugar wrote in an editorial published in February in *The National Interest*. But Lipman stressed that the

industry believes such restrictions should occur on “a pragmatic basis given the merits of the country you are dealing with, not on a unilateral basis,” Lipman said, emphasizing the need to work out new agreements within a reasonable time frame. “Faster is better. There is no question that faster is better, but not at the sacrifice of the right kind of government to government agreement. We believe that and we take that very seriously.”

The industry believes that changes in the number of countries in the nuclear marketplace means that, out of necessity, the U.S. approach has shifted in recent decades from one of control to influence, Piercy said. “We have to recognize now that we don’t get to choose who gets what anymore. We have influence over that decision, but we don’t have a monopoly on that technology,” he said, noting that many other countries are now part of the nuclear marketplace and ready to fill any gap. But nonproliferation advocates at this week’s briefing took issue with that concept. “You are going to the customer and letting them dictate what the rules are going to be,” said Henry Sokolski of the Nonproliferation Policy Education Center. “That’s not a good look, and it’s especially not a good look because you seem to be concerned, and I believe you are, about nonproliferation.”

—*Kenneth Fletcher*

DOE IG EMPHASIZES SECURITY IN ANNUAL MANAGEMENT CHALLENGES REPORT

The Department of Energy Inspector General’s Office released this week the latest version of its annual report on management challenges facing DOE, focusing on many of the same issues as last year’s report regarding efficiencies and cost savings while increasing emphasis on security following the security breach this summer at the Y-12 nuclear weapons plant. Safeguards and security, which last year was on the IG’s annual “watch list” for issues warranting special concern, was moved up in importance to become a key management challenge. “This change is primarily due to the recent events at the Y-12 National Security Complex,” the report states. It adds, “Given the policy issues that have arisen as a result of this intrusion and the importance of ensuring the safe and secure storage of nuclear materials at Department sites, we have elevated Safeguards and Security to the management challenges list.”

Items on this year’s watch list include infrastructure modernization, worker and community safety, and the loan guarantee program. But the focus remains on budgetary concerns that are resulting in efforts to find cost savings and efficiencies, which the IG said have “intensified” since

2011. “Clearly, given the current volatility of economic conditions and associated budgetary concerns, the Department must strive to ensure that operational efficiency is a primary theme in all agency programs and operations,” the report states. “Although only one step in the process, by aggressively addressing the management challenges, the Department can enhance program efficiency and effectiveness; reduce or eliminate operational deficiencies; decrease fraud, waste, and abuse; and achieve substantial monetary savings.”

IG Notes DOE’s Efforts Since Last Year

The IG again emphasized several ways included in last year’s report that the Department could reduce costs and increase efficiency, including eliminating “duplicative National Nuclear Security Administration functions,” as well as evaluating DOE’s physical security apparatus. It also repeated a call in last year’s report to reconsider priorities in the environmental cleanup program, focusing more on high risk, high priority activities instead of regulatory milestones. This year’s report notes that the Department has taken steps since last year in an effort toward “management and operational excellence.” The IG states, “As part of this broader effort, the Department has outlined a number of operational areas where it believes improvements are possible and should be pursued. For instance, the Department is evaluating issues, among others, related to the Department’s physical security apparatus, extension of the [Quadrennial Technology Review], and human capital management. These closely track several of the Office of Inspector General management challenges.”

—*Kenneth Fletcher*

HEINRICH PLEDGES CMRR-NF SUPPORT, LEADS NEW MEXICO SENATE RACE

Whoever wins the New Mexico U.S. Senate race to replace retiring Democrat Jeff Bingaman will support continued work on the Chemistry and Metallurgy Research Replacement-Nuclear Facility (CMRR-NF) at Los Alamos National Laboratory. And with less than two weeks in the race, Democratic congressman Martin Heinrich remains the strong favorite to take the seat. A Heinrich victory could put a firm end to a political dynasty in the state of relevance to the nuclear enterprise, with Republican Heather Wilson, a protégé of retired Republican power Pete Domenici, trailing in the latest polls. The most recent poll from Research and Polling Inc., a New Mexico firm that polls for the *Albuquerque Journal* newspaper, showed Heinrich up with a 48-39 percent lead, with a margin of error of 3.8 percent. That is consistent with other polling in

the race, and the *New York Times*' FiveThirtyEight political analysis team has rated the race "safe Democratic." In late August, the Republican Senatorial Committee pulled its campaign money from the state, widely interpreted as a sign that the party's national leadership was ready to cede the race to Heinrich and spend its resources elsewhere.

In the final head-to-head debate between the candidates, sponsored by the *Albuquerque Journal* and television station KOAT, little daylight showed between the two candidates on questions regarding Sandia and Los Alamos nuclear weapons labs, but each tried to highlight actions (or inactions) by the other to suggest their support might not be strong enough. Fealty to the labs' mission and budget has always been a central campaign issue in New Mexico, because they employ more than 20,000 people in a state that ranks 43rd in the nation in median family income. Asked during the debate about the New START Treaty, Heinrich said it was "an incredibly important piece of arms control legislation." He then quickly linked it to the need to maintain the viability of a shrinking US nuclear arsenal, which he said included completion of CMRR-NF, which the Obama Administration announced in February it would indefinitely defer. He pointed to the issue as an example of how he sometimes disagreed with the Democratic administration, noting that he voted for a Defense Authorization bill that attempted to reverse the CMRR-NF decision.

Wilson offered essentially the same argument, saying she also supported New START and pointed to the importance of CMRR-NF in carrying out treaty commitments. She criticized Heinrich for voting for an appropriations bill that agreed with the Administration's recommendation on the project. "It's the spending bill that matters," Wilson argued. Heinrich, in turn, complained that Wilson had not disavowed Republican vice presidential candidate Paul Ryan's budget proposals, which Heinrich and others have argued would have entailed deep cuts for the nuclear weapons labs.

—From staff reports

DOE TO LOOK AT CUTS TO CONTRACTOR FOREIGN TRAVEL

IG Recommends Measures To Save \$15 million Per Year

The Department of Energy plans to implement reforms to its foreign travel policies after the DOE Inspector General's Office recommended measures that it says could save millions per year in travel expenses. Over a six-year period ending in 2012, DOE and contractor employees made about 109,000 trips at a cost of \$360 million, with 85

percent of the trips taken by contractors. "By making the maximum use of existing [Foreign Travel Management System] and by applying a mandatory reduction to the contractor's foreign travel through the consolidation of trips or reductions in the number of travelers making the same trip, the Department could reduce foreign travel by as much as \$15 million per year," says an IG Management Alert report released late last week.

While DOE has implemented a mandatory 30 percent travel reduction for federal employees, it has not taken similar measures for the contractors taking the vast majority of foreign trips paid for with Department funding. "Despite the sizable expenditure of Federal funds, the Department had not made a concerted effort to reduce contractor international travel costs," according to the IG. "Had the Department applied the 30 percent reduction criteria to the international travel costs incurred by its 100,000 contractor workforce, as much as \$15 million could be saved each year," the IG said in its report.

IG: DOE Could Better Use Travel Mgmt. System

The Foreign Travel Management System is a database that the Department uses to track travel-related data, including purpose of travel, destinations, cost, and number of travelers attending events. However, the IG said that DOE could better use the system to identify ways to reduce foreign travel costs. The IG released a number of recommendations related to foreign travel, including:

- Developing a "corporate strategy" for cutting foreign travel costs;
- Applying the current Federal reduction requirements to contractors;
- Establishing "overarching foreign travel goals, incentives and cost control measures;"
- Making "full use of available data tools" such as FTMS; and
- Ensuring FTMS includes complete entries and modifications to "enhance" its usefulness.

Contractors Will Submit 'Action Plan'

DOE management generally agreed with the IG's findings, and has agreed to undertake the recommendations. DOE will instruct management-and-operations contractors to submit an "action plan" for reducing "unnecessary foreign travel," DOE Office of Management Director Ingrid Kolb wrote in an Oct. 15 response to the IG. Kolb also noted, "The CFO will perform an in-depth analysis of contractor foreign travel costs to identify opportunities for improving cost management and recommend necessary process and system improvements. Once that review is complete, the

Department will adopt a policy that will align the foreign travel expenses of our contractor work force with the OMB guidance in a manner that achieves the required reduction

in travel expenses while controlling for the appropriate exception for travel that is considered critical.”

—Kenneth Fletcher

At the Weapons Labs/DOE Sites

AT OAK RIDGE

Oak Ridge National Laboratory has thrown a bunch of its scientific and engineering resources at a perplexing problem that has one of the lab’s signature research facilities—the Spallation Neutron Source—shut down indefinitely. Although the problem is not yet resolved, Kelly Beierschmitt, the associate lab director for neutron sciences, said he and others are “really encouraged” by some findings at the that could lead a resolution of the issues at the SNS Target Facility—where two target vessels have failed or given off data that suggested failure was imminent—within the past couple of months.

Beierschmitt declined to be specific about what SNS officials think may be the problem, but he said they are further evaluating a “promising lead” that needs to be substantiated. “I’ve definitely got something I can go chase now,” the ORNL official said. None of the potential problems that are being investigated at the SNS are unfixable or game-killers, but it’s a matter of fixing the right things he said, acknowledging the issues have been challenging. Beierschmitt said a technical workshop was held earlier this week to discuss the SNS problem and help find ways to address it, with some of the brightest minds at the laboratory contributing their thoughts and expertise—including how to perform an investigation in the highly radioactive environment in the hot cell where the vessel that failed last month is housed.

AT OAK RIDGE

Much has been written about the unprecedented security breach at the Y-12 National Security Complex, and now pictures of the infamous incident have surfaced. Representatives for the three protesters arrested following the July 28 security breach yesterday released a set of five photos of the incident’s aftermath on their website transformnowplowshares.wordpress.com, providing a glimpse into the breadth of the incursion. The photos, released to lawyers for the protesters as part of pre-trial discovery, show messages spray-painted on the Highly Enriched Uranium Materials Facility and a hole that the protesters cut into one of the perimeter fences surrounding the facility. On one wall of the building, the message “The

ORNL MAKING PROGRESS ON SNS ISSUES

Length of Shutdown Still Undetermined

The lab executive praised the staff for putting the “tech” into detective work, saying there had been some extraordinary efforts to evaluate the last target vessel that was removed from the area where the mercury target is bombarded with a proton beam to produce neutrons for research. The target vessel is radioactive and must be studied using remote technologies and manipulators inside a hot cell at the SNS. Even if the promising lead turns out to be correct, the Spallation Neutron Source will still be out of operation for at least another couple of weeks, Beierschmitt said. And it could be longer.

Scientists from around the world travel to Oak Ridge to perform experiments at the Spallation Neutron Source, a \$1.4 billion facility that started operations in 2006. Beierschmitt said efforts are underway to adjust the research user schedules and prepare for future operations once this issue is resolved. “One thing certainly is we’ve got to make sure the reliability of this thing is top-notch,” Beierschmitt said. For the time being, however, the main focus is on getting the problem solved and getting the SNS restarted. Beierschmitt indicated that once the “promising lead” has been checked out on the target vessel that was removed from the Target Facility in September and resides in the hot cell, the team will then perform similar evaluations on the vessel that’s still loaded in place and needs to be removed for study to see if the same problem occurred there.

AT OAK RIDGE

fruit of justice is peace” was spray-painted and what is believed to be human blood was splashed, while “Plowshares please Isaiah” was spray-painted on another wall. Another photo shows a concrete barrier outside a security fence where “disarm,” “transform” and “peace not war” were spray-painted, while another picture shows peace-related banners hung on some of the security fences. One picture also appears to show two of the protesters handcuffed and sitting in chairs outside the facility.

The protesters said in a statement that the photos carry “our message. We came to Y-12 in a spirit of hope, not fear. We were authorized—even required—to act by the

responsibilities placed on us as citizens. The Nuremberg principles, codified by the United States after World War II, require citizens to refuse cooperation with unlawful government acts insofar as it is morally possible. We also

felt called, as children of God, to act on behalf of all God's children, including and especially those who are threatened daily by the machines of war and the power of empire."

AT OAK RIDGE B&W Y-12 NEARING COMPLETION OF WSI HIRING PROCESS

B&W Y-12, the managing contractor at the Y-12 National Security Complex, said it has offered jobs to all security police officers previously with WSI-Oak Ridge and union members who worked at the Central Training Facility, and is "working through the hiring process" with other non-union members of the WSI staff at Y-12. The employment issues are a key part of the transition of contractors, as B&W absorbs the protective force services role previously held by WSI—whose contract/subcontract was terminated following the unprecedented security breach that occurred July 28 at Y-12. The conclusion of WSI's role is reportedly scheduled for Oct. 28. In response to questions, B&W spokeswoman Ellen Boatner said the transition is "going very well." She said via email: "There has been a very high level of cooperation between B&W

Y-12 and WSI-Oak Ridge, and we have appreciated NNSA's support in getting key decisions made quickly to move the process along."

She said all of the Y-12 security police officers "and all other active, current union WSI-Oak Ridge employees at Y-12 and the Central Training Facility" were offered jobs by B&W Y-12 (which is a partnership of Babcock & Wilcox and Bechtel). "We've also been working through a hiring process for non-union WSI Oak Ridge employees who provide supervision and support to the security police officers at Y-12," Boatner said. "We remain on track to complete the transition by the end of the month, with a few close-out activities expected to follow in the next several weeks."

AT OAK RIDGE DISPOSABLE RESPIRATORS IN USE AT Y-12

Because of ongoing issues with contaminated respirators that were not properly cleaned by a contractor hired to do the recycling work, the Y-12 National Security Complex has shifted to disposable respirators for much of the work with processing of enriched uranium and other nuclear activities at the Oak Ridge plant. "Most workers prefer the 3M 6000 respirator because it is lighter, more comfortable, and has a larger viewing area than the older style MSA Ultra Twin Hycar-rubber respirators," B&W Y-12, the government's managing contractor at Y-12, said in response to questions. "We have been using the 3M 6000 respirators for several years as one-time-use respirators in

beryllium areas. Workers who wore them in beryllium areas requested to use them in non-beryllium areas as well because they are more comfortable. Workers in Building 9212 and construction have also been using the 3M model in conjunction with the older MSA style for several years." B&W has declined to specify a date in which nuclear workers shifted to use of the disposal respirators, but said, "We have purchased 3,540 of the respirators since the decision to use them as disposable." Most of the respirators used at Y-12 are the one-time-use/disposable full-face air purify 3M Model 6000, the contractor said. ■

Wrap Up

AT THE NATIONAL LABS

Stanford University has promoted Chi-Chang Kao to be the fifth director of the SLAC National Accelerator Laboratory, announcing that Kao would take over at SLAC Nov. 1. Kao, an associate director at SLAC, will take over for Persis Drell, who said late last year that she would leave the lab. Kao came to SLAC in 2010 after serving as the chairperson of the National Synchrotron Light Source for five years. After a 10-month search, Stanford President John Hennessy said that "it was clear to us that the best candidate for the job was clearly the one already at SLAC. Chi-Chang is both a respected scientist in X-ray science known globally for his accomplishments

and a proven leader, someone who can energetically lead the laboratory's excellent faculty and staff and chart a bold course for SLAC's scientific direction in the coming years."

IN THE INDUSTRY

Former Mixed Oxide Fuel Fabrication Facility Federal Project Director Clay Ramsey has been hired as a senior associate at Longenecker & Associates, Inc. as the company continues to increase its focus on the National Nuclear Security Administration market. Ramsey retired in August after six years as the MOX Federal Project Director, where he oversaw the Savannah River Site project

through design and the start of construction. He also served as the FPD for the Tritium Extraction Facility at the Savannah River Site as well as the FPD for the Tritium Facility Modernization and Consolidation Project. "We are placing a strong focus on improving our ability to support NNSA in the future given the critical nature of their mission," L&A President John Longenecker said yesterday. He said that the company would like to focus on helping large NNSA projects like MOX and the Uranium Processing Facility at the Y-12 National Security Complex as well as improving efficiency across the agency, which he said "involves implementing ways to maintain necessary functions like min safe at reasonable cost, and using the right performance assurance approach to find and fix problems before they impact mission."

ON THE INTERNATIONAL FRONT

The National Nuclear Security Administration has closed an office in Russia that was responsible for monitoring the 1993 HEU Purchase Agreement in a move that it says will save \$1 million. The Transparency Monitoring Office in Novouralsk, Russia, allowed the U.S. to monitor the conversion of highly enriched uranium from Russian nuclear weapons into low-enriched uranium at the Ural Electrochemical Integrated Enterprise, but the monitoring station will be replaced by an unattended monitoring system and six annual "special monitoring visits." During the visits, U.S. officials will "receive and review Russian nuclear material accounting and shipping documents, observe HEU processing firsthand, perform measurements to confirm that HEU is weapons grade, and retrieve data from the U.S.-designed Blend Down Monitoring System," the NNSA said in a statement. "The Transparency Monitoring Office has served a unique and important role as the first and only permanent U.S. monitoring presence in a Russian nuclear material processing

facility," NNSA Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said in a statement. "TMO monitoring activities have been highly successful, confirming the elimination of thousands of weapons worth of HEU. We are very pleased that NNSA and Rosatom have successfully transitioned from the need for a continuous in-person monitoring presence to periodic monitoring visits supplemented by data from our continuous, unattended measurement systems. This innovative technical approach makes monitoring in Russia more efficient while achieving cost savings for the U.S. taxpayer."

Lassina Zerbo, a diplomat from Burkina Faso, will take over as the head of the Comprehensive Nuclear Test-Ban Treaty Organization starting next August. Zerbo bested four other candidates in four rounds of elections yesterday to become the organization's next executive secretary, taking over for Hungary's Tibor Tóth. Tóth has headed up the CTBTO since August of 2005 and said earlier this year that he would leave the organization on July 31, 2013. Zerbo has headed up the CTBTO's International Data Centre Division since November of 2004. A geophysicist by training, he worked in academia in France and Canada and was a manager at several international mining companies, including Anglo American, before joining the CTBTO. Zerbo beat out Mongolia's Jargalsaikhan Enkhsaikhan, Chile's Alfredo Alejandro Labbe Villa, Libran Cabactulan of The Philippines, and Hein Haak of The Netherlands. The CTBTO was formed to establish the monitoring system that will eventually form the backbone of the Comprehensive Test-Ban Treaty, which has been signed by 183 countries but won't enter force until it is ratified by eight key countries, including the United States. The monitoring system is nearing completion, with 287 of 337 planned facilities up and running. ■

Calendar

October

- 30 Discussion: "The Cuban Missile Crisis: Fifty Years On," Rose Gottemoeller, Acting Undersecretary of State for Arms Control and International Security, and Sergei Kislyak, Russian ambassador to the United States, George Washington University, Harry Harding Auditorium, Room 213, 1957 E St., NW, Washington, D.C., 6-8 p.m.
- 31 Discussion: "Strengthening the Global Partnership Against the Spread of WMD," Bonnie Jenkins, State Department Coordinator for Threat Reduction Programs, Hudson Institute, Sixth Floor, 1015 15th St., NW, Washington, D.C., 10-11:30 a.m.

November

- 6-8 Conference: 13th Annual Business Opportunities Conference; Knoxville Convention Center, Knoxville, Tenn.; Hosted by the Energy, Technology, and Environmental Business Association (ETEBA); Information: www.eteba.org.
- 7 Speech: Lawrence Livermore National Laboratory Director Parney Albright, Part of the Insights and Innovations Dean's Speaker Series at George Washington University's Virginia Science and Technology Campus, Exploration Hall, 20101 Academic Way in Ashburn, Va., 6 p.m. Info: <http://mediarelations.gwu.edu/george-washington-university-alumnus-and-director-lawrence-livermore-national-laboratory-penrose>

22-23 EM PUBLS CLOSED FOR THANKSGIVING

29 Conference: "Doomsday Clock Symposium," Bulletin of the Atomic Scientists, American Association for the Advancement of Science, 1200 New York Ave., NW, Washington, D.C., 9 a.m.-7:30 p.m.

December

4-6 Meeting: 2012 EFCOG Semi-Annual Meeting, U.S. Dept of Energy, Forrestal Building, Washington, DC; Contact: *Efcog@gmail.com*.

24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

January 2013

21 EM PUBLS CLOSED FOR MLK DAY

February

18 EM PUBLS CLOSED FOR PRESIDENT'S DAY

19-22

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May

13-16

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27 EM PUBLS CLOSED FOR MEMORIAL DAY

July

4 EM PUBLS CLOSED FOR INDEPENDENCE DAY

September

21 EM PUBLS CLOSED FOR LABOR DAY

November

28-29 EM PUBLS CLOSED FOR THANKSGIVING

December

23-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

Nuclear Weapons & Materials Monitor is a weekly (50 issues a year) publication devoted to covering all the activities of the U.S. National Nuclear Security Administration, including modernization of the weapons complex, weapons dismantlement, nuclear deterrence, the weapons laboratories and nonproliferation. Also includes insight on programs with Russia and other nuclear states.

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MONITOR

NUCLEAR WEAPONS & MATERIALS

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Volume 16 No. 44

November 2, 2012

— INSIDE HIGHLIGHTS —

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The Metal Trades Department of the AFL-CIO is appealing a decision by the NNSA to separate maintenance on Office of Secure Transportation vehicles from the Y-12 National Security Complex management and operating contract and award it to a company without a collective bargaining agreement with the union. 2

DOE’s Inspector General this week questioned claims by former Y-12 protective force contractor WSI-Oak Ridge that its officers hadn’t knowingly cheated by circulating testing materials in the wake of an unprecedented security breach at the Y-12 National Security Complex. 3

A history of lax work procedures at Los Alamos National Laboratory’s Neutron Science Center contributed to an incident in August that led to 30 workers being contaminated with radioactive Technetium-99 and was “completely preventable,” according to a Federal Accident Investigation commissioned by the NNSA. 4

Procurement Tracker 5

Two nuclear watchdog groups are calling for NNSA chief Tom D’Agostino to resign in the wake of the agency’s latest black eye: news that a security upgrade at Los Alamos will be delayed and cost tens of millions of dollars more than expected due to construction problems. 6

B&W Y-12 has completely absorbed terminated protective force contractor WSI-Oak Ridge, hiring more than 560 former WSI-Oak Ridge employees. 7

The NNSA said this week that it has saved \$519.3 million over the last five years through a strategic sourcing initiative, including \$157.3 million in Fiscal Year 2012. 8

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NNSA PICKS EIGHT TEAMS FOR TECHNICAL SUPPORT SERVICES BPA

The National Nuclear Security Administration this week picked eight teams for its follow-on technical services blanket purchase agreement, notably increasing the pool of contractors that will compete for task orders under the umbrella ordering agreement. The list of awardees includes teams led by a mix of companies both new and familiar to the BPA. Mele Associates, the most successful contractor under the previous BPA, is the lone team to repeat as a team lead, while TechSource, Inc., Link Technologies, Inc., and Vector Resources all stepped up to lead teams this time around after previously serving as secondary members of teams. Teams led by Longenecker & Associates, Corporate Allocation Services, Street Legal Industries and Trinity Applied Strategies Corporation also were selected for the contract after not playing a part on any team during the last go-around.

The contract has a ceiling of \$300 million and is open to all portions of the Department of Energy and not just the NNSA, and could include tasks for nuclear engineering subject matter expertise and analytical support, training support, security management support, weapons data access system programmatic support, aviation operations support, nuclear nonproliferation, emergency operations support, and environmental management. The five-year contract will run through Oct. 31, 2017. Five Team Leads were selected for the BPA when the contract was last competed, but at least two of the Team Leads bowed out of competition this time around. Chenega Corporation, which bought Team Lead Time Solutions Corporation, said it would not bid for the new BPA, while Northrop Grumman's interest in the opportunity also waned as it was the only large business Team Lead selected for the contract five years ago—and the only team not to win any task orders. In addition to Navarro, Systematic Management

Services and Navarro Research and Engineering also led teams under the previous contract.

—Todd Jacobson

UNION FIGHTING MOVE TO CARVE OUT WORK FROM Y-12 M&O CONTRACT

Metal Trades Department of AFL-CIO Appeals Move to Award Oak Ridge OST Work to Non-Union Company

The Metal Trades Department of the AFL-CIO is appealing a decision by the National Nuclear Security Administration to separate maintenance on Office of Secure Transportation vehicles from the Y-12 National Security Complex management and operating contract and award it to a company without a collective bargaining agreement with the union. Skookum Contract Services, a Bremerton, Wash.-based company, took over management of the OST's Vehicle Maintenance Facility and Mobile Electronic Maintenance Facility along with facility, grounds and janitorial maintenance services at OST facilities in Oak Ridge this month. Metal Trades Department officials, along with officials from the Atomic Trades and Labor Council in Oak Ridge, have argued that the award goes against service contract regulations that require successor companies to pay the same wages and benefits, weakens security at the facility, and threatens the strength of the Oak Ridge union. "It's a fairly small group but it's not the size of the group. It is the precedent that it sets," Metal Trades Department President Ron Ault told *NW&M Monitor*. "Once you get that camel's nose under the tent, once that snowball starts melting, it melts at a very fast pace."

The NNSA awarded the contract to Skookum in July as part of the AbilityOne program, a government initiative to help workers that are blind or severely disabled work with the federal government. The NNSA did not provide details of the contract, but said it began looking to move the OST

ExchangeMonitor Publications' Nuclear Team (*WC Monitor, NW&M Monitor, RW Monitor*)

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maintenance work from B&W to a qualified small business in 2011. NNSA spokesman Al Stotts said the decision to shift contractors was an “operational choice.” A Skookum publication indicated that 57 Skookum employees began work at the Oak Ridge OST facilities Oct. 1. Steve Jones, the President of Oak Ridge’s Atomic Trades and Labor Council, said 12 union employees were displaced as a result of the new contract and had been temporarily reassigned within B&W Y-12. He said if those employees did not find permanent positions within 12 weeks, they would have to be laid off. Several other union employees left the union and were hired by Skookum, Jones said. B&W Y-12 spokeswoman Ellen Boatner confirmed that the union workers formerly employed at the OST facilities had been transferred to other jobs.

Union Takes Aim at Decreased Wages, Benefits

The new employees receive substantially less wages and benefits than union members and require less-stringent security clearances, according to union officials. “Right now they’re employees at will,” Ault said. “They have no rights and their wages were cut almost 45 percent. They came in at low-ball wages. When you’ve got these specialized, one-of-a-kind national security vehicles that transport nuclear materials and nuclear warheads and those kinds of things and you’ve got Walmart auto mechanics working on them, it doesn’t make sense.” Union officials said the contract had been within the M&O scope at Y-12 for decades. “The institutional knowledge of those vehicles, the one-of-a-kind engines, the transmissions—if you haven’t been working there 20 years on those vehicles, ‘Good luck pal.’” Skookum did not respond to a request for comment.

Jones said that the ATLC has agreements with nine Oak Ridge contractors, and he said they would be interested in establishing an agreement with Skookum. However, he said that Skookum’s contract does not require them to enter into an agreement with the union. He said he worried that the agency could look to carve out other work at Y-12 or other parts of Oak Ridge, calling the move “an attack” on the union in a Sept. 18 letter to Energy Secretary Steven Chu obtained by *NW&M Monitor*. “In our eyes it’s union-busting,” Jones said. “When you take scope of work that union folks are doing and you make it non-union, I don’t see how else you can say it’s anything other than that.” Stotts said NNSA would be supportive if Skookum employees wanted to unionize. “All new contract employees are empowered under the National Labor Relations Act to join a union, and we stand ready and willing to help facilitate that access,” Stotts said.

ATLC Vice President Mike Thompson said it’s typical for the union to negotiate with successor contractors. “Any

other scope that we face with subcontracting or dividing up, there is always the successor contractor that has been told you need to sit down with the union, in EM [DOE’s Office of Environmental Management] and things like that,” Thompson said. “With this particular scope there was no mention of talking to the union. That leaves us with grave concerns that they’ll start eliminating scope out on a continuing basis and eliminate us.” Jones and Thompson said they specifically worried about lowering the threshold for workers to obtain security clearances, which is an issue that has taken on increased importance in Oak Ridge after the July 28 security breach at Y-12. “For them to reduce the clearances, it makes our head spin with all the security concerns and the situation that we’ve been in,” Jones said. Stotts said that an OST review of the necessary classification levels for the vehicle maintenance work revealed that it was appropriate to move to require L clearances rather than Q clearances. “Therefore, OST could not justify the added expense of obtaining and maintaining a Q clearance for these employees,” Stotts said. “A Q is not required to perform the work tasked in this contract.”

—Todd Jacobson

DOE IG CRITICIZES WSI-OAK RIDGE FOR DISTRIBUTION OF TESTING MATERIALS

The Department of Energy Inspector General this week questioned claims by former Y-12 protective force contractor WSI-Oak Ridge that its officers hadn’t knowingly cheated by circulating testing materials in the wake of an unprecedented security breach at the Y-12 National Security Complex. In a report released this week, the IG concluded that even though it did not have evidence to contradict the company’s claims, WSI-Oak Ridge’s actions “demonstrated a lack of due care and negligence” that the IG found “inexplicable and inexcusable.” As previously reported, DOE’s Office of Health, Safety and Security on Aug. 29 found in a WSI-Oak Ridge protective force vehicle copies of a test that was to be administered to select Y-12 guards the following day, forcing HSS to suspend the tests and rewrite its questions.

WSI-Oak Ridge said it found no evidence of cheating in an internal investigation and said the tests were unknowingly distributed as a training aid. But in its “special report,” the IG questioned WSI-Oak Ridge’s credibility and said the National Nuclear Security Administration’s “eyes on, hands off” governance structure contributed to an over-reliance on contractor officials to review the tests. “In this case, harm was averted by mere happenstance when the compromised testing material was discovered prior to the time the test was actually administered,” IG Gregory Friedman wrote. “Based on disclosures by contractor

officials, there is also a possibility that compromises of test materials may have occurred at other sites without discovery. Security of the Nation's most sensitive nuclear material storage and processing facilities must not be left to chance." WSI-Oak Ridge declined to comment on the report.

Review Leads to Widespread Distribution

When DOE's Office of Health, Safety and Security conducts inspections—as it did at Y-12 after three elderly protesters accessed the most secure areas of the site in an early-morning July 28 incident—it is common practice to provide federal and contractor officials designated as "trusted agents" with copies of the tests for advance review. In preparing general knowledge tests of Y-12's guards, HSS told the IG that it sent advance copies of a test to site contractor B&W Y-12 and the NNSA Production Office so that it could be reviewed for accuracy. B&W Y-12 forwarded it to a WSI-Oak Ridge manager, who had not been designated as a trusted agent, for comment, and that manager forwarded it to two other protective force officers. "By the next day, the test material appears to have lost its identity and wide spread distribution began," the IG said. The test was mentioned at a daily planning meeting as "job knowledge questions" and made its way to other protective force managers across the site. "One of those Lieutenants in turn made copies for distribution to the SPOs and further forwarded the test to his subordinates," the IG said. "One of those individuals then passed the email attachments to the official in whose patrol vehicle the test was ultimately found."

DOE IG Gregory Friedman said that because federal security officials at the sites "often lack details knowledge regarding security and Protective Force operations that is needed in the execution of contractor knowledge tests," contractor officials were needed to review the materials. He noted that the materials were clearly marked as tests and had been distributed to "trusted agents" through encrypted emails. However, protective force supervisors told the IG that they had not noticed the test markings. "We found this purported lack of attention not to be credible," the IG wrote. In an August interview with *NW&M Monitor*, Bill Eckroade, the principal deputy chief for Mission Support Operations at HSS and the head of the Y-12 investigation, suggested it was widely understood that the testing materials were not to be distributed. "It's a tight community. You know if you're getting inspected by HSS you are going to have knowledge tests," Eckroade said. "This is sensitive information; you don't go then train to the test. You can do preparation materials on your own but you don't train to the test. Clearly that was inappropriate to the extent that they were used, which we're not sure." The Y-12 incident, however, did not appear to be an

isolated case. The IG noted that a B&W Y-12 official that serves at another "high-security Department site" said he had "taken similar actions to coordinate inspection-related materials with Protective Force management prior to administration while serving at the other site."

Email Suggests Sensitivity of Documents

A subsequent email from a WSI official seemed to suggest knowledge of the sensitivity of the materials. "It would not be a good idea for these to be left lying around or for a SPO [Security Police Officer] to have these in hand during an audit," the officer wrote. That officer was subsequently fired by WSI-Oak Ridge when officials discovered that one version of the email submitted to site contractor B&W Y-12 in response to a cure notice omitted the phrase "or for a SPO to have these in hand during an audit." The IG said that it was unable to "conclusively discern" whether the two emails represented an administrative error or an attempt at a cover up. The IG said the author of the email said he worried the email would be misunderstood and debated altering it, ultimately deciding against doing so. But the IG said the officer said he accidentally submitted the altered email to WSI, and contacted WSI's general counsel and the Inspector General hours after realizing his mistake. The IG said that WSI fired the officer "because it believed that the Officer had been less than truthful regarding statements made about the email discrepancy."

NNSA Governance Model Criticized

The IG suggested that some of the problems could have been avoided if the government had not been so reliant on contractors to review the tests. The IG said that the "cognizant Federal security official at Y-12" said it was not his role to provide input on the test, but the IG said that "the lack of in-depth security knowledge and involvement of Federal oversight officials" helped create an environment that required HSS to allow contractors to review the testing materials. "In our view, Federal officials should have an active role in reviewing, commenting and controlling testing material," the IG said. "The use of contractors is not an optimal situation and, if necessary because of gaps in coverage by Federal officials, should be minimized and tightly controlled." In an Oct. 25 response to a draft version of the IG report, NNSA Administrator Tom D'Agostino said the agency plans to shore up its processes and controls to prevent future slip-ups, but he took issue with the IG's characterization of NNSA oversight among the problems that contributed to the release of the information. "The issue is not the release of the testing material to the contractor's Trusted Agents, but the abuse of discretion

NUCLEAR WEAPONS & MATERIALS MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|---|---|---|------------------------------------|--------------------------|--|---|
| NATIONAL LABORATORIES Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | Request for Information on consolidating all or part of Sandia contract with Kansas City contract issued Aug. 8. Comments were due Sept. 6. | Undetermined | Unrestricted | Laboratory Management | NNSA official Ike White leading acquisition strategy team. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Nov. 30, 2012 , with four more one-month options. SRS tritium currently part of Savannah River Nuclear Solutions contract. | Y-12, Pantex protective force work added to contract in Aug. 17 amendment. New proposals submitted Sept. 5. | Undetermined | Full and Open | Management and Operation | NNSA issued additional questions to bidders Oct. 23. Answers due by Nov. 7. Award now expected before Dec. 13. |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expired Sept. 28, 2012, though work under existing award is continuing. | Eight teams selected for contract Nov. 1. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |
| OAK RIDGE RESERVATION Oak Ridge Security | Oak Ridge contract held by WSI extended through end of November 2012. | Y-12, Pantex protective force work stripped from planned contract to consolidate security work. Amended RFP issued Sept. 13. Bids submitted Oct. 19. | Undetermined | Full and Open | Security Services | |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | DOE considering cancelling project. |
| MISC. SITES/PROJECTS Legacy Management Supportive Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | S.M. Stoller's current contract extended for up to six months. |
| Paducah Environmental Technical Services | N/A | Request for Quotations issued Aug. 13, 2012. | 5 years/ \$24.5 million | Small Business Set-Aside | Support Services | |
| Portsmouth Environmental Technical Services | Contract held by Restoration Services, Inc. set to expire by Sept. 30, 2013. | Final Request for Proposals issued Aug. 21, 2012. Bids due by Oct. 18, 2012. | 5 years/ \$65 million | Small Business Set-Aside | Support Services | |

(or disregard of controls on further distribution) on the Contractor's part in releasing the materials to a broader group of employees," D'Agostino wrote.

DOE HSS chief Glenn Podonsky said in a response to the report that HSS had implemented new processes for validating the content of test materials during an inspection at Oak Ridge National Laboratory, meeting with trusted agents in person and leaving no copies of the materials with site personnel. In its inspection activities at Y-12 after some of its materials were compromised, Podonsky said materials were provided via email using encryption features requiring an electronic signature and preventing the email from being forwarded. "In both cases, the test materials were also clearly marked for trusted agent use only and not to be disseminated. HSS will continue these practices for all future inspections and the practices will be institutionalized in a pending revision to the HSS Office of Security and Cyber Evaluations Appraisal Process Guide," Podonsky wrote.

—Todd Jacobson

PROBE OF Tc-99 CONTAMINATION RAPS LANL FOR SAFETY PROCEDURES

A history of lax work procedures at Los Alamos National Laboratory's Neutron Science Center contributed to an incident in August that led to 30 workers being contaminated with radioactive Technetium-99 and was "completely preventable," according to a Federal Accident Investigation commissioned by the National Nuclear Security Administration. The 116-page report, completed last month and obtained by *NW&M Monitor*, describes a culture of lax adherence to typical safety procedures that included insufficient labeling of samples and poor record keeping that ultimately led a technician at the facility to unknowingly reuse a canister that had contained radioactive Technetium-99. The reused canister proved to be the source of the contamination. "Given these conditions . . . an accident of this type was inevitable and not attributable to the actions of any single individual," the Federal Accident Investigation report said. "Rather, the accident was the result of management conditions and routine practices—developed over years—that were incompatible with a non-routine hazard."

The report noted that three canisters involved in the incident had not been labeled as being hazardous or radioactive when they were packaged at the University of Nevada, Las Vegas and shipped to Los Alamos for an experiment, though the shipping containers and packaging noted that radioactive material was contained inside. The report indicated that Los Alamos officials assumed that the

canisters would be irradiated and not opened, but lab officials lost track of one of the three canisters containing Lutetium Technetate after it was irradiated in January. In August, an instrument operator performing a procedure to align an experimental apparatus at the facility somehow obtained parts of the canister, which was later determined to be contaminated with Technetium-99. "Because it was only marked 'Lu,' someone looking at the third sample canister, separated from its paperwork, would probably have surmised that it contained Lutetium, which (if not activated) is a mostly nonradioactive element that may be harmful if inhaled but that otherwise has low toxicity," the report said.

According to the report, it was common for containers believed to be non-hazardous to be reused. Additionally, sample preparation involving materials believed to be non-hazardous typically did not occur in a glovebox, contrary to normal procedures. The report also said it was common for canisters to be separated from paperwork containing information about their origin. "Clear, simple, and reliable engineered controls can ensure positive identification, awareness, and control of hazardous or intrinsically radioactive materials, and prevent uninformed opening of canisters that should not be opened," the report said. "Appropriate oversight focus can more systematically sample facility operations to provide a positive assurance that adequate management processes are being followed."

Report: 30 Workers Contaminated

According to the report, 30 workers were contaminated during the incident, including five individuals with skin contamination and 25 employees with contamination on personal clothing or items. The lab initially said 19 employees were contaminated in the event. The report did not fully investigate the extent of off-site contamination or doses to workers, though it said no dose was expected to exceed 1 millirem, which it said is well below the typical does a person living in the United States would receive in a year through routine natural and manmade sources. In a statement, lab spokesman Fred DeSousa said that the lab is performing an internal follow-up investigation and is developing a corrective action plan. "Although the contamination never posed a public health hazard, the deficiencies that led to the accident are not acceptable," DeSousa said. "Safety of our workers and the public is our highest priority. We can and must do better. We will take the actions necessary to correct the deficiencies and prevent a recurrence."

The contamination involved beta radiation, which comes from "low-power, fast-moving electrons that can travel through several feet of air, but are generally stopped by clothing and skin," the lab said in August. "Beta emitters

occur naturally in the environment, and this incident involved approximately the same radiation levels that occur naturally in bricks or stone flooring in the Southwest.” The lab said decontamination practices involve washing with soap and water. A lab spokesman said the lab determined in August that some of the workers did travel by air after the incident, but surveys of their clothes and bags “have given us assurance there has not been contamination to airlines or those traveling on airlines,” the spokesperson said.

—*Todd Jacobson*

NUCLEAR WATCHDOG GROUPS CALL FOR RESIGNATION OF NNSA ADMINISTRATOR

Two nuclear watchdog groups are calling for National Nuclear Security Administration chief Tom D’Agostino to resign in the wake of the agency’s latest black eye: news that a security upgrade at Los Alamos National Laboratory will be delayed and cost tens of millions of dollars more than expected due to construction problems. The incident comes on the heels of a tough year for the agency that has included the embarrassing security breach at Y-12, a redesign for the Uranium Processing Facility, cost increases for the B61 life extension program and the Mixed Oxide Fuel Fabrication Facility, and the deferral of construction on the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos. Project on Government Oversight Senior Investigator Peter Stockton noted in a statement late last week that former NNSA Administrator Linton Brooks stepped down after a series of embarrassing security breaches. “How many strikes does Tom D’Agostino, current head of the NNSA, get before he’s called out and fired?” Stockton said.

Nuclear Watch New Mexico Director Jay Coghlan was more pointed in criticizing D’Agostino. “We call on NNSA Administrator Tom D’Agostino to step down given the agency’s chronic failures across the national nuclear weapons complex,” Coghlan said. “And if he doesn’t do the right thing and resign then we call upon the incoming president to NOT reappoint Mr. D’Agostino for more failed leadership of a dysfunctional agency.” NNSA spokesman Josh McConaha declined to comment on the calls for D’Agostino’s resignation.

Lawmakers Call for Accountability, Not Specific Jobs

The NNSA’s problems drove Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, to draft reform legislation earlier this year that would increase the autonomy of the agency, reduce directives and regulations and eliminate

oversight of the agency by DOE’s Office of Health, Safety and Security, and after the Y-12 security breach, Turner introduced legislation that would have the military provide security at weapons complex sites. And while Turner and other lawmakers have called for increased accountability at the agency for the Y-12 security breach, no lawmaker has outright called for D’Agostino or other senior NNSA leaders to resign. Turner likened the security breach to the unauthorized transport of nuclear warheads on the wing of an Air Force bomber in 2007 and the Air Force’s mis-shipment of nuclear weapons components to Taiwan in 2008, which led former Defense Secretary Robert Gates to remove the secretary and chief of staff of the Air Force.

While contractor officials have lost their jobs, Defense Nuclear Security chief Doug Fremont is the highest ranking NNSA official to be moved out of his position; he was temporarily reassigned while investigations of the incident occurred. “As the Y-12 investigations proceed, I expect to see similarly strong action with regards to the July 28 incident and the leadership, management, and oversight failures that enabled it to occur,” Turner said during a subcommittee hearing in September. Later, he told *NW&M Monitor* that “people need to lose their jobs and the culture needs to change,” adding: “There were people who knew that the security systems in place had failed: That cameras were not working, that sensors were giving false positives, that personnel were inadequately trained. Clearly they were not prepared. They weren’t prepared for a nun. Imagine if they had really been under attack.”

POGO: Why Wasn’t NNSA Oversight Stronger?

The NNSA’s latest issues involve botched upgrades to Los Alamos’ security system, and POGO’s Stockton applauded the NNSA for plans to hold contractors involved in botched construction on a \$213 million project to upgrade Los Alamos’ security system but questioned why NNSA oversight on the project wasn’t stronger. “Apparently, the NNSA had warned the contractor, Los Alamos National Security, as early as 2010 that the security project was likely to be completed late and over budget,” Stockton said. “The apparent incompetence of the contractors is appalling. Still, we’re concerned that the NNSA didn’t exercise enough oversight along the way. How did the project get this far and this over-budget when the NNSA has an office on site at Los Alamos that is supposed to be overseeing the contractor?” Los Alamos National Laboratory responded this week to a demand letter from NNSA, but has declined to make its response available or comment on the document. “We continue to work with the government to come to a cost-effective solution as quickly as pos-

sible,” Los Alamos spokesman Fred DeSousa said in a statement.

—*Todd Jacobson*

B&W Y-12 COMPLETES TAKEOVER OF Y-12 PROTECTIVE FORCE WORK FROM WSI

B&W Y-12 has completely absorbed terminated protective force contractor WSI-Oak Ridge, hiring more than 560 former WSI-Oak Ridge employees. B&W Y-12 fired WSI-Oak Ridge at the behest of the National Nuclear Security Administration late last month, and has spent the last four weeks hiring guards and support personnel. The NNSA assigned WSI-Oak Ridge’s protective force contract to B&W Y-12 in the days after the July 28 security breach at Y-12. “The transition from WSI Oak Ridge to B&W Y-12 has gone very smoothly, and we welcome these new employees to the company,” retired Brig. Gen. Rod Johnson, B&W Y-12’s Deputy General Manager for Security, said in a statement. “We’ve already seen improvements in security performance following previously announced contracting changes, and we believe we’ll see additional successes with the protective force fully integrated into B&W Y-12.” WSI-Oak Ridge spokeswoman Courtney Henry said that the transition included some managers from WSI-Oak Ridge. “I appreciate the hard work and dedication demonstrated by all our employees,” WSI-Oak Ridge General Manager Steve Hafner said in a statement. “I am happy that so many employees successfully transitioned to B&W Y-12 and proud to report that every WSI Oak Ridge employee has a position.”

Hafner to Oversee DOE Work for G4S

G4S Government Solutions, the parent company of WSI-Oak Ridge, also said this week that Hafner, who had been brought in from Hanford’s Mission Support Alliance to head up security at Y-12 after the breach, would oversee G4S’ Department of Energy work and would serve as the company’s chief operating officer for DOE operations. In heading up the company’s DOE work, Hafner assumes the role of John Bursleson, who was reassigned after the security breach. WSI-Oak Ridge spokeswoman Courtney Henry said that a deputy that will report to Hafner will be named to oversee G4S’ West Coast operations while Hafner will be directly responsible for the company’s East

Coast work. Hafner will also remain as the general manager of WSI’s Oak Ridge work, and is heading up the company’s bid to hold onto non-Y-12 protective force work in Oak Ridge, which includes work at Oak Ridge National Laboratory, other federal facilities in Oak Ridge, and the East Tennessee Technology Park. Bids were submitted for that contract Oct. 19. “I’ve had the honor of serving alongside Steve in various capacities and witnessing his proven record of helping both the government and private industry,” G4S GS Chief Executive Officer Paul Donahue said in a statement. “He is a terrific asset to the government, and to the company, and we’re excited about this new position, its opportunities and about Steve’s innate ability to take care of people.”

—*Todd Jacobson*

NNSA TOUTS STRATEGIC SAVINGS OF \$519.3 MILLION OVER LAST FIVE YEARS

The National Nuclear Security Administration said this week that it has saved \$519.3 million over the last five years through a strategic sourcing initiative, including \$157.3 million in Fiscal Year 2012. The agency said that the majority of the savings came through its Supply Chain Management Center, which since its creation 2006 has coordinated purchasing across the weapons complex in order to reduce costs. During Fiscal Year 2012, savings through the SCMC actually dipped to \$74.2 million, down from \$106.6 million in FY 2011. At the same time, strategic savings through multi-site agreements outside the center almost doubled, rising to \$83.2 million in FY 2012 from \$42.6 million in FY 2011.

The agency said it has accelerated use of strategic sourcing since 2010, when Energy Secretary Steven Chu challenged the agency to save \$450 million by 2012. Among the tools used by the SCMC are multi-site commodity contracts, eCatalogues that give contractors across the complex the ability to place orders, and reverse auctions that drive down the price of goods by forcing suppliers to lower prices for items. “NNSA is fully committed to the responsible stewardship of our nation’s tax dollars,” NNSA Associate Administrator for Acquisition and Project Management Bob Raines said in a statement. “Given the current budget environment, we are making every effort to increase our spending power by taking a common sense approach to saving taxpayer money across our enterprise.”

—*Todd Jacobson*

At the Weapons Labs/DOE Sites

AT LIVERMORE NNSA RELEASES SOLICITATION FOR SOLAR ARRAY AT LAB

The Department of Energy wants to bring solar energy to Lawrence Livermore National Laboratory, and it's seeking a company to build a solar photovoltaic system at the lab. DOE this week released a solicitation seeking a developer to design, finance, build, operate and maintain the system for at least 20 years. The Western Area Power Administration would purchase the power generated from the system on behalf of DOE and the National Nuclear Security Administration. In the solicitation, DOE said the system

would be built on approximately 10 acres of DOE-owned property in the northwest buffer zone near the lab's West Gate Badge Office. According to the laboratory, a "pre-feasibility evaluation" determined that a solar array of about 2-5 megawatts could be built. A pre-proposal site visit will be held Nov. 13, and proposals are due by 4 p.m. Pacific Time Jan. 18, 2003. Questions about the solicitation are due Nov. 30, 2012, and can be submitted to llnsolarproposals@nnsa.doe.gov.

AT LOS ALAMOS LAB FACING \$168,750 FINE FOR ELECTRICAL SAFETY INCIDENTS

Los Alamos National Laboratory contractor Los Alamos National Security LLC is facing a \$168,750 fine for worker safety and health violations stemming from four electrical safety-related incidents from October 2010 to January 2011. There were no serious injuries as a result of the incidents, which included a high voltage electrical shock during maintenance on an uninterruptible power supply and several near-misses, but the NNSA said in a Preliminary Notice of Violation released late last week that the incidents were preventable and that the lab "missed several opportunities to recognize and control workplace hazards consistent with the LANL integrated work management process." In addition to the electrical shock involving a subcontractor employee, the NNSA said a lab worker crossed an arc-flash boundary without personal protective equipment to repair a malfunctioning crane disconnect switch that was not in safe work mode, two lab workers drilled holes near high voltage power lines, and a subcontractor employee failed to account for electrical hazards while working on a malfunctioning lighting inverter in the lab's Radiological Laboratory/Utility/Office Building (RLUOB).

The NNSA said it reduced the amount of the fine as a result of corrective actions put in place after the incidents. "Nothing is more important than the safety of the Laboratory's workforce," LANL spokesman Kevin Roark said in a statement. "Laboratory managers and employees are committed to performing all our work, including electrical work safely, regardless of whether it is associated with construction, maintenance, or part of a research and development (R&D) programs. . . . The Laboratory's goal is to identify and control hazards throughout all our functions and appropriately engage workers and management. Our goal is to operate within defined safety envelopes with well understood risks, hazards, and controls for each activity, and provide for the dynamic nature of our work." The NNSA also chastised subcontractor On Computer Services for poor work planning involved in the Jan. 27 electrical shock incident and subcontractor Controlled Power Company for the Jan. 18, 2011 near-miss at the LANL's Radiological Laboratory/Utility/Office Building, but did not fine the companies.

AT OAK RIDGE UPF OFFICIALS AIM FOR HIGH LEVELS OF CONTINGENCY FUNDING

Uranium Processing Facility Federal Project Director John Eschenberg said the facility needs to maintain 50 percent contingency funding—or at the very least, 30 percent—in order to move forward in an optimum manner on what he called a first-of-its-kind nuclear facility. The UPF project is getting even more scrutiny with the acknowledgment that the structure will have to be redesigned because the initial effort could not accommodate all the necessary equipment. Eschenberg said it's important to be up-front and truthful about the difficulties. "What we found in building these pioneering plants is that at the onset to be very successful we have to be honest and forthright about what these plants are really going to cost," Eschenberg said. "We have to understand with certainty what the detailed design looks like. We cannot short-sheet ourselves

on design. We have to have a very mature design by which we will build our cost estimate and schedule baseline on. And then the third component is you must robustly fund contingency. And, for these large, first-of-a-kind plants, if you go in with anything less than 30 to 50 percent contingency, I think that is less than optimal."

Eschenberg said there are many things that simply cannot be predicted. "We can't predict what the steel market is going to do," he said. "When China hosted the Olympics, the steel cost soared. That was right at the peak buying period for one of our [Department of Energy] projects. If you look at copper and nickel prices out of the Brazilian mines, they are very difficult to predict. There are a number of market conditions, try as we might, that are very

difficult to predict. ... If we want to have a high level of design maturity, those risks are minimized. There are risks that we can control. We want to reserve that full amount of contingency for risk that we cannot control—like market conditions, like bad weather.”

Final Price Tag for Project Still Unclear

While the redesign effort is going to add to the project’s cost, it’s not clear at this point how much that added cost will be, Eschenberg said. According to Eschenberg, based on the top end of the current cost estimate of \$6.5 billion, there would need to be about \$2 billion in contingency. That would be 50 percent what project officials refer to as the “to-go” cost, which is what remains to be done in terms of construction and design. So far, about \$500 million has been spent, Eschenberg said. The resulting “to-go” cost is approximately \$4 billion, leaving about \$2 billion in contingency, he said.

Eschenberg said the priority is conservative decision-making. That’s why he said he’d rather take a blow now

rather than try to make things work in a limited space and find out later it wouldn’t work, forcing a major overhaul after construction is under way. “That’s a discussion I wish never to have,” Eschenberg said. “So, be criticized as we may be today, I think what’s important is these are very difficult decisions to make. They’re very difficult to accept. But the point is today, I—as the person who’s charged with the day-to-day execution for this project—and there are many above who are dedicated to this conservative decision because we don’t want to have to have this discussion in the future as we’re placing concrete.”

Eschenberg, in testimony before the Defense Nuclear Facilities Safety Board on Oct. 2, said a lot of answers about the redesign of UPF would be answered in a few weeks after the engineering reevaluation was completed. Steven Wyatt, a spokesman for the National Nuclear Security Administration, confirmed Nov. 1 that the NNSA had received the “replanning information,” adding, “We are in the process of reviewing it at this time.”

AT OAK RIDGE ORNL OFFICIALS EYE WORLD’S FASTEST SUPERCOMPUTER TITLE

It appears that Oak Ridge National Laboratory may be on the verge of reclaiming title to the world’s fastest computer. The new Top500 supercomputer rankings are due within the next couple of weeks, and ORNL scientific computing chief Jeff Nichols said the lab’s new “Titan” supercomputer—a Cray XK7 system with a hybrid architecture and what’s reported to be unprecedented computing power—should complete its Linpack benchmarking in time to qualify for the new list. Nichols and other Oak Ridge officials would not reveal the new system’s peak capability, except to say it’ll be somewhere north of 20 petaflops, or 20 million billion mathematical calculations per second. Sequoia, an IBM system at Lawrence Livermore National Laboratory, topped the previous list released in June, with a peak capability of slightly more than 16 petaflops. Titan isn’t the only new supercomputer expected to debut on the new list, and it may depend on how far above 20 petaflops it goes as to whether it tops the list. “I’m feeling pretty confident that we’re going to get where we need to be,” Nichols said. “I’m even more excited about the science we’re going to do [with the new machine].”

Titan is a transformed version of Jaguar, which is relying on its new combination of central and graphics processing units—including NVIDIA’s latest Tesla GPUs. The machine is undergoing around-the-clock testing to make sure it’s ready for short term placement on the Top500 list and also to pass final acceptance—whereby the Department of Energy will pay Cray for the machine. There has

been high interest in Titan because of its use of graphics processing units, which grew out of advanced technologies developed for video games, to greatly accelerate the computing power. The 18,688 NVIDIA GPUs will be paired with an equal number of 16-core AMD Opteron CPUs, combining to create far greater capabilities within the same footprint as Jaguar. According to ORNL, Titan will require only slightly more electricity than Jaguar. “Because they handle hundreds of calculations simultaneously, GPUs can go through many more than CPUs in a given time,” ORNL said in a statement. “By relying on its 299,008 CPU cores to guide simulations and allowing its new NVIDIA GPUs to do the heavy lifting, Titan will enable researchers to run scientific calculations with greater speed and accuracy.”

New Computer Has \$100 Million Price Tag

ORNL said the new Titan supercomputer will be used for research on energy sources, climate change, efficient engines, materials and other scientific challenges. Nichols said the Titan system will cost about \$100 million, but he noted that the lab saved about \$20 million by reusing the Jaguar cabinets (with new artwork on the front ones) and maintaining the same power, cooling and support systems. Besides being the Department of Energy’s Leadership Computing Facility, ORNL also hosts top machines for the National Science Foundation and the National Oceanic and Atmospheric Administration. It is the relationship with

NOAA that paid big dividends in the development of Titan.

For the past couple of years, ORNL has hosted NOAA's top supercomputer—Gaea, a Cray machine dedicated exclusively to climate research—as part of a memorandum of understanding to share some research and operations between the institutions. Over the past couple of months, ORNL and NOAA worked out a deal in which NOAA would supplement the lab's DOE funding in order to fully populate the 200 cabinets of Titan with the new GPUs

from NVIDIA. Otherwise, the new computer would probably have topped out at 20 petaflops and probably wouldn't be the world's fastest. NOAA agreed to provide the extra funding in exchange for a certain amount of research time on the new Titan. Nichols confirmed the agreement, but he declined to say how much money NOAA contributed, how many GPUs were acquired or how much time was allocated to NOAA on Titan. He indicated the NOAA contribution was less than 10 percent of the total.

AT OAK RIDGE Y-12 CLEANING TECHNIQUE LICENSED BY KNOXVILLE FIRM

An advanced cleaning technique developed at the Y-12 National Security Complex has been licensed to MK Technologies, an engineering firm in Knoxville, Tenn. Y-12 said the method—known as SimWyPES—is “environmentally friendly” and removes contamination at the nanoscale level. The cleaning technique leaves no residue on cleaned surfaces, the statement said. A variety of items including cloths, swabs, polishers, filters and sponges can

be treated to enhance their cleaning capability. MK plans to start production in 2013, the company said.

Some details of the development of the technique have not been revealed, but Y-12 senior chemist Ron Simandl, who is credited with the invention, said the project was developed to “remove residual amounts of unwanted particulates from dry, solid surfaces.” Among other things, MK plans to use the technology to create more effective filters for medical facilities to help prevent the spread of infection. ■

Wrap Up

ON THE INTERNATIONAL FRONT

Russia has taken back 72.8 kilograms of highly enriched uranium spent fuel from the Institute of Nuclear Physics in Tashkent, Uzbekistan, the National Nuclear Security Administration said this week. The repatriation of the Russian-origin material marked the 50th shipment of nuclear material returned to Russia in a cooperative program with the NNSA's Global Threat Reduction Initiative. The NNSA said since the program began 10 years ago, more than 1,900 kilograms of Russian-origin HEU had been returned to Russia, including the complete removal of material from six countries. The shipment from

Uzbekistan marked the seventh and final load of fuel from the Institute of Nuclear Physics, which the NNSA said is now free of HEU fuel. “We're working to make the world safer every day, and the 50th shipment of HEU under our Russian-origin fuel return program is a major step in achieving President Obama's goal of securing all vulnerable nuclear material in four years,” NNSA Administrator Tom D'Agostino said in a statement. “In the wrong hands this material could be used to make a nuclear weapon. This shipment and our ongoing partnership with Russia demonstrate the positive effect our efforts have on the global effort to secure, consolidate and minimize the use of highly enriched uranium across the globe.” ■

Calendar

November

- 6-8 Conference: 13th Annual Business Opportunities Conference; Knoxville Convention Center, Knoxville, Tenn.; Hosted by the Energy, Technology, and Environmental Business Association (ETEBA); Information: www.eteba.org.
- 7 Speech: Lawrence Livermore National Laboratory Director Parney Albright, Part of the Insights and Innovations Dean's Speaker Series at George Washington University's Virginia Science and Technology Campus, Exploration Hall, 20101 Academic Way in Ashburn, Va., 6 p.m. Info:

<http://mediarelations.gwu.edu/george-washington-university-alumnus-and-director-lawrence-livermore-national-laboratory-penrose>

22-23 EM PUBLS CLOSED FOR THANKSGIVING

29 Conference: “Doomsday Clock Symposium,” Bulletin of the Atomic Scientists, American Association for the Advancement of Science, 1200 New York Ave., NW, Washington, D.C., 9 a.m.-7:30 p.m.

December

4-6 Meeting: 2012 EFCOG Semi-Annual Meeting, U.S. Dept of Energy, Forrestal Building, Washington, DC; Contact: Efcog@gmail.com.

24-Jan. 1 EM PUBS CLOSED FOR HOLIDAYS

January 2013

21 EM PUBS CLOSED FOR MLK DAY

February

18 EM PUBS CLOSED FOR PRESIDENT'S DAY

19-22

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27 EM PUBS CLOSED FOR MEMORIAL DAY

July

4 EM PUBS CLOSED FOR INDEPENDENCE DAY

September

21 EM PUBS CLOSED FOR LABOR DAY

November

28-29 EM PUBS CLOSED FOR THANKSGIVING

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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NUCLEAR WEAPONS & MATERIALS

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Volume 16 No. 45

November 9, 2012

— *INSIDE HIGHLIGHTS* —

The NNSA’s latest Weapon Design and Cost Report underestimates by 69 percent the cost of the B61 Life Extension Program, according to a Pentagon analysis of the refurbishment program. 2

Efforts to redesign the Uranium Processing Facility to accommodate all of the equipment needed for the facility are not expected to force the project to breach its \$6.5 billion cost ceiling estimate, according to Federal Project Director John Eschenberg, who said this week that he has brought in an outside team to analyze the current redesign plans. 4

B&W Y-12, under fire for its role in the July 28 security breach at the Y-12 National Security Complex, told the NNSA in a September response to the agency’s show-cause notice that its failures during the incident did not justify a decision to sever its management and operating contract at the site, laying most of the blame on protective force contractor WSI-Oak Ridge. 5

The botched security upgrade project at Los Alamos National Laboratory is expected to cost \$41 million more to finish than previously anticipated and the laboratory is bringing in three top Bechtel project officials to help complete the stalled effort, laboratory Director Charlie McMillan said this week in a memo to employees. 7

The NNSA’s decision to select eight teams for its follow-on technical services blanket purchase agreement is expected to help shore up its base of support contractors, but some industry officials are worried that the large number of teams involved could slow the procurement process down. 8

Former Nuclear Regulatory Commission Chairman Richard Meserve and retired Air Force Maj. Gen. Donald Alston are joining retired Lockheed Martin CEO Norm Augustine on a panel formed by Energy Secretary Steven Chu to analyze DOE’s model for protecting nuclear materials across the weapons complex. 10

Babcock & Wilcox is bracing for the financial impact of the July 28 security breach at the Y-12 National Security Complex, senior company leaders told investors this week in an earnings call. 10

The NNSA has deferred construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility, but a group of 46 activist organizations that supported that decision is urging the agency to shelve a “Plan B” that would include shipping plutonium pits from Los Alamos National Laboratory to Livermore for environmental testing. 11

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PENTAGON COST ASSESSMENT RAISES QUESTIONS ABOUT NNSA B61 PLANNING

The National Nuclear Security Administration’s latest Weapon Design and Cost Report (WDCR) underestimates by 69 percent the cost of the B61 Life Extension Program, according to a summary of an analysis by the Pentagon’s Office of Cost Assessment and Program Evaluation (CAPE) obtained by *NW&M Monitor*. The NNSA’s latest WDCR puts the cost at \$6.8 billion, including the \$300 million spent previously on the program. The Pentagon CAPE team estimated the likely cost at \$10.8 billion. The Pentagon analysis also concludes the NNSA has been too optimistic about how long the work will take. Rather than completing a First Production Unit in 2019, as NNSA has said it intends, it is more likely the FPU will not happen until Fiscal Year 2022, according to the CAPE. Keeping up with the necessary work will likely require an extra \$1 billion per year in the near term, beginning in the current fiscal year, the CAPE concluded.

The top line number in the CAPE analysis has been discussed previously, having been revealed in July by Sen. Dianne Feinstein (D-Calif.). But the report on the CAPE’s conclusions offers new insight into why the Pentagon cost estimate is so at odds with NNSA’s own internal analysis. Its revelation comes as NNSA is scrambling to get a lid on the B61 project’s costs in a time of growing scrutiny from Congress and the Pentagon over the nuclear weapons agency’s project management problems.

CAPE Critical of NNSA Planning

NNSA spokesman Josh McConaha said in a statement that the CAPE’s work would be incorporated in a review of the B61 project currently underway. “We’ve worked with CAPE to study how we meet the requirements for the B61 while ensuring that we’re being responsible stewards of taxpayer dollars,” McConaha said. “We’re currently doing

the required engineering and design work on the B61 which will allow us to make key decisions that we can then use to inform a well-researched and validated cost baseline. All of the information we’ve gathered, including the CAPE study, will help us check any final conclusions against a long list of variables so that we’re certain we have a cost baseline that is as accurate as possible.”

The CAPE’s analysis criticizes NNSA’s internal cost estimates for having little basis in historical Life Extension Program data. The CAPE team noted that Sandia National Laboratories had estimated the B61 project was “3 to 4 times the effort” of the W76 submarine warhead life extension program. But despite that acknowledgment of the increased complexity—29 major component systems involved in the B61 redesign effort compared to 18 in the W76—the WDCR concluded that the work on the B61 could be done in the same amount of time used for the W76. But the CAPE notes that the simpler W76 was only completed by having some of the designers work seven-day work weeks for four years on critical project components at a hefty overtime cost to the government.

Engineering Work Estimate Called ‘Unusually Low’

One serious shortcoming in the WDCR, according to the CAPE, is an underestimate of the amount of systems engineering work required at Sandia—the people who integrate the work of the various component design teams. CAPE, drawing on its extensive data collection of military design projects, called the estimated systems engineering effort and cost “unusually low for a program of this size.” The CAPE team also assumed a probabilistic approach to determining how much time and effort each part of the job will take, looking at a range from minimum through “most likely” to maximum time required for each component to provide a more realistic estimate of the risks that delay in various critical components might pose to the overall project. Modeling based on these assumptions showed a one

ExchangeMonitor Publications’ Nuclear Team
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WHAT'S NEXT FOR DOE AND NNSA IN OBAMA'S SECOND TERM?

With President Barack Obama's re-election this week, changes are likely to come to the senior leadership of the Department of Energy, though it remains to be seen just how DOE's Office of Environmental Management will fare in a second Obama Administration. There has been heavy speculation that Secretary of Energy Steven Chu will leave DOE, even with Obama's re-election. When choosing a new Secretary, the Obama Administration is expected to look for someone with a clean energy background, but also who has more of a political background than Chu. In a second administration, Obama may look to someone "who's not an academic. Someone with more business savvy and perhaps a bit more D.C. knowledgeable" to lead DOE, one observer said this week.

Among those seen as potential replacements, according to reports, are former Sen. Byron Dorgan (D-N.D.), who during his time in Congress headed the Senate Energy and Water Appropriations Subcommittee; former Michigan Gov. Jennifer Granholm (D); and former Iowa Gov. Chet Culver (D). Other potential replacements, according to reports, are former DOE official Cathy Zoi and Duke Energy CEO Jim Rogers. Along with potentially a new Secretary, there are several other senior DOE management positions that are either vacant or being held in an acting capacity that will need to be filled in Obama's second administration, including Under Secretary of Energy and Under Secretary of Science.

Obama Has Chance to Advance Nuclear Security Agenda

When it comes to NNSA, Obama and Romney differed greatly on nuclear arms control issues, with Romney speaking out against the New START Treaty, and Obama's victory will allow him to follow through on a nuclear security agenda that was left only partially finished during his first term. He has publicly stated that the nation could further reduce its nuclear stockpile beyond the levels established by his signature nuclear policy achievement, the New START Treaty with Russia, and he is likely to kick off a new round of arms control negotiations with Russia that could lead to more reductions. That will also likely mean a continued focus on modernizing the nation's nuclear weapons complex and arsenal. He also is expected to renew a push for Senate ratification of the Comprehensive Test-Ban Treaty, which never took root during his first term, as well as continue to try and propel international negotiations on a Fissile Material Cutoff Treaty forward.

Here's a look at how key Senate and House races that will have an impact on the weapons complex played out this week:

- In the New Mexico Senate race to replace retiring Sen. Jeff Bingaman, Democrats held onto the seat as expected as Rep. Martin Heinrich soundly defeated Pete Domenici protégé Heather Wilson;
- Democrat Michelle Lujan Grisham easily defeated Republican Janice Arnold-Jones for Heinrich's vacant seat in New Mexico's 1st Congressional District, while incumbents Steve Pearce (R) and Ben Ray Lujan (D) successfully defended their New Mexico Congressional seats;
- Sen. Dean Heller (R-Nev.) will continue to fill a seat in the Senate after a challenge by longtime Yucca Mountain critic Rep. Shelley Berkley (D-Nev.) narrowly failed;
- Sen. Sherrod Brown (D-Ohio) won re-election last night, beating out Republican challenger Josh Mandel. Brown has been involved in DOE cleanup issues, including pushing for accelerated D&D efforts at the Portsmouth Gaseous Diffusion Plant and in labor issues at the Portsmouth site;
- Rep. Mac Thornberry (R-Texas), whose district includes the NNSA's Pantex Plant, earned his 10th term in Congress, winning easily as expected in Texas' heavily Republican 13th District;
- Rep. Emanuel Cleaver (D-Mo.) also won easily in Missouri's 5th District, which includes the NNSA's Kansas City Plant;
- Rep. Chuck Fleischmann (R-Tenn.), the freshman lawmaker whose district includes Oak Ridge, won reelection to a second term yesterday by a large margin.

in five chance of getting to FPU by June 2021, with the most likely time frame July 2022, and a one in five chance the work would not be done until December 2023.

The CAPE team also took what it believes is a more realistic look at labor cost growth, noting that “NNSA labor cost has grown at twice the OMB inflation rate.” As a result of its tweaks to the project plan, the CAPE estimated fewer workers involved in the project in the near term, but more total staff, and therefore cost, in later years, both in the design work force and the production work force. One of the CAPE’s recommendation is an increase in federal program management staff—three full time equivalent NNSA employees to oversee the program. The CAPE team estimated that 45 FTEs would be needed by FY 2015.

—From staff reports

NNSA BRINGS IN PARSONS TEAM TO EVALUATE UPF DESIGN REPLAN

KNOXVILLE, Tenn.—Efforts to redesign the Uranium Processing Facility to accommodate all of the equipment needed for the facility are not expected to force the project to breach its \$6.5 billion cost ceiling estimate, but Federal Project Director John Eschenberg said he has brought in an outside team to analyze the current redesign plans. Speaking on the sidelines of the Energy Technology and Environmental Business Association meeting here this week, Eschenberg said that Parsons is leading a team to vet the redesign plan submitted by B&W Y-12 last month. Parsons was awarded the work under three separate tasks through NNSA’s Enterprise Construction Management Services contract, and will review the entire engineering replan, evaluate the engineering solution, and conduct a fact-finding review on what went wrong initially. “What I want is an independent assessment of the engineering replan,” Eschenberg said. “In other words what’s it going to take to finish engineering? Is that well planned out from schedules and logic and how it all works together? Is that a well planned out evolution? And the fix to our building is the task, too, and thirdly I want to know how this happened, what it is we can do better, not only on this project, but as an enterprise.”

Last month, Eschenberg revealed that in order to create more space for the facility’s production activities, the roof of the building will have to be raised about 13 feet. The concrete foundation slab will also have to be about a foot thicker, and the walls will have to be thickened from 18 inches to 30 inches. He said he didn’t want to commit to a new schedule for the project or a new price tag, but he said

that the plan submitted by B&W would keep the project within its estimated cost range of \$4.2 to \$6.5 billion. “I don’t completely yet fully understand the impacts to the schedule, what our opportunities are within that,” he said. “Our focus right now is making this change in design.” He said that the NNSA would not commit to a cost and schedule baseline until design was 90 percent complete, and he said he would not know when that will happen until Parsons finishes its work in mid-December. Eschenberg said that while Parsons is leading the team, other outside experts have also been brought in. The NNSA did not respond to a request to clarify the value of the task orders awarded to Parsons. “We brought in a high caliber team,” Eschenberg said. “There is a large influence from the commercial nuclear enterprise, commercial nuclear power, and some DOE expertise.”

Project Gearing Up For Procurement Surge

At the same time, project officials are starting to move forward on procurements for the site. Last week, the Army Corps of Engineers released a Request for Proposals for work to relocate part of Bear Creek Road and perform other site preparation work, according to UPF Procurement Manager Richard Brown. More procurements are looming for a variety of work on the project, everything from a concrete batch plant to safety supplies, construction trailers and rebar and structural steel for the actual facility. In all, Brown said that about \$400 million worth of work would be bid out in the next 18 months. “There’s a lot of work we’re going to need a lot of people who can perform very well,” Brown said. “It’s not a one size fits all. There is a lot of opportunity on this project for a whole variety of skills sets.”

Eschenberg emphasized that learning from UPF’s mistakes could be important for future NNSA and DOE work. “We—the big ‘we’ in DOE—have learned a lot of very difficult lessons on all of these landscape-changing jobs,” Eschenberg said, referring to major projects like the Waste Treatment Plant at Hanford. “UPF in my view is really the culmination of our opportunity to apply all these lessons learned. I want to know what we can do better next time both for as we continue execution of UPF or as we advance through other projects that are on the books.” He said that UPF had a chance to be a game-changer for NNSA project management. “We have an opportunity to do a project the right way,” he said during his address at the conference. “Now, you’ve all read and many of you have lived DOE’s project management. It’s been kind of a bumpy road. We’ve taken a lot of criticism from the GAO and others. This is our first chance to do one right.”

Transition on Project Looming

Eschenberg also said he was mindful of the looming contract transition at Y-12, which will bring in a new management and operating contractor that could oversee construction of UPF. He said it would be most important to manage the interfaces within the contract when a new company comes aboard, and try to maintain culture stability. "It's all these interfaces so that's a piece of it and the other is culture," he said. "We want to continue to drive improvements in culture. You have a new company that comes in that has potentially a new corporate culture. As you drive that, all the while you can't lose site of the work you're doing today. There are a lot of potential distractions, but manage the interfaces, manage the culture, don't lose site of the day-to-day work."

When asked if now was the right time to change contractors, with design questions looming, Eschenberg said, "You could probably argue on all six sides of the table when is the pinpoint time to do it. I don't think there's a best answer. I will tell you, in design is probably the least disruptive and much of our design work force is going to stay the same."

—Todd Jacobson

IN FIRST RESPONSE TO Y-12 SHOW CAUSE, B&W PLACES MUCH OF BLAME ON WSI

In Sept. 10 Letter, B&W Lobbied For Chance to Improve Performance

B&W Y-12, under fire for its role in the July 28 security breach at the Y-12 National Security Complex, told the National Nuclear Security Administration in a September response to the NNSA's show-cause notice that its failures during the incident did not justify a decision to sever its management and operating contract at the site, laying most of the blame on protective force contractor WSI-Oak Ridge. As details continue to emerge about the security breach and fallout from the incident widens, *NW&M Monitor* obtained a copy of B&W Y-12's Sept. 10 response to NNSA's dismissal threat, in which B&W Y-12 outlines corrective actions and improvements made since the security breach, highlights its strong performance during the bulk of its 12-year run at the site, and suggests that B&W Y-12 deserves the opportunity to recover from the security failure.

WSI-Oak Ridge, whose contract was shifted under B&W Y-12 after the incident, has since been fired as the Y-12 protective force contractor, and B&W Y-12 has taken over all of the security duties at the site at NNSA's direction while retaining its M&O duties. "B&W Y-12 believes that the only conclusion that can be reached is that it did not

directly cause the Security Event, nor did it violate the terms and conditions of the M&O contract, and a termination for default of B&W Y-12's contract is not supported by facts," B&W's letter states. Both contractors involved in the incident, as well as the NNSA, have faced significant criticism since the July 28 security breach, in which three elderly peace protesters reached the inner-most portions of the most secure areas of the site, defacing the Highly Enriched Uranium Materials Facility before being arrested.

B&W Y-12 Argues for Chance to Fix Problems

B&W Y-12, which was in charge of much of the technology that failed in the lead-up to the breach, argued in the letter that with a few exceptions, B&W Y-12 complied with the requirements of its contract and committed "no material breach of its contractual obligations." B&W noted in its response, however, that simple compliance did not meet expectations. "B&W Y-12 recognizes that a culture of compliance, as opposed to a culture of performance, took root within parts of its maintenance and security operations prior to the Security Event," it said. "While compliance is necessary, it does not sufficiently model the values of excellence, accountability and leadership that B&W Y-12 brought when it took over as the M&O contractor 12 years ago. B&W Y-12 believes that it is essential to determine whether that culture is pervasive and impacting performance in other areas of its responsibility."

B&W's arguments are especially important given the timing of the incident. B&W is leading one of three teams competing for the combined M&O contract at Y-12 and NNSA's Pantex Plant, and security has received increased focus in the procurement after the security breach. With a contract award looming, B&W Y-12 has received two one-month extensions, and its current contract runs out Nov. 30. "The default provision in B&W Y-12's M&O contract affords the right to cure such default by demonstrating an ability to provide conforming performance going forward. B&W Y-12 has implemented actions to prevent future events such as the Security Event as previously set forth, and, in this response, presents a detailed, comprehensive corrective action plan to ensure that such an event does not occur," the company said.

NNSA Unhappy With Initial Response

The NNSA did not respond to a request for comment from *NW&M Monitor* on the letter, but in a Sept. 28 letter to B&W Y-12 General Manager Chuck Spencer in which the agency asked B&W Y-12 to fire WSI, NNSA Contracting Officer Jill Albaugh said that B&W Y-12's Sept. 10 response to the agency's "show-cause" notice was inadequate. "While we recognize that both B&W Y-12 and

WSI-OR have undertaken corrective actions, neither these actions nor the response to the Show Cause Notice are enough, at this point, to fully resolve the issues presented in the Show Cause Notice,” Albaugh wrote. “Therefore, we intend to present additional questions and concerns to which we will expect prompt and complete answers. We will also continue to carefully monitor ongoing corrective actions and performance.” B&W has provided subsequent responses to NNSA on the ‘show cause’ notice, but the agency is believed to still have open questions. “We believe our response demonstrated a compelling case for NNSA continuing our contract, and we have remained focused on making significant improvements in security and maintenance since the July 28 event,” B&W Y-12 spokesman Jud Simmons said in a statement, reiterating many of the points made in the company’s letter. That included highlighting that B&W Y-12 had taken responsibility for making corrective actions, terminated WSI-Oak Ridge and absorbed protective force work, revamped its leadership team at the site, and made improvements to security equipment and processes.

B&W Outlines Improvements

Investigations into the incident have revealed that a bevy of failures contributed to the security breach, including cameras that were inoperable, false alarm rates that were so high that they desensitized guards to the alarms, response times from the guard force that were too slow, and plans and procedures for responding to multiple alarms in the same area were inadequate. B&W replaced several senior managers at Y-12 in the weeks after the incident, and in its letter, B&W noted that daily site-wide alarms had been reduced from a daily average of 2,170 in the days leading up to the incident to a daily average of 840 from Sept. 1-4, and that ProForce alarm responses had been reduced from 178 in early August to a daily average of 88 from Sept. 1-4. B&W also said that all cameras had been repaired, with 20 cameras ordered as spares, and all critical system elements had been restored to service. Before the security breach, B&W said there were a total of 56 inoperable items. Maintenance of critical security features has also been prioritized, and the site’s Central Alarm Station project has been redesigned and accelerated to improve the coordination of security at the site.

B&W also noted that the arrangement of having two contractors responsible for different portions of security at the site “did not provide the optimum structure for facilitating an integrated, system-wide approach to security, and it inhibited the kind of communication and cooperation that is inherent in a fully-integrated organization.”

B&W: WSI ‘Improper Response’ Caused Breach

While B&W acknowledged that it made some errors that contributed to the incident, it came down especially harshly on the performance of WSI, saying that the company “failed to perform essential responsibilities under its ProForce contract, which directly resulted in the Security Event.” B&W Y-12 said WSI didn’t follow approved procedures in several areas, including:

- Failing to lock down the site once the protesters were found;
- Failing to elevate the guard force’s level of response when multiple alarms indicated an intrusion path;
- Improperly using equipment when assessing the alarms;
- Taking too much time to arrive at the scene of the intrusion; and
- Failing to “implement the proper tactical response” when the protesters were confronted, including not immediately immobilizing the protesters.

“Although there were several individual and systemic causes that led to the Security Event, the immediate cause was an improper response by the WSI ProForce,” B&W Y-12 said in the response.

WSI Responds to B&W Claims

In a statement, WSI-Oak Ridge spokeswoman Courtney Henry said that the company could not respond directly to the ‘show cause’ notice because it had not been provided a copy. But she said that WSI-Oak Ridge has accepted responsibility for its role in the security breach, which included the response by the guard force and not more aggressively pursuing maintenance on inoperable security technology. “However, we cannot accept responsibility for the cameras and sensors that were not working, the drivers to the false and nuisance alarms or for the large number of compensatory measures in place because of those issues at the time of the incident,” she said. She noted that guards were retrained after the incident, an inspection by the Office of Health, Safety and Security indicated improvements have been made, and a new corporate assurance testing program was being developed across the company. “Our company has a proud 50-year history with the Department of Energy across the country, and we take our performance, and our integrity, very seriously. We believe the events of July 28 do not define us as a company, and do not erase our past history of success and the outstanding award fee scores we earned at Y-12 leading right up until the incident,” she said.

B&W Vows to Make Breach ‘Catalyst’

B&W also highlighted its solid performance in 12 years managing Y-12, which it said was “widely viewed as one of the worst-performing sites within the Nuclear Security Enterprise” when it took over in 2000. “B&W Y-12 implemented an aggressive, strategic vision for the future and pursued a revived, positive partnership with the NNSA that continues to this day,” the company said. “Over the course of the past 12 years, B&W has vastly exceeded the essential terms, conditions and expectations of its M&O contract. While the Security Event certainly does not comport with B&W Y-12’s core values nor its standards of performance, that event, standing alone, does not diminish B&W Y-12’s proven track record of success in the past, nor its capacity to effectively address this issue now to ensure it never recurs. B&W Y-12’s history of success at this site signifies the improvement that can be accomplished in the future.” While B&W asserted in the letter that it largely met its contractual responsibilities with respect to maintaining cameras, reducing false alarm rates and prioritizing equipment repairs, it admitted that simply complying with those requirements was not enough and that it has made the security breach a “catalyst” for improvements at the site.

—Todd Jacobson

LANL DIRECTOR: SECURITY UPGRADE PROJECT FACING \$41M COST INCREASE

Lab Moves to Bring in Three Senior Bechtel Executives to Lead Project

The botched security upgrade project at Los Alamos National Laboratory is expected to cost \$41 million more to finish than previously anticipated and the laboratory is bringing in three top Bechtel project officials to help complete the stalled effort, laboratory Director Charlie McMillan said this week in a memo to employees. The changes and emerging details about the incident come in response to concerns raised last month by the National Nuclear Security Administration about Phase II of the Nuclear Materials Safety and Security Upgrade Project (NMSSUP), which the lab suspended when it was revealed that major construction problems existed that would significantly delay the project and add tens of millions of dollars to its price tag. “Performance on this project has been unacceptable to me, the LANS Board of Governors, and our customer,” McMillan said in the memo. “This has damaged the Laboratory’s credibility. We must do better. As we learn more about the breakdowns that occurred, we will share lessons learned.”

McMillan said three new officials were being brought in to head up the project. Tyrone “Ty” Troutman, the construc-

tion functional manager for Bechtel Systems and Infrastructure, will serve as the NMSSUP project manager and will report directly to McMillan. Jimmie Willman, who had served as the vice president, deputy program manager, and Business Services manager for Kwajalein Range Services, LLC—a Bechtel-Lockheed Martin team that manages a missile defense test site in the Marshall Islands—will head up procurement activities on the project, and Toby Wilson will manage project controls, shifting from LANL’s Environmental Programs Directorate. *NW&M Monitor* also has learned that the lab plans to add two additional field engineers when construction resumes.

NNSA has promised to hold the laboratory accountable for the problems, and the agency is believed to still need to sign off on the new plan. “To echo Charlie McMillan, what happened was unacceptable,” NNSA spokesman Josh McConaha said in a statement to *NW&M Monitor*. “We’re continuing our work with LANS to correct the management issues that led us here, and we will come out of that process with a clear set of expectations and a clear path forward. That process will also result in a revised cost, which, as we have said previously, LANS will be held fully accountable for. We will protect the American taxpayers and ensure that the situation has been corrected.”

Lab Estimates New Price Tag at \$254 Million

McMillan said the new plan would cost \$254 million, up from previous estimates of \$213 million, and *NW&M Monitor* has learned that the lab’s “estimate-at-completion” assumes that work on the project won’t resume until March 31, and would take about six months once work is back up and running. NNSA signaled to Congress last month that it will need an emergency reprogramming request to rescue the project, but it underestimated the additional costs on the project, suggesting that \$21 to \$25 million more would be needed. The agency has not yet formally asked Capitol Hill for any extra money. “Because we are not authorized to make this type of change in funding, the project remains in suspended status until Congress or NNSA directs us otherwise,” McMillan said.

The lab’s estimate-at-completion also appears to assume that Burns and Roe will continue with the design while Kiewit New Mexico, JB Henderson and Hensel Phelps will continue work when construction restarts. In a statement provided to *NW&M Monitor*, Los Alamos spokesman Fred DeSousa said that the lab was “accountable for the project. We are working with NNSA to identify the best path forward so that once funding is identified, work can proceed quickly and efficiently. We continue to seek opportunities to optimize the cost and schedule.”

McMillan: Project a ‘Top-Priority Issue’

What was supposed to be a \$213 million project—the second phase of a security overhaul at the lab—was specifically designed to upgrade physical security systems, protection strategies and security requirements in the lab’s Technical Area-55 and Plutonium Facility. “The team is taking on this top-priority issue at my request,” McMillan said. “I ask that you support Ty, Jimmie, and Toby as they assemble the people, processes, and controls necessary to complete the project. Let me again stress to you that nuclear material at TA-55 remains safe and protected, just as it has during NMSSUP construction. I am convinced that, once complete, NMSSUP will give TA-55 the modern, reliable, perimeter security system it needs.”

The project was scheduled to be completed in June and up and running by January, but during commissioning of the security system officials discovered significant problems with some of the construction. The largest errors involved fiber optic cables essential to the operation of security systems that were supposed to be physically separated, but were instead routed together, and problems abounded with the perimeter lighting system and a perimeter denial system. With the project facing a significant cost overrun, Los Alamos ordered subcontractors involved in the project to stand down. NNSA, in turn, issued a pointed “demand” letter to LANL contractor Los Alamos National Security LLC Oct. 24 requesting information about the project’s problems. Included in the demand letter was a request for full disclosure of accounting on the project, documentation of the lab’s plan to hold subcontractors accountable for the problems as well as information about available funding or fee sources that could be used for the project and a demonstration that special nuclear materials continue to be protected at the lab. The lab’s response was due by Oct. 31. At the same time, the NNSA sent a forensic team to the lab the week of Oct. 29 to analyze the financial and management issues that may have created the problem and promised to hold the laboratory accountable for the cost overruns.

—Todd Jacobson

INDUSTRY DEBATES MERITS OF LARGE CROP OF TECH. SERVICES BPA WINNERS

The National Nuclear Security Administration’s decision to select eight teams for its follow-on technical services blanket purchase agreement is expected to help shore up its base of support contractors, but some industry officials are worried that the large number of teams involved could slow the procurement process down. The eight small business-led teams, which vary significantly in size (*see*

chart), will compete for task orders under the five-year contract, which has a ceiling of \$300 million. The NNSA previously selected five teams for the technical services BPA, though only four of the teams won awards under the contract. “Eight teams creates a real challenge for NNSA in evaluating individual tasks and is more teams needed to ensure adequate coverage in the service areas that they’re looking for,” one industry official told *NW&M Monitor*.

Eleven teams are believed to have bid for the contract, though NNSA hasn’t commented on the number of bids or its rationale for selecting eight teams. Because the contract is open to all portions of DOE and not just the NNSA, the scope of work under the BPA is broad and is expected to include nuclear engineering subject matter expertise and analytical support, training support, security management support, weapons data access system programmatic support, aviation operations support, nuclear nonproliferation, emergency operations support, and environmental management. There is little risk to the NNSA, however, because teams are not guaranteed any work under the BPA. “If they get three bidders for tasks or eight bidders it’s more stuff for them to read and that could slow things down,” another industry official said. “It may be necessary given the scope, but it might make things harder as you go downstream.”

Broad Scope Leads to Large Teams

Teams led by Mele Associates, TechSource, Inc., Link Technologies, Inc., Vector Resources, Longenecker & Associates, Corporate Allocation Services, Street Legal Industries and Trinity Applied Strategies Corporation were selected for the contract. One notable exclusion from the list is Systematic Management Services, which led a team under the last contract. Navarro Research and Engineering also led a team last time, but because it had grown too big for the small business size standard, it teamed with Colorado-based Corporate Allocation Services. Many of the teams are large, including numerous team members and subcontractors, but industry officials said that was necessary to cover the broad scope of the contract. “The scope of work was so diverse,” another industry official said. “There are a lot of activities and finding one group that can do all of those tasks simultaneously really becomes a challenge and to respond to multiple tasks, you have to have the manpower, the right qualifications, the right geographic locations. By default you have to go to a diverse teaming arrangement.”

Another official suggested it could serve the NNSA well in the long run to have so many companies involved. “If I were sitting in the NNSA’s shoes I think having a good number of teams is a good way to build capacity,” the official said. “It’s a huge complex, and if you have a broad

TEAMS SELECTED FOR NNSA TECHNICAL SERVICES BLANKET PURCHASE AGREEMENT

| <i>Team Leaders</i> | <i>Team Members</i> | <i>Subcontractors</i> |
|---|--|--|
| Corporate Allocation Services | CSC Excalibur Navarro Research and Engineering | No subcontractors |
| Link Technologies | BCS Incorporate Dade Moeller and Associates Inc. Gregg Protection Services, Inc. Information Systems Laboratories, Inc. Netgain Corp. Oak Grove Technologies, LLC Sonalya Inc. Trinity Engineering Associates, Inc. | NAC International Pearl Grace Group Inc. |
| Longenecker & Associates | Accenture Price Waterhouse Coopers Fluor IBM North Wind TerranearPMC StratG | No subcontractors |
| MELE Associates | ICF International Innovative Technology Partnerships MPR Associates Project Enhancement Corporation Project Strategies Incorporated Tetra Tech Parsons Horne Engineering Hazmed, Inc | Deloitte Consulting Dewberry Delta Research Associates Edgewater Technical Services Energetics Energy Resources International EnergySolutions Kelly, Anderson & Associates KM Systems Performance Development Corporation Project Assistance Corporation |
| Street Legal Industries | Alion Science and Technology CAPE Inc. DeNuke Epsilon System Solutions Mission Solutions Group Frankie Friend and Associates KeyLogic Systems Sage Systems Technologies LLC SM Stoller Corp. Whitney, Bradley and Brown Inc. | Alutiiq LLC MAS Consultants, Inc. Newport News Nuclear, Inc. Paschal Solutions, Inc. |
| Trinity Applied Strategies Corporation | IEM Air GHT Inc. TerraGraphics Worley Parsons | Tradewind Services HukariAscendent |
| Tech Source | Communications Training Analysis Corporation Project Time & Cost, Inc. QinetiQ North America, Westar Aerospace & Defense Group, Inc. SAIC Pro2Serve | AmVet Technologies Advanced Technologies and Laboratories, Inc. ASRC Primus Earth Resources Technology, Inc. InScope International JG Management Systems, Inc. Logistics Management Institute Performance Results Corporation Strategic Management Solutions, LLC URS |
| Vector Resources | Booz Allen Hamilton Oak Ridge Associated Universities | GEM Technologies |

Compiled by NW&M Monitor.

spectrum of companies, you're going to have better competition. And if one company goes under you've got the capacity to absorb something like that." The number of teams involved could also help generate competition and increase value for the government, another official said. "You're looking at probably close to 100 companies which

is probably a good critical mass of who is out there," the official said. "It makes a lot of sense for government to be able to get the best value for the money. And it makes us feel good because we have a seat at the table, we have an opportunity. For the incumbents it will make them think twice about giving NNSA and DOE the same people. It

will really force people to become innovative with pricing, technology, and talent.”

NNSA Sets Sights on Admin. Services BPA

With the technical services BPA awarded, the agency is expected to move forward quickly on another eagerly awaited procurement: its administrative services BPA. The agency has previously said that it would run the procurements in sequence, and it finalized the technical services procurement last week. The agency is expected to issue a draft Request for Quotations as early as by the end of this month, and in a best-case scenario, it could release a final Request for Quotations by late December or early January. That schedule would allow an award by April. When the agency last selected companies for the award, it picked teams led by six companies: Delta Research Associates, Time Solutions Corporation, Systematic Management Services, Millican, Dennis & Associates, Link Technologies, and JG Management Systems.

—Todd Jacobson

FORMER NRC CHAIRMAN, AIR FORCE GENERAL PART OF CHU SECURITY PANEL

Former Nuclear Regulatory Commission Chairman Richard Meserve and retired Air Force Maj. Gen. Donald Alston are joining retired Lockheed Martin CEO Norm Augustine on a panel formed by Energy Secretary Steven Chu to analyze DOE’s model for protecting nuclear materials across the weapons complex. Chu created the panel in the wake of the July 28 security breach at the Y-12 National Security Complex, picking “observers outside the Department” to “analyze the current model for protection of nuclear materials and explore options for protecting these sites.” *NW&M Monitor* revealed last month that Augustine had been picked to be a part of the panel, and the participation of Meserve and Alston was confirmed by National Nuclear Security Administration spokesman Josh McConaha this week. Meserve is currently the president of the Carnegie Institution for Science. He served as the chairman of the NRC from 1999 until 2003. Alston retired after 34 years in the Air Force Sept. 1, last serving as the commander of F.E. Warren Air Force Base in Wyoming.

Notably, Alston knows a thing or two about dealing with nuclear snafus. He was named as the Air Force’s assistant chief of staff in charge of nuclear weapons, a position that was created in 2008 after nuclear warheads were accidentally transported cross-country on the wing of a bomber and nuclear weapons parts were accidentally shipped to Taiwan. Augustine was the CEO of Martin Marietta and

later Lockheed Martin from 1987 to 1997, when the company ran the Y-12 National Security Complex for DOE and took over as the management and operating contractor at Sandia National Laboratories. B&W Y-12 took over as the site contractor in 2000.

Chu’s review comes on top of several reviews that are ongoing or have been completed in recent weeks stemming from the Y-12 incident. DOE’s Inspector General has already completed a review of the incident, and an investigation by DOE’s Office of Health, Safety and Security was completed in late September but has not been released because it is classified. A review of the organizational structure of the agency’s security management by Brig. Gen. Sandra Finan is also nearing its conclusion, as is an “extent of condition review” of all DOE sites and HSS inspections across the weapons complex. DOE and the NNSA have not established a timetable for the review by the Chu panel, but *NW&M Monitor* has learned that it is expected to take several months to complete and will consist of some visits to DOE/NNSA sites by Augustine, Alston and Meserve.

—Todd Jacobson

B&W TELLS INVESTORS TO EXPECT IMPACT FROM Y-12 SECURITY BREACH

Babcock & Wilcox is bracing for the financial impact of the July 28 security breach at the Y-12 National Security Complex, senior company leaders told investors this week in an earnings call. B&W this week reported a dip in profits during the third quarter of 2012, in part due to a projected fee hit for the incident at Y-12, and President and CEO Jim Ferland suggested the incident could have a major impact on the company’s Technical Services Group if it is unable to hold onto the contract. “Tech Services really depends on the outcome of the Y-12, Pantex bid,” Ferland said. “... Just given the timing of the bid and a protest period potentially and turnover, our existing contracts are going to carry over significantly into 2013. And then it depends really on what the outcome of that is.”

Babcock & Wilcox this week reported a dip in profits during the third quarter of 2012, in part due to losses from the company’s investment in USEC’s American Centrifuge Program and a projected fee hit for the July 28 security breach at the Y-12 National Security Complex. B&W said that while revenues for the third quarter of 2012 rose by \$100 million over the same period a year ago to \$807.6 million, profits were \$38.3 million, or 34 cents a share. That’s a decrease from \$39.9 million, or 39 cents a share, during the same period last year. Operating income for B&W’s Technical Services Group, which includes its

Department of Energy and NNSA work, was significantly down during the quarter, dropping \$9.4 million from the same period last year to \$11.3 million. The dip was “primarily due to higher bid and proposal activity and reduced equity income related to expected lower fee income at Y-12,” B&W said.

B&W Estimates \$2.5 M Fee Hit at Y-12 For Quarter

Though the company’s Fiscal Year 2012 fee for its Y-12 work has not been determined, Chief Operating Officer and Senior Vice President Mary Pat Salomone said that the company estimated a \$2.5 million fee reduction for the third quarter of 2012. That would amount to an overall fee reduction of \$10 million over the course of the year. “There is definitely subjectivity in the measurement of performance,” she said. “And the NNSA could arrive at a score that’s different than the fee that we have estimated.” If B&W is able to win a follow-on contract for combined management of Y-12 and Pantex—which is a big question mark considering the impact the security incident is expected to have on the competition—earnings would also be down, Salomone noted. “With regard to 2013, if we win the contract, the fee ... based on the fee pool will be lower,” she said. “And as we have a lower percentage of ownership. And there’s clearly government spending pressure there that is impacting the spend there.”

In earnings documents released this week, B&W noted the uncertainty surrounding the incident and future bids. “Any consequences that may result from this event are uncertain; however, the security breach has and could continue to adversely affect the expected fees earned by our joint venture that manages and operates the site, and we can provide no assurance that the security breach will not adversely affect our current or future proposals to the DOE,” the company said. Ferland noted that the Y-12/Pantex contract represented more than half of the income for the company’s Technical Services Group. “So it could have an impact,” he said. “That said, the TSG business segment for us remains a priority. We have some skill sets there. We have some core competencies, and we’ll continue to look for ways to grow that business in the U.S., perhaps expanding into the DOD marketplace and expanding internationally.”

B&W Revalues USEC Investment

In addition to the financial hit of the Y-12 security incident, B&W said a revaluation of its investment in USEC estimated the fair market value at \$19.1 million and resulted in a non-cash impairment charge of \$27 million. But it said that the revaluation “in no way reduces B&W’s commitment to the American Centrifuge Program or our efforts to recover the full value of our investment.” Ferland

echoed those comments during the call with investors. “It continues to have broad-based support inside the U.S. government. It certainly has our support,” he said. “And we’re doing everything we can, both on the manufacturing side and to support the program management to help USEC. The next couple of years, I think, will tell how does the technology perform when it’s up and running. And then obviously there’ll be a little bit of a struggle probably, just because of reduced government funding that’s available. But I still feel pretty good about the overall program and our ability to support it going forward.”

The company also said this week that it would begin paying quarterly dividends of 8 cents on shares, and would buy back \$250 million in stock over the next two years in a move that Ferland said was designed to “reflect both our confidence in B&W’s long-term financial strength and our commitment to deploying capital to maximize shareholder value.”

—Todd Jacobson

ACTIVIST GROUPS OPPOSE PLANS TO TRANSPORT PITS TO LIVERMORE

The National Nuclear Security Administration has deferred construction of the Chemistry and Metallurgy Research Replacement-Nuclear Facility, but a group of 46 activist organizations that supported that decision is urging the agency to shelve a “Plan B” that would include shipping plutonium pits from Los Alamos National Laboratory to Lawrence Livermore for environmental testing. Calling the plan “unnecessarily dangerous” and “potentially unlawful,” the groups—led by Tri-Valley CAREs and Nuclear Watch New Mexico—said that shipping the pits to Livermore as part of warhead life extension programs was unnecessary, unsupported by environmental regulations, and goes against the recently completed de-inventorying effort that has allowed the lab to cut back on security. At issue is environmental testing of plutonium pits that is performed at Livermore’s Building 334. Operations at the facility were suspended from 2005 to 2011 before being reconstituted for work on the W76 warhead life extension program. “LLNL is no longer authorized to have, store or handle Category I/II special nuclear material items, including plutonium bomb cores arriving by truck from Los Alamos,” the groups wrote in a Nov. 1 letter to Energy Secretary Steven Chu and NNSA Administrator Tom D’Agostino.

The groups argued that the plan to ship pits to Livermore should be “disentangled” from the CMRR-NF “Plan B” approach, which would use existing facilities—perhaps at Los Alamos, Livermore and the Nevada National Security

Site—to meet the nation’s plutonium needs until a new CMRR-NF could be built. The NNSA earlier this year deferred construction of that project for at least five years. They suggested that, at the least, the effort should be moved from Livermore to another site, but they questioned why it was needed at all, citing the suspension of activities at the facility from 2005 to 2011. In a statement in response to the letter, NNSA spokesman Josh McConaha

said the NNSA is “committed to environmental protection, the highest levels of security for our material, and the safety and health of our employees, contractors, and the general public. We’re working to keep the American people safe, and we will execute our mission in full compliance with all NEPA regulations as we always do.”
—Todd Jacobson

At the Weapons Labs/DOE Sites

AT NEVADA NSTEC MOVING TO REVAMP SALARY STRUCTURE

Nevada National Security Site contractor National Security Technologies, LLC, appears to be moving to revamp its salary structure and is seeking a small business to help implement a new compensation program. NSTec released a solicitation this week seeking a small business to develop job families and job descriptions for all non-bargaining positions, perform job audits, implement a job evaluation system, redesign the site’s salary structures, and analyze

potential pitfalls from salary actions. NSTec said in a notice that it would issue individual awards for various task orders under the contract, but it provided no insight into the rationale behind its plans for a new salary structure. NSTec spokesman Dante Pistone also declined to comment on the reasons for the contract, citing company regulations. Responses to the solicitation were due Nov. 7.

AT SANDIA LAB SIGNS UMBRELLA CRADAS WITH NORTHROP GRUMMAN, GE

Sandia National Laboratories this week announced new umbrella Cooperative Research and Development Agreements (CRADAs) with Northrop Grumman Information Systems and General Electric Global Research with an eye toward easing and expanding tech transfer collaborations with the two companies. The agreement with GE targets research and development toward carbon-neutral technologies to aid the global economy’s shift away from greenhouse gas emitting energies, according to the text of the agreement. Included on the GE-Sandia research agenda are combustion; thermal management; aerodynamics; systems engineering, economic and life-cycle analyses; computa-

tional simulations; energy storage; sensors and optical diagnostics; fossil energy; renewable energy; nuclear energy; and advanced materials. The deal replaces a previous umbrella CRADA between Sandia and GE. Sandia and Northrop Grumman have done projects together in the past under project-specific CRADAs, but this is the first umbrella agreement, which allows broader and easier collaboration. Topics to be studied under the agreement include defense systems technologies and nuclear security, along with evaluation of energy and climate issues both in the United States and abroad.

AT LOS ALAMOS NNSA DEFENDS APPROACH ON PLUTONIUM FACILITY SAFETY

The National Nuclear Security Administration is defending its approach to analyzing the potential exposure to the public in the case of an earthquake-induced fire at Los Alamos National Laboratory’s Plutonium Facility, suggesting in a Nov. 5 letter to the Defense Nuclear Facilities Safety Board that estimated exposure levels were within Department of Energy guidelines. The DNFSB said in June that it had identified “multiple, substantial deficiencies” with estimates by the lab of a potential exposure to the public, suggesting that exposure levels could be four times greater than DOE regulations and that the lab might need to do more than it has already done to shore up the facility against a massive earthquake followed by a fire. At the same time, the NNSA acknowledged that it was planning additional improvements to the facility, including up-

graded stands for gloveboxes used for molten plutonium operations and fire testing and safety-class designation for plutonium-238 ball-mill containers, and it said it was strengthening its Documented Safety Analysis process. “NNSA and LANS continue to develop and implement additional safety controls that will further reduce post-seismic fire accident consequences and improve PF-4’s nuclear safety posture,” the NNSA said.

While NNSA’s own calculations had lowered the total effective dose equivalent (TEDE) to 23 rem, just under the 25 rem DOE guideline, the Board had suggested that the lab was not conservative enough in its calculations and that its own analysis revealed the potential exposure to be more than four times that level. The NNSA completed upgrades

to the Plutonium Facility this year that were designed to lower the risk of exposure to below DOE regulations. A structural upgrade involving a new roof beam was completed last October, and the lab this year repaired three mezzanine areas, reinforced ceilings with steel and conducted further analysis on roof joints to reduce the impact of a massive earthquake, which could occur once every 2,000 years in Northern New Mexico. The Safety Board, however, has remained critical of the NNSA and the lab's

efforts, suggesting in a meeting last November that the NNSA should not simply strive to reduce risks below the 25 rem threshold, but go even further to protect the public. The NNSA said one potential new complication is information that was discovered in September about the potential for a rare large earthquake to create additional structural failure modes. It said it is analyzing the information to determine what additional safety controls might be needed at the facility.

AT OAK RIDGE POOR WELDS TO BLAME FOR SNS VESSEL FAILURE

After an exhaustive and technically challenging weeks-long investigation, a team of Oak Ridge National Laboratory experts determined that the premature failure of two target vessels in the recent months at the Spallation Neutron Source were caused by faulty welds inside the stainless-steel vessel. The vessel holds about 14 tons of mercury that is continuously circulated while being bombarded with a proton beam to produce neutrons for research.

the same company that had made six of the seven vessels used so far in the SNS operations—although two other vendors are part of the supply chain. There are two backup vessels currently in the SNS inventory, and both of those were manufactured by Major Tool, which produced one of those previously used at the Spallation Neutron Source. Oak Ridge Tool-Engineering also is under contract to produce the vessels, although none of its components has yet been used. Beierschmitt said it was important to ensure things are done right and reliably before inviting research users to return to the SNS, the world's premier neutron facility of its kind.

Kelly Beierschmitt, Oak Ridge National Laboratory's associate lab director for neutron sciences at, said the leak tests and other evaluations were made more difficult because the work had to be done remotely within a hot cell, where the intensely radioactive containers were housed after being removed from the target location. The ORNL executive said some additional tooling was brought to SNS in order to evaluate the failed target vessels and determine what was causing the problem that forced the shutdown of research operations since late summer. Although Beierschmitt was reluctant to give an exact date for restarting the Spallation Neutron Source, he said it would probably be sometime after Thanksgiving. He praised the investigating team for helping resolve a challenging problems and said great precautions will be made to reaffirm the findings and try to make sure similar fates don't plague future vessels. The vessels cost about \$1 million apiece.

While it appears the problem that led to shutdown of the Spallation Neutron Source on two occasions in recent months was a manufacturing issue with the target vessels, Beierschmitt did not heap blame on Metalex. "I have to tell you that it's not an easy weld to make," he said, citing the interior area of the mercury-bearing vessel where the problem was identified. "Our designs sometimes impact the manufacturability. . . . We are thrilled with the way they've been working with us." When asked specifically if ORNL would seek some sort of financial adjustment with Metalex because of the two premature failures, Beierschmitt didn't say for sure. He said it was too early to be talking about the contract issues. He emphasized that Metalex has been a good partner at SNS. He also said that the vessels are still considered experimental with limited experience using first-of-kind components at the first of its kind research facility.

Beierschmitt Defends Vessel Maker

Both of the vessels that failed in advance of their expected lifetime were manufactured Metalex of Cincinnati, Ohio,

AT OAK RIDGE LEGAL WRANGLING OVER Y-12 PROTESTERS TRIAL HEATING UP

The trial of three protesters who made an unprecedented intrusion into the Y-12 National Security Complex is still months away, but there's a legal battle taking place that could determine what kind of information is allowed in U.S. District Court proceedings. A half-dozen motions were filed Nov. 2, the deadline for legal motions in the

case. The government's attorneys want to restrict the kind of evidence that can be presented. In a lengthy motion, they asked U.S. District Court Judge Thomas W. Phillips and Federal Magistrate Judge C. Clifford Shirley to restrict evidence associated with the use of international law, Nuremberg principles and a number of "justification"

defenses typically used by anti-nuclear protesters to justify criminal actions.

On the other side, defense attorneys want to put nuclear weapons on trial. They submitted a number of motions, including one that asks that charges against the three Plowshares protesters be dismissed because their acts were a good-faith step toward nuclear disarmament to prevent a “patently unlawful nuclear holocaust.” The faith-based protesters—Sister Megan Rice, 82; Greg Boertje-Obed, 57; and Michael Walli, 63—do not deny that they broke into the Oak Ridge nuclear installation and defaced the Highly Enriched Uranium Materials Facility. Rather, they’ve underscored those actions, declared them necessary and even required, to stop production of nuclear weapons in the United States.

Gov’t Asks Court to Focus on Criminal Charges

William P. Quigley, a law professor at Loyola University New Orleans who is part of Walli’s legal defense, said in memorandum that three protesters passed through four security fences in a “several-hour walk” into Y-12. “Upon arriving at the Highly Enriched Uranium Materials nuclear facility, they symbolically disarmed the building and its surroundings,” the memo in support of dismissal states. “If these three people took this action in Iran, the U.S. government would praise them. But, in Tennessee, the U.S. government prosecutes them.”

The three protesters are facing multiple federal charges, including two felonies for depredation and destruction of government property, as well as a misdemeanor for trespassing. Those charges carry a maximum possible

sentence of 16 years in prison. There have been reports that government attorneys may pursue additional, even more serious, federal charges, but so far those have not materialized. In a lengthy filing by U.S. Attorney William C. Killian, the government is asking the court to focus on the criminal charges and not allow the courtroom to become a forum on nuclear weapons, citing multiple cases in which protesters’ attempts to use international law as a defense of protest actions have been rejected.

Killian’s motion said the U.S. Congress, in establishing U.S. defense policies, is not bound by international law. “Even if the nuclear weapons program is violative of international law, defendants are not excused from consequences of violating criminal laws simply because their acts were allegedly directed at international law violations,” the motion states. “Even if Congress were bound by international law, the operations at the Y-12 Complex were not in violation of international law.”

Prosecutors Balk at Providing Info on Y-12 Operations

The defense team said U.S. attorneys indicated they would not willingly provide information on Y-12 operations sought by the defendants—including detailed documentation of weapons production and the known effects of each weapon in the U.S. arsenal. Government attorneys provided a number of counter-arguments to some of the defense arguments, even before they were presented. In one Nov. 2 filing, the U.S. attorneys stated: “The defendants cannot show that they had any reasonable belief that their conduct would avert nuclear war. In order to utilize a justification defense, such as necessity, the defendant must show a ‘direct causal relationship’ between the illegal action taken and the avoidance of greater harm.”

AT OAK RIDGE DETAILS EMERGE ON GUARD PERFORMANCE DURING INSPECTION

Amid the hailstorm of criticism following the July 28 security breach at the Y-12 National Security Complex, security guards at the plant reportedly performed pretty well in the September force-on-force exercises that were part of the broad security review conducted by the Department of Energy’s Office of Health, Safety and Security. According to NNSA Production Office Manager Steve Erhart, the Y-12 guards demonstrated the capability to defend the plant and its nuclear assets. There were many aspects of the HSS security review, and Erhart said the detailed report is classified. But during a break Nov. 8 at the Energy, Technology and Environmental Business Association’s annual conference in Knoxville this week, he offered a generally positive review of the results.

Those force-on-force exercises were conducted Sept. 11-12. Erhart said the tests assessed the protective force’s

response to a series of threats—ranging from a “small intrusion” to a full-scale attack on the plant by terrorists. The NPO manager said the exercises ranged from the “high end” to the “low end” in the threat levels. Besides testing Y-12’s strengths and weaknesses, DOE’s Office of Health, Safety and Security is also using the review as a way of evaluating how it might change the way it does security evaluations, Erhart said. “If you look at it from my perspective, the overall pro-force performance, it was very good,” Erhart said. “It indicated a capability to guard the assets, to repel the enemy, and then it really did cover from a very small . . . intrusion, all the way up to the full adversary attacking across the site.”

Asked if the Y-12 guard force received a passing grade, Erhart said he wasn’t aware if there was an actual grade given to the pro-force exercises because there were many

parts to the security review. But, he said, “To get to your question on protection of special nuclear material and the assets, they did perform well.” NNSA spokesman Steven Wyatt said that the guards were “extensively tested” in individual and team tactics as well as emergency response,

communications and other aspects involving their jobs. “The PF [protective force] performed very well in each of these areas. The two days of Force-on-Force exercises yielded positive results. A wide spectrum of scenarios was tested during the comprehensive exercises.”

AT OAK RIDGE Y-12 ADDS FENCING TO LIMIT FALSE ALARMS

More details are emerging from the Y-12 National Security Complex about some of the physical security measures that have been implemented following the July 28 intrusion by three Plowshares protesters who crossed a ridge and cut through four fences in order to reach the plant’s inner Protected Area where highly enriched uranium is stored and molded into nuclear warhead parts. Security investigations following the high-profile security incident noted that security police officers sometimes ignored sensors and alarms because raccoons and rabbits and other animals would frequently trigger the warning systems. Steven Wyatt, a spokesman for the National Nuclear Security Administration in Oak Ridge, confirmed that Y-12 has installed thousands of feet of new fencing over the past couple of months to address the problem (*see related story*).

Wyatt said installed approximately 27,000 linear feet of “animal control fence” in recent months to “reduce the number of nuisance alarms.” Among some of the other actions was to trim brush along Pine Ridge, where the protesters reportedly hid in the weeds while waiting for security patrol vehicles to pass before proceeding with the trek across the site—culminating with a series of actions at the Highly Enriched Uranium Materials Facility. Y-12 also has acknowledged adding security patrols and replacing faulty sensors and installing new ones in order to beef up security capabilities at the high-security installation, whose reputation as the “Fort Knox of Uranium” was seriously eroded by the July 28 breach. ■

Wrap Up

IN THE NNSA

Navy Adm. Kirkland Donald, who has headed up the National Nuclear Security Administration’s Office of Naval Reactors for the last eight years, formally retired late last week, and he will be replaced by Adm. John Richardson. Donald formally left his post Nov. 2, turning the Naval Reactors reins over to Richardson, who will be the office’s sixth director. Richardson is a 1982 graduate of the Naval Academy and most recently served as the Commander of the Navy’s Submarine Forces. He also commanded Submarine Group Eight as well as the USS Honolulu.

IN THE INDUSTRY

Pro2Serve this week named Clarence ‘Buck’ Sheward as its new Vice-President of Engineering Services. The

move is in “recognition of his many years of excellence executing programs and projects at the Portsmouth Gaseous Diffusion Plant (GDP),” according to a company release. Sheward is currently supporting Portsmouth D&D contractor Fluor B&W Portsmouth, LLC, where he manages site infrastructure and maintenance. Pro2Serve also announced this week that Del Baird has been named the company’s Vice President of Portsmouth Operations. “Del’s many years of experience managing complex engineering and environmental projects, especially at the Portsmouth Gaseous Diffusion Plant, brings the right combination of technical and management expertise, lessons learned, and accountability to lead the integration of our Portsmouth Operations,” Pro2Serve President Mark DeGraff said in a release. ■

Calendar

November

- 13 Congress returns for lame duck session.
- 13 Discussion: “Nuclear Modernization: What Does it Mean and What is Required for U.S. Security?” Amb. Linton

Brooks, Center for Strategic and International Studies; and Hans Kristensen, Federation of American Scientists, sponsored by British American Security Information Council, at the Capitol Hill Club, 300 1st St., SE, Washington, D.C., 8-9:30 a.m.

13 Discussion: "Combating Nuclear Terrorism: Overcoming the Senate Impasse," National Security Council Director for WMD Terrorism and Threat Reduction Laura Holgate, Kingston Reif of the Center for Arms Control and Non-Proliferation, and Christopher Ford of the Hudson Institute, at the Hudson Institute, Betsy and Walter Stern Conference Center, Sixth Floor, 1015 15th St., NW, Washington, D.C., 4-5:30 p.m.

22-23 EM PUBLS CLOSED FOR THANKSGIVING

29 Conference: "Doomsday Clock Symposium," Bulletin of the Atomic Scientists, American Association for the Advancement of Science, 1200 New York Ave., NW, Washington, D.C., 9 a.m.-7:30 p.m.

29 Speech: "Nuclear Statecraft: History and Strategy in America's Atomic Age," Francis Gavin of the Wilson Center, sponsored by Cold War International History Project, Wilson Center, Reagan Building, 1300 Pennsylvania Ave., NW, Washington, D.C., 3:30-5 p.m.

December

4-6 Meeting: 2012 EFCOG Semi-Annual Meeting, U.S. Dept of Energy, Forrestal Building, Washington, DC; Contact: Efcog@gmail.com.

24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

January 2013

21 EM PUBLS CLOSED FOR MLK DAY

February

18 EM PUBLS CLOSED FOR PRESIDENT'S DAY

19-22

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(Changes from previous Calendar in Bold)

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MONITOR

NUCLEAR WEAPONS & MATERIALS

U.S. National Nuclear Security Administration ♦ Russian Ministry of Atomic Energy
 ...plus International Nonproliferation Initiatives (State, DoD, G-8, IAEA) ♦ Uranium Enrichment

Volume 16 No. 46

November 16, 2012

— INSIDE HIGHLIGHTS —

The top Republican and Democrat on the House Energy and Commerce Committee are urging key Senators to strike down House-passed NNSA reform provisions during conference negotiations on the FY 2013 Defense Authorization Act. 2

Los Alamos National Laboratory contractor Los Alamos National Security, LLC, is planning to bring in an outside law firm and a consultant to help the laboratory pursue claims against subcontractors that botched the construction of a security upgrade system at the lab. 3

The NNSA formally took over the lease on the new Kansas City Plant this week in a milestone that marks the end of most of the construction on the new plant and sets the stage for more than two months of preparation leading up to a massive move. 4

In the latest fallout from the July 28 security breach at the Y-12 National Security Complex, Brig. Gen. Sandra Finan has taken over responsibility of the NNSA's Office of Defense Nuclear Security and three senior federal officials who had a role in overseeing or managing security at Y-12 have been permanently reassigned. 6

The NNSA's project management woes could threaten efforts to modernize the nation's nuclear weapons complex and arsenal, two experts said this week, suggesting in different ways that once-lofty ambitions might need to be further scaled back. 6

The NNSA said this week that it delivered all of its scheduled refurbished W76 nuclear warheads to the Navy in Fiscal Year 2012. 8

The Obama Administration faces a number of challenges in its second term of implementing its nonproliferation and nuclear security agenda, experts say, chief among them negotiating future reductions to the nation's nuclear weapons stockpile and ratification of the Comprehensive Test-Ban Treaty. 8

Contractors selected for the NNSA's technical services blanket purchase agreement will meet with the agency early next week for kick-off meetings for the contract. 10

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Wrap Up 14

Calendar 14

As is our annual practice, **NW&M Monitor** will not publish next week in observance of the Thanksgiving holiday. The next regular issue will be in your inbox **Nov. 30**. The *Weapons Complex Morning Briefing* will continue to be published Monday, Tuesday and Wednesday, and we will issue bulletins should any major news break in the interim.

HOUSE ENERGY LEADERS RAMP UP OPPOSITION TO NNSA REFORM LANGUAGE

The top Republican and Democrat on the House Energy and Commerce Committee are urging key Senators to strike down House-passed National Nuclear Security Administration reform provisions during conference negotiations on the Fiscal Year 2013 Defense Authorization Act, suggesting that the language could weaken safety and security across the weapons complex. Emboldened by the July 28 security breach at the Y-12 National Security Complex, Reps. Fred Upton (R-Mich.) and Henry Waxman (D-Calif.), the chairman and ranking member of the House Energy and Commerce Committee, respectively, said in the letter that the NNSA reform provisions would decrease accountability and undermine the authority of the Secretary of Energy. “In light of the repeated safety and security incidents at NNSA nuclear sites, including recently at the Y-12 National Security Complex, it is inappropriate to reduce oversight of the nuclear weapons complex,” Upton and Waxman wrote.

The letter appeared to be directed at Senate Armed Services Committee chairman Carl Levin (D-Mich.) and ranking member John McCain (R-Ariz.), but it was also sent to House Armed Services Committee chairman Buck McKeon (R-Calif.) and ranking member Adam Smith (D-Wash.). Upton and Waxman urged Levin and McCain to oppose the reform provisions during conference negotiations on the bill. While the House has passed its version of the legislation, the Senate has not, and a plan to debate the bill after Thanksgiving on the Senate floor appeared to be in jeopardy due to a threat from Sen. Rand Paul (R-Ky.) to block the bill in order to force a vote on an amendment he wanted to offer. In contrast to the House version of the bill, the Senate version passed by the Armed Services Committee did not address many of the reform provisions offered by the House, and a stiff battle during conference negotiations was already expected between Senate Democrats and House Republicans.

Provisions a Lightning Rod for Controversy

In an effort to increase efficiency and productivity at the agency, the House approved language authored by Rep. Michael Turner (R-Ohio), the chairman of the House Armed Services Strategic Forces Subcommittee, in the Fiscal Year 2013 Defense Authorization Act that would eliminate oversight of the NNSA by DOE’s Office of Health, Safety and Security, move the agency toward performance-based oversight, reduce the number of federal officials overseeing the weapons complex, and strengthen the authority of the NNSA Administrator. Upton and Waxman were outspoken in their criticism of the provisions during a September hearing on the Y-12 security breach, but Upton actually voted for the Defense Authorization Act in May. The reform language also drew concern from labor unions and opposition from the Administration, and Democrats fought the language on the House floor, offering amendments that would have washed out much of the efforts to alter oversight of the NNSA.

The Y-12 security breach, however, appeared to increase the focus on the impacts of the provisions, stimulating additional Congressional interest, and resistance to the reform provisions. “The Secretary of Energy must have his own independent assessment capability to conduct oversight of safety performance and security, independent of line management, and to ensure that DOE health, safety and security policies are integrated across the Department, including the NNSA,” Upton and Waxman wrote. “The recent security breakdown at the Y-12 National Security Complex and ongoing safety and security challenges at NNSA facilities underscore the need for NNSA to remain fully accountable to the Secretary.”

Turner Speaks Out Against ‘Status Quo’

Responding to the concerns raised about the provisions, Turner said the NNSA’s continuing struggles—which have

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NNSA: Y-12/PANTEX PROCUREMENT 'MOVING QUICKLY AT A GLACIAL PACE'

National Nuclear Security Administration Production Office chief Steve Erhart last week added another adjective to describe the pace of the NNSA's combined Y-12/Pantex management and operating procurement: 'glacial.' The agency has told bidders that it expects to award the contract before Dec. 13, when the 270-day window for bids submitted in March expires. Describing the procurement last week at the Energy Technology and Environmental Business Association annual meeting in Knoxville, Erhart said the agency was "moving quickly at a glacial pace and we'll get it done when we get it done. We're in the closing phases of that." When asked what his confidence level was in the Dec. 13 target, Erhart declined to elaborate. "I've heard the same thing you've heard as far as the new date for making the announcement. I don't have any details for you."

Erhart did say that the NNSA Production Office, which was stood up earlier this year to oversee the new combined contract, will be ready when an award is made. "For the purposes of supporting that procurement I think we're in very good shape as far as having aspects of the site office structure in place," he said. "We've spent a lot of time learning each other, learning how to bring the sites together a little more, working on some IT initiatives, things like that, to get us ready. I think we're in good shape. We're ready to support the decision and then the transition when that happens." ■

recently included the security breach as well as cost increases on warhead refurbishments, design problems on the Uranium Processing Facility and botched construction of security upgrades at Los Alamos—make reforming the agency a necessity. "It's clear from the failures with LEPs, facilities like UPF, and the intrusion at Y-12 that maintaining the status quo only wastes money and puts safety and security at risk," Turner spokesman Thomas Crosson said in a statement. "Chairman Turner looks forward to working with anyone, whether other committees or those in the Administration, who are interested in offering solutions to help fix this failing enterprise."

Upton and Waxman had a different interpretation of the NNSA's recent problems, noting the agency's long-standing place on the Government Accountability Office's High-Risk list and the more than 20 House Energy and Commerce hearings on various issues and concerns. "This long-standing history of problems within the complex suggests that strong oversight of Federal contractors and NNSA officials is needed. Accordingly, any effort to reduce by statute the oversight and accountability of NNSA and its contractors to the Secretary is exactly the wrong approach," the lawmakers wrote. They also suggested that strengthening the authority of the NNSA would not address many of the agency's problems. "Finally, weakening Secretarial oversight of safety, security and taxpayer spending on nuclear weapons and related activities will not address specific management problems at NNSA and will not enhance the important national security mission of DOE," they wrote. "These provisions will isolate NNSA management from accountability to the Secretary and the President. These provisions will weaken the execution of DOE's national security mission."

—Todd Jacobson

WITH LANL SECURITY PROJECT STILL IN FLUX, ACCOUNTABILITY PUSH INCREASES

Analysis Indicates Widespread Problems Contributed to Stalled Security Project

Los Alamos National Laboratory contractor Los Alamos National Security, LLC, is planning to bring in an outside law firm and a consultant to help the laboratory pursue claims against subcontractors that botched the construction of a security upgrade system at the lab, documents obtained by *NW&M Monitor* indicate. The National Nuclear Security Administration has promised to hold LANS and subcontractors involved in the Nuclear Materials Safeguards and Security Upgrade Project accountable for construction problems that have stalled the project and could add another \$41 million to its total cost, and while LANS is expecting to bear a significant financial burden because of the problems, the outside law firm would help it identify subcontractor performance and re-work issues and see if money could be recouped from those contracts. "Once these issues have been identified, LANS will determine whether claims may be asserted against any of the subcontractors. ... This process will also provide an assessment as to the strength of each claim and discuss the probable outcome if the claims were to proceed to trial. Finally, this process will also assess LANS' potential exposure to claims from the subcontractors," LANS Prime Contract Chief Steve Shook said in the letter to the NNSA.

In a statement to *NW&M Monitor*, the lab said: "LANS is accountable for completing this project, and we will do so. Part of that includes being good stewards of taxpayer money if it's determined that certain members of the project team did not perform according to contracts and work agreements. We're not at a point where we can share

specifics about these issues, nor have we made any concrete determinations in that area, but bringing in outside counsel is a standard and prudent practice in cases such as these.”

Where Will Extra Money Come From?

Earlier this month, LANL Director Charlie McMillan said the new plan would cost \$254 million, up from previous estimates of \$213 million, and the lab’s “estimate at completion” submitted to the NNSA Nov. 3 and obtained by *NW&M Monitor* assumes that work on the project won’t resume until March 31 and would take about six months once work is back up and running. NNSA signaled to Congress last month that it will need an emergency reprogramming request to rescue the project, but it underestimated the additional costs on the project, suggesting that \$21 to \$25 million more would be needed—less than the latest estimates. The agency has not yet formally asked Capitol Hill for any extra money. The lab’s new approach to completing the project would have engineering design on technical problems with the security system finished before construction begins. “Based on the assumption that full restart funding will not be available until March 31, 2013, engineering will complete open design scope and resolve technology integration concerns,” the lab said in the estimate at completion. “It is assumed that adequate funding will be available for this effort. It is important to note that the total estimated cost is highly schedule dependent and the project will continue to seek opportunities to optimize the schedule.”

One of the biggest issues surrounding the project is where the extra money will come from. The NNSA asked the laboratory to examine potential funding sources, and the laboratory suggested in its letter that the funds left over from the Chemistry and Metallurgy Research Replacement-Nuclear Facility, which in February was deferred for at least five years, could be a potential source for reprogramming funds. However, *NW&M Monitor* has learned that option has since lost favor among laboratory and NNSA officials. The lab also said it is “evaluating the legality of applying unearned fee to a line item” project. As it has on other projects with problems this year, the NNSA has taken a hard line on holding the lab accountable for the project’s problems, and Acquisition and Project Management chief Bob Raines emphasized in briefings with Congressional staff that the problems will be rectified at no cost to the taxpayer. “The performance on this project has been unacceptable and we will hold LANS fully accountable for all costs,” NNSA spokesman Josh McConaha said in a statement last month. “We take our responsibility to protect taxpayer dollars seriously, and we will use all the

tools available to correct the situation.” The NNSA did not respond to a request for comment this week.

Analysis: Myriad Problems Contributed to Issues

A preliminary analysis of the project’s problems obtained by *NW&M Monitor* paints a picture of a troubled project that spun out of control as it faced issues with technology and was hindered by contractor interface issues stemming from the project being broken up into five pieces—and didn’t have the proper project management tools to fix or understand problems as they arose. The most egregious problems were represented by the improper installation of fiber optic cables essential to the operation of the security system. The cables were supposed to be physically separated, but when they were installed in 2010, they were instead routed together. The problem wasn’t discovered until September, according to the lab’s estimate at completion submitted to the NNSA Nov. 3. Other issues include problems with the perimeter lighting system and a perimeter denial system.

The security system was to mesh eight different security technologies, and while each of the technologies had been used elsewhere before, they had never been integrated as was planned at Los Alamos. The technology required extensive tweaking, and in some instances had to be replaced. The decision to break the contract up into five different pieces performed by three construction subcontractors—Kiewit New Mexico, JB Henderson and Hensel Phelps—created its own headaches, with interface and sequencing issues surfacing between the different companies. That decision is believed to have been driven by the NNSA, but the agency did not respond this week to a request for clarification on that direction. Gaps between the work scope of the subcontractors and interface issues also forced Los Alamos to self-perform more work than anticipated. As a result, the project was besieged by change requests, and project tools were unable to keep up with the changes, camouflaging the project’s true costs.

Quality assurance and quality control programs at the respective subcontractors met the terms of contracts with the labs, but they didn’t uncover problems with the work being performed. The lab was also faulted for not performing oversight of the project, but the analysis revealed that it might not have had much effect due to ineffective performance of laboratory officials. Inspections of the work also failed because they were focused on building code compliance rather than quality control. When evidence began to mount that the project might breach its funding baseline, project officials ignored data and were unable to control the project.

—Todd Jacobson

WITH FACILITY NEARLY COMPLETE, NNSA TAKES OVER LEASE OF NEW KC PLANT

The National Nuclear Security Administration formally took over the lease on the new Kansas City Plant this week in a milestone that marks the end of most of the construction on the new plant and sets the stage for more than two months of preparation leading up to a massive move. The 1.5 million-square-foot facility, located eight miles south of the plant's existing Bannister Federal Complex home, was built by developer CenterPoint-Zimmer, financed by the Kansas City Council through the sale of \$815 million in bonds, leased to the General Services Administration and sub-leased to the NNSA for \$61.6 million in annual rent. Four of the plant's five buildings have been completed, while a fifth, the national secured manufacturing center, is scheduled to be done by May 15, 2013.

Kansas City Plant contractor Honeywell Federal Manufacturing & Technologies will begin moving into the plant in January, and the move is expected to be completed in August of 2014. In a statement, NNSA Administrator Tom D'Agostino said the facility represents a "shift from a Cold War era nuclear weapons complex into a more efficient 21st century Nuclear Security Enterprise." He added: "The smaller, more efficient facility maintains the capability to assure the reliability, safety, and security of our nation's nuclear deterrent."

'Time Was Ripe' For New Facility, Approach

The project's unique financing approach and ownership situation has drawn criticism from some activist groups for being too expensive and for using funds backed by the local government to fund the deal. Over the 20-year life of the lease, the NNSA is expected to pay \$1.23 billion, which is more than the \$687 million estimated cost of the facility, but officials involved in the project have pointed out that the annual rent payments are significantly less than the \$140 million a year the agency was paying to run the facility at the Bannister Federal Complex. In all, the NNSA said it expects to save about \$100 million a year through the move, which includes savings on energy consumption as well as cost reductions enabled by new business practices. The agency also has driven considerable cost savings over the last six years through deferred maintenance on the Bannister facility. "The idea of building a new building as opposed to continuing to refurbish an old building, the time was ripe for it," Kansas City Site Office Manager Mark Holecek told *NW&M Monitor*. "The amount of money we were spending to maintain the old building justified the move into the new building."

Rick Lavelock, the senior director of Transformation with Honeywell Federal Manufacturing & Technologies, told

NW&M Monitor that it was necessary to use the lease approach given the fiscal constraints facing the nation and the NNSA. "We've taken some flack for having a lease rather than a government building but it is quite definitely in the best interest of the taxpayer to do that," Lavelock said. "I'd rather not have a lease either, but I certainly didn't want to borrow money from the Chinese to build this facility either."

Phased Move to Begin Jan. 23

The actual move of the plant by Honeywell will begin Jan. 23 and will take 19 months. Honeywell officials have carefully crafted the move to take place in waves so that there is no disruption in production shipments. "We had planned multiple different tactics to make the move successful but the strategic intent all along was to ensure we made all of our production deliveries all through the move," Lavelock said. That meant doing increasing the production of certain products to compensate for downtime during the move, and making plans to establish dual production capabilities for other work. In all, Lavelock said about 20,000 parts have been stockpiled for the move, from O rings to weapon assemblies.

The plant planned to maintain a dual production approach for its production of some components that take a long time to requalify, like tritium reservoirs, but production problems also forced the plant's hand in the case of final assemblies for the W76 life extension program. Because of a part shortage, the plant was not able to stockpile completed assemblies as it had planned, and will instead maintain a production capability at both facilities to prevent any disruption in deliverables. "We're not going to actually discontinue production at Bannister until we have a qualified process up at Botts," Lavelock said.

Production at the existing facility was disrupted late last year by a six-week strike by production workers at the plant, and Lavelock said build-aheads were temporarily suspended during the labor dispute. But he said that the plant was able to catch up on the build-aheads over the last three quarters of Fiscal Year 2012. "We have recovered from most of that," he said. "... The work content we took out in the first quarter we spread over the last three quarters and we were able to make that up."

Final Prep For Move Beginning

With the lease transferred to the NNSA, officials will spend the next two months making final preparations for the move, installing the information technology infrastructure for the site and completing the qualification of security measures. Those efforts have already begun, Lavelock said, but he said they could not be completed until the

construction contractor had turned over the building. “We’re kind of putting all the final systems in place, but you can’t do that when the place is crawling with construction people,” Lavelock said. “So essentially what we’re doing is getting the building ready for classified operations, where everyone has to be credentialed and we have to do all of the final security operational tests to make sure everything is functioning as intended.”

The move itself is being coordinated by commercial real estate giant CB Richard Ellis and supported by subcontractors P1 Group, Inc., Foley Company, Fry-Wagner, Graebel, and Daniels. The total value of the moving contracts is \$80 million, and eventually, 40,000 moving crates will fill up 2,600 semi-truck loads and make the eight-mike trek to the new facility. “This is such a huge move, by all accounts one of the biggest industrial moves in the history of this country, that no single company could handle all the scope,” Lavelock said. “... There’s just too much volume.”

—Todd Jacobson

FINAN TAKES OVER AS TEMPORARY HEAD OF NNSA DEFENSE NUCLEAR SECURITY

In the latest fallout from the July 28 security breach at the Y-12 National Security Complex, Brig. Gen. Sandra Finan has taken over responsibility of the National Nuclear Security Administration’s Office of Defense Nuclear Security and three senior federal officials who had a role in overseeing or managing security at Y-12 have been permanently reassigned, NNSA spokesman Josh McConaha confirmed. Finan, the Principal Assistant Deputy Administrator for Military Application in the NNSA’s Office of Defense Programs and the top active military official in the NNSA’s weapons program, is close to completing a review of the agency’s security oversight structure, and McConaha said she recently briefed NNSA Administrator Tom D’Agostino on the draft findings of her report.

McConaha said the agency has begun to implement some of Finan’s recommendations, which included permanent personnel changes. The agency had temporarily reassigned Defense Nuclear Security chief Doug Fremont and NNSA Production Office Deputy Manager Dan Hoag in the wake of the security incident. McConaha declined to identify the federal personnel that had been permanently reassigned. Finan is not expected to permanently lead the agency’s security efforts, but she will lead the security organization until a permanent official is found. Finan’s two-year term at the agency is expected to end in January. “Secretary Chu has made clear that the security of our nation’s nuclear material is the Department’s most important responsibility,

and he has no tolerance for federal or contractor personnel who cannot or will not do their jobs,” McConaha said in a statement provided to *NW&M Monitor*. “The recent incident at Y-12 was a completely unacceptable breach of security, and an important wake up call for our entire complex. The severity of the failure of leadership at Y-12 has seen swift, strong and decisive action by the Department.”

Actions Enough to Satisfy Congress?

While no federal officials have been fired over the security breach, top contractor officials at Y-12 have lost their jobs and protective force contractor WSI-Oak Ridge was fired last month. At contractor B&W Y-12, General Manager Darrel Kohlhorst, Deputy General Manager Bill Klemm and safeguards and security chief Butch Clements were all removed from their positions shortly after the incident. B&W Y-12 brought in Chuck Spencer to head up the organization, shifted retired Gen. Rod Johnson from Pantex to head up security at the site, and brought in several other senior officials to shore up management at the site.

Whether the NNSA’s latest actions will be enough to placate Congress remains to be seen. Some lawmakers have likened the incident to the mistaken cross-country flight of nuclear warheads on the wing of an Air Force bomber in 2007 and the mis-shipment of nuclear weapons parts to Taiwan in 2008—mistakes that led then-Defense Secretary Robert Gates to ask for the resignation of Air Force Chief of Staff Michael Moseley and Air Force Secretary Michael Wynne. While some federal officials have now been reassigned, none have been fired. Several activist groups, including the Project on Government Oversight and Nuclear Watch New Mexico, have called for D’Agostino to lose his job, but lawmakers have not gone that far, choosing instead to wait for the results of several reviews of the incident. The House Armed Services Strategic Forces Subcommittee is also doing its own review of the incident.

—Todd Jacobson

EXPERTS: NNSA PROJECT MGMT. ISSUES A THREAT TO MODERNIZATION AGENDA

The National Nuclear Security Administration’s project management woes could threaten efforts to modernize the nation’s nuclear weapons complex and arsenal, two experts said this week, suggesting in different ways that once-lofty ambitions might need to be further scaled back. Former NNSA Administrator Linton Brooks and Federation of American Scientists Nuclear Information Project Director Hans Kristensen come from different ends of the arms

control spectrum, but each expressed worry at a breakfast event on Capitol Hill about the Administration's modernization plans, which have been made more challenging in recent months by problems on a host of projects. Among the biggest problems have been on the Uranium Processing Facility, where it was recently revealed that the facility would need to be redesigned, as well as on the B61 life extension program, which is facing a massive cost increase as officials wrestle with just how much to refurbish the nuclear bomb.

The Administration already deferred work on the multi-billion-dollar Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory, drawing criticism from Republicans that supported stockpile reductions under the New START Treaty in exchange for promises to modernize the weapons complex. "The mission, the whole basis for warhead sustainment in the future, is under threat," Kristensen said. "Instead of focusing on such gold-plated, icon projects, I think the Administration has to scale back the ambitions to maintain a project based on the expectations of a significantly reduced stockpile, which is where we're headed. This may require significant rethinking of current plans and upgrading current infrastructure, of course."

Tough Decisions Loom

Brooks said he supported the decision to defer work on CMRR-NF, lauding NNSA Administrator Tom D'Agostino for making the tough decision to mothball the project instead of stretching out several other projects with the hope that more money would materialize in the future. But he said that the B61 refurbishment—which according to a Pentagon estimate could cost as much as \$10 billion, more than double the price tag two years ago—has been the source of important lessons learned. "What we have learned from the B61, among many other things, is that the mere fact we know how to do something and it would be really good to do, doesn't make it the right thing to do in a fiscally constrained environment," Brooks said. Brooks said he supported a move to incorporate insensitive high explosives across the stockpile "because I believe these things are going to be around longer than many would wish," but he said other safety and security improvements should be judged on a basis of their cost effectiveness. "Almost nothing that will meet that hurdle over the next 15, 20 years given the fiscal realities," Brooks said.

Brooks also said that the kind of high hazard one-of-a-kind nuclear facilities that the Department of Energy builds had created a "systemic" situation of underestimating costs, which he said needs fixing before it hampers the nation's nuclear deterrent. But he noted on the sidelines of yesterday's event that while modernization supporters are

"grumpy" with NNSA, he hadn't yet seen eroding support for modernization but was keenly aware that lawmakers in Congress are interested in reforming the NNSA. Spurred by the House Armed Services Strategic Forces Subcommittee and chairman Michael Turner (R-Ohio), the House passed Fiscal Year 2013 Defense Authorization Act includes provisions that would strengthen the authority of the agency in an effort to increase its efficiency and productivity. "I don't know whether it's weakened support for modernization," Brooks told *NW&M Monitor*. "It's weakened support for the way we're doing modernization. The hit is not, 'Oh, we shouldn't be doing life extensions.' The hit is, 'You guys are inept and you're not meeting the nation's needs.' I have not seen evidence that we're losing the support for modernization. But we'll see what comes out of the discussions on the fiscal cliff."

In a statement, NNSA spokesman Josh McConaha suggested the agency was focusing on improving its track record, and the agency in 2011 stood up a new Office of Acquisition and Project Management to improve its performance on major projects. "As we execute President Obama's nuclear security agenda and modernize many of our decaying facilities across the country, we are constantly focused on protecting taxpayer dollars," McConaha said. "We're making important investments in the future of American national security, and we're continuously improving as we move forward."

Approach to Reductions Debated

In addition to suggesting that the nation's modernization ambitions be scaled back, Kristensen proposed significant reductions to the size of the nation's nuclear stockpile and its nuclear delivery vehicles, suggesting that such moves could be made in a unilateral fashion rather than in concert with Russia, which has not shown an overwhelming interest in another round of arms control negotiations with the United States. "I see nuclear modernization as a dilemma for the Administration's arms control and disarmament message because modernization, if combined with protection of the existing force structure, inevitably will be seen by the international community as saying one thing but doing another," Kristensen said. "Some will begin to ask what has actually changed, except for slicing a little here and there in the force structure."

Brooks emphasized that it was important for modernization to move forward to appease allies that are under the U.S. nuclear umbrella, and questioned proposals that would call for the U.S. to unilaterally reduce the size of its stockpile. "I think nuclear reductions if not handled carefully may raise suspicions among those allies for whom deterrence is most important," Brooks said. He later added: "I think our allies don't overanalyze this. They just want to make sure

it's a big guy who is standing up for them. I think it's psychological as much as it's analytic. As long as we can look people in the face and say we're second to none I think that scratches the allies' itch." Kristensen, however, suggested that allies are not overly concerned with modernization details. "Of course the allies are interested in an overall strong capability but it doesn't mean that necessarily they're hooked on all the details, if you will, and want to see all the aspects of what's in the posture maintained," he said. "... There is a general perception and a general interest in maintaining a degree of capability but I don't think it means the allies are vested in all the components under that headline."

—Todd Jacobson

NNSA SAYS IT HAS MET REFURBISHED W76 DELIVERY SCHEDULE TO NAVY IN FY2012

The National Nuclear Security Administration said this week that it delivered all of its scheduled refurbished W76 nuclear warheads to the Navy in Fiscal Year 2012, though classification restrictions prevented the agency from revealing exactly how many of the warheads it had delivered. "As our stockpile ages, we have to put ourselves in a position where the president can be certain that it is safe, secure and effective," NNSA Defense Programs chief Don Cook said in a statement. "Our continued success with the W76-1 Life Extension Program is key to the United States' nuclear deterrent. As we move forward with other life extension programs, we're looking at our joint work with the Navy on the W76 as a model for the future—one where we're on time, on budget and delivering exactly how the American people need us to."

The NNSA got off to a rocky start on the W76 life extension program, struggling to replicate a material code-named Fogbank. The issues delayed the creation of a First Production Unit by a year, from 2007 to 2008, but after a slow start, the NNSA is believed to be in full production mode, Federation of American Scientists Nuclear Information Project Director Hans Kristensen said. Kristensen estimates that approximately 1,200 W76s will be refurbished by 2021, and he suggested that about 140 or 150 were refurbished in FY 2012. Engineers, scientists and technicians at the Pantex Plant, Y-12 National Security Complex, Savannah River Site, Kansas City Plant, Los Alamos National Laboratory and Sandia National Laboratories contribute to the life extension program. "The rates can fluctuate," Kristensen said. "They had a slow start that dragged into 2010. Last year and this year they cranked up the production."

Facing budget problems, the Obama Administration decided earlier this year to stretch out the production

schedule for the W76, choosing to complete all warheads for the Navy's active stockpile by 2018 but pushing back the completion of hedge warheads to 2021. The refurbishment is expected to extend the life of the warhead by 20 to 60 years. "The goals of the program are to incorporate nuclear surety enhancements, maximize reuse of W76-0 components, minimize system certification risk in the absence of underground nuclear testing, and refurbish the system in a managed affordable manner," the NNSA said in a statement.

—Todd Jacobson

OBAMA ADMIN. FACES HURDLES IN SECOND-TERM NONPROLIF. AGENDA

Future Reductions and CTBT Ratification an Uphill Battle; Near-Term Hopes Pinned on Nuclear Terrorism Bill

The Obama Administration faces a number of challenges in its second term of implementing its nonproliferation and nuclear security agenda, experts say, chief among them negotiating future reductions to the nation's nuclear weapons stockpile and ratification of the Comprehensive Test-Ban Treaty. Nuclear nonproliferation experts this week noted that a strategy on arms reductions beyond the current 1,550 strategic deployed warhead cap could be made public soon. "There are a number of issues on this agenda that remain outstanding and I think with the election behind it the Administration may find a brief window in 2013 and perhaps 2014 where it can push some of these other items on the agenda," Kingston Reif, director of Nuclear Nonproliferation at the Center for Arms Control and Nonproliferation, said at an event at the Hudson Institute. "One in particular, on the nuclear force reduction side of the aisle, is an interagency review of high-level U.S. nuclear policy guidance. Much of the work was done in 2012 but a final decision was pushed off because of the looming election."

The Administration is believed to be considering reducing the size of the nation's nuclear stockpile to approximately 1,000 deployed weapons as part of a new round negotiations with Russia. Now that this year's presidential election has passed, the Administration is expected to release the long-awaited Nuclear Posture Review implementation study that had been delayed for months. "This guidance largely determines the targeting requirements for U.S. forces and would ultimately include the structure and number of nuclear forces the United States needs for its security," Reif said. "It may ultimately too serve as a kind of negotiating position for what the Administration hopes to be another set of negotiations with the Russians on bilateral force reductions. This high-level employment guidance is something that the Administration is certainly likely to revisit as it begins its second term."

However, the road to further reductions is not likely to be smooth during Obama's second term, given the challenges faced in Congress during ratification of the New START treaty in 2010 for the most recent round of reductions with Russia, said Christopher Ford of the Hudson Institute, a former Bush Administration nonproliferation official. "Given all the fun everybody had trying to get New START ratified, my guess is that whatever comes down the block is very likely to be during the second term a question more of presidential unilateralism, a sort of Presidential Nuclear Initiative redux done with a different geopolitical context when things are looking more grim rather than more favorable," he said. "It could be indeed I think very controversial." Ford also questioned the reported reduction goal of 1,000 deployed warheads, which he said, "many suspect would represent a process driven by the allure of a round number rather than a necessarily coherent or coupled process for deciding what our needs are. These are issues on which the chairs will probably start to get thrown again in Washington."

Test Ban Ratification Could Again Be a Struggle

Another issue on the Obama agenda likely to face political struggles is gaining the 67 votes in the Senate necessary for ratification of the CTBT, aimed at prohibiting all nuclear weapons test explosions worldwide. The treaty originally came up for a vote in late 1999 and was rejected in the Senate, with opponents citing doubts about the capability for verification and monitoring of nuclear tests. However, earlier this year the National Academy of Sciences released a study suggesting that advances in that area have since resolved many of those concerns. Ratification "was an issue that the Administration outlined and prioritized when it first came to office as an issue that it may decide, and hopefully from our perspective, will decide to push again," Reif said. "It remains to be seen if the votes will ultimately be there in the Senate, so it is going to require a very concerted and perhaps patient effort to rebuild support for the treaty both in the Senate and outside of it."

In a September event marking the 16th anniversary of the United States' signing of the treaty, Under Secretary of State for Arms Control and International Security Rose Gottemoeller indicated that a CTBT vote will not likely come in the near term (*NW&M Monitor*, Vol. 16 No. 39). "It will take time. And that's why we're not setting out a timeline here for bringing the treaty to a vote, but rather want to go through a careful process and ensure that everybody understands what the treaty's all about," she said. But this week Ford gave a more pessimistic assessment of the treaty's chances for ratification. "I'm not so concerned about the CTBT in the sense that it is unlikely to be ratified, and if ratified it would probably not come

into force anyway," he said. "It isn't something we should spend a great deal of political capital trying to pursue."

Clock Ticking on Nuclear Terrorism Legislation

A potential near-term victory could be passage of legislation that would allow full implementation of two treaties aimed at nuclear terrorism. Such legislation would allow full implementation of the 2005 International Convention on the Suppression of Nuclear Terrorism and the 2005 amendment to the Convention on the Physical Protection of Nuclear Material. While the House passed legislation last summer supporting the treaties, the bill has been held up in the Senate by an anonymous hold on the bill, which observers believe is due to the insistence of Sen. Chuck Grassley (R-Iowa) on the use of wiretapping and the death penalty in enforcement. There is not much time left in the lame duck session in Congress for passage of the bill, and further delay would be a major set back for progress that has been made. "If the legislation doesn't pass in this session of Congress, which will be over in a matter of weeks, then we would be back to the drawing board as this Administration would have to reintroduce the legislation," Reif said

This week, top members of the House Judiciary Committee sent a letter to Senate leaders urging the passage of the bill. "We made a determination at the beginning of this process that our constitutional responsibility to implement treaty obligations must take precedence over partisanship," Chairman Lamar Smith (R-Texas) and Ranking Member John Conyers (D-Mich.) wrote in a Nov. 14 letter, adding, "Implementation of these multilateral treaties has been neglected by Congress for far too long. We believe enactment of this legislation provides an opportunity for the House and Senate to put aside partisan differences and reach across party lines in the interest of America's national security."

Bill Crucial in Gaining Support of Other Countries

Laura Holgate, White House National Security Council director of weapons of mass destruction, terrorism and threat reduction, stressed that timely passage by Congress of the anti-nuclear terrorism bill will be crucial in gaining international support for the concept in time for the 2014 Nuclear Security Summit in the Netherlands. "This legislation is necessary to make sure that we can fully investigate and prosecute crimes related to nuclear terrorism and that we can effectively fulfill our commitments to international cooperation under these treaties. Last summer this legislation passed the House with overwhelming bipartisan support. As Congress returns to Washington we eagerly await Senate action on this bill," Holgate said at the Hudson Institute.

To enter into force, the CPPNM must be adopted by 97 countries, but it has so far only been ratified by 59 countries. Holgate said US implementation would be crucial in gaining support from other countries. "To achieve these goals the U.S. needs to be able to lead. Our voice is muffled today by our own outlier status," she said, adding later, "Every day longer that it takes is a day of less U.S. diplomacy and pressure in the world. Technically I am sure that there are those who understand Congressional procedure better than I do who say, yes, the U.S. could get its thing done some time next year and then that gives us less than a year for us to unleash our diplomats on the globe to get the next 40 countries to do their process. The sooner the better, the longer the worse."

—Kenneth Fletcher

KICK-OFF MEETINGS FOR TECH SERVICES BPA SCHEDULED FOR MONDAY, TUESDAY

Contractors selected for the National Nuclear Security Administration's technical services blanket purchase agreement will meet with the agency early next week for kick-off meetings for the contract. The agency will meet separately with each of the eight teams selected for the contract to receive additional instructions and information about the blanket purchase agreement, and potentially tasks that will be awarded under the contract. The NNSA declined to comment about the meetings or provide information about potential task orders for the contract, which will run five years and has a ceiling of \$300 million. With the window for protests still open, it's also unclear how any protests may impact the contract.

Teams led by Mele Associates, TechSource, Inc., Link Technologies, Inc., Vector Resources, Longenecker & Associates, Corporate Allocation Services, Street Legal Industries and Trinity Applied Strategies Corporation were selected for the contract. The scope of work under the BPA is broad and is expected to include nuclear engineering subject matter expertise and analytical support, training support, security management support, weapons data access system programmatic support, aviation operations support, nuclear nonproliferation, emergency operations support, and environmental management. The NNSA's decision to select a large number of companies for its technical services blanket purchase agreement raised some eyebrows among industry officials, but the agency defended the decision late last week. "In order to increase competition, reduce overall administrative costs for DOE/NNSA, and increase economies of scale by consolidating most of DOE/NNSA's technical support needs, we sought to issue a multiple award vehicle which could possibly increase the amount contractor support previously

provided under the predecessor BPAs," NNSA spokesman Robert Middaugh said in a statement to NW&M Monitor.

Some industry officials suggested that the large number of teams could slow the procurement process down, but others said the number of teams could shore up the agency's contractor base and was necessary based on the broad scope of the contract. "While we did not seek to award exactly eight BPAs, and did not identify a target number of awardees in the RFQ, after completion of the technical evaluation we believed that eight companies demonstrated the capabilities to provide both DOE and NNSA the type of technical support we sought," Middaugh said.

—Todd Jacobson

NORTHSTAR EARNS 3RD NNSA AWARD TO JUMPSTART U.S. MO-99 PRODUCTION

The National Nuclear Security Administration's Global Threat Reduction Initiative this week awarded a \$22.2 million cost-share cooperative agreement with NorthStar Medical Radioisotopes, LLC to provide support for the remaining activities in the company's production capability of medical isotope Molybdenum-99 using its accelerator-based technology. NNSA has awarded NorthStar two cooperative agreements previously for a total of \$2.8 million in federal support. "On the basis of the evaluations in the Final Environmental Assessment, NNSA has concluded its NEPA obligations and is now able to extend additional support to NorthStar to accelerate the remaining activities for project completion," NNSA said in a statement Nov. 15. GTRI previously signed an agreement with NorthStar for \$500,000, then added to it with a 2011 \$4.6 million 50/50 cost-share cooperative agreement.

NorthStar One of Several Receiving NNSA Help

GTRI has established partnerships with four domestic commercial entities to accelerate the establishment of a diverse, reliable supply of Mo-99 within the U.S. that is produced without proliferation-sensitive highly enriched uranium. GTRI also works with international producers to assist in the conversion of their Mo-99 production facilities from the use of HEU targets to low enriched uranium targets. These efforts are part of GTRI's mission to minimize and, to the extent possible, eliminate the use of HEU in civilian applications worldwide, including in research reactors and medical isotope production facilities.

The GTRI entered into cost-sharing agreements with several U.S. entities to support the development of domestic LEU sources of Mo-99. In 2010, GTRI signed a \$9 million agreement with Babcock and Wilcox to aid the

development of its liquid phase nuclear technology, which uses small and accessible nuclear reactors to produce Mo-99; and one with GE Hitachi for \$2.25 million to capture Mo-99 utilizing a small opening in GE's existing commercial reactors that was designed to allow workers to count neutrons in the reactor. However, in February GE Hitachi announced it was suspending work on Mo-99 production for financial reasons. Finally, GTRI also made a \$500,000 grant through cooperative agreements with a team from the University of Wisconsin's Morgridge Institute for Research in October 2010, then gave that project another \$20.6 million equal cost-share boost in May.

International Competition Concerns

NNSA's Global Threat Reduction Initiative has been spearheading government efforts through cost-sharing cooperative agreements with several companies and research groups to develop technology to produce Mo-99. But one of the largest hurdles to jump-starting a domestic

supply of medical isotopes has been that all the technologies supported by the NNSA face significant pressure from international competition. Currently, the bulk of the world's Mo-99 is produced in Canadian and Dutch reactors that are subsidized by their governments and utilize HEU. That dependence caused a worldwide shortage in 2009 when the Canadian and Dutch reactors were shut down for repairs, and it triggered NNSA's efforts to help develop a domestic production capability for non-HEU-based sources. "This cooperative agreement is evidence of the significant progress that is being made toward achieving commercial production of Mo-99 here in the United States without the use of highly enriched uranium," NNSA Deputy Administrator for Defense Nuclear Nonproliferation Anne Harrington said this week. "The continued development by our domestic commercial partners will help secure critical patient needs while also supporting HEU minimization and President Obama's nuclear security agenda."

—Sarah Herness

At the Weapons Labs/DOE Sites

AT OAK RIDGE . ORNL'S TITAN RECOGNIZED AS WORLD'S FASTEST SUPERCOMPUTER

There was a change at the top in the latest Top500 list of the world's fastest supercomputers, but the No. 1 spot stayed with the United States and the Department of Energy. The Cray XK7 "Titan" at Oak Ridge National Laboratory debuted on the list at No. 1, becoming the fourth ORNL computer in history to hold the title. The Top500 list, which is issued twice a year, was released at the Supercomputing Conference being held in Salt Lake City, Utah. In its Linpack benchmarking tests, Titan achieved a sustained computing capability of 17.5 petaflops—or 17.5 million billion mathematical calculations per second. The Cray machine has a peak capability of more than 27 petaflops. Jeff Nichols, ORNL's scientific computing chief, said the lab team did not have time to fully optimize Titan in time for the benchmark tests. "So, we have room for future performance increases," Nichols said.

Titan was assembled in the same 200 cabinets previously occupied by Jaguar, another Cray machine that once held the top spot (2009-2010). Besides Titan and Jaguar, other ORNL computers previously acknowledged as tops were No. 1 were the Intel Paragon (1995) and ORACLE (1953). Titan replaced Sequoia—an IBM Blue Gene/Q system at Lawrence Livermore National Laboratory in California—atop the list. Sequoia is now the second-fastest supercomputer with a sustained capability of 16.3 petaflops, followed by the K computer, a Fujitsu system in

Japan; Mira, an IBM system at Argonne National Laboratory in Illinois; and JUQUEEN, an upgraded IBM system in Germany that's now the fastest machine in Europe.

Hybrid Architecture Credited For High Speeds

Titan features a widely discussed new hybrid architecture that combines central and graphics processing units, including NVIDIA's new Tesla GPUs, to achieve the astounding capabilities. There has been tremendous interest in Titan in high-performance computing circles because of its use of GPUs, which grew out of technologies developed for computer game systems like the Xbox 360, to greatly accelerate the computing power. The 18,688 NVIDIA GPUs were paired with an equal number of 16-core AMD Opteron CPUs, combining to create 10 times more power than Jaguar in the same footprint. And, according to ORNL, Titan consumes only a little bit more energy than Jaguar.

Interestingly, Titan not only was No. 1 on the Top500 list, but also came in at No. 3 on the Green500 list of the world's most energy-efficient computers. The GPUs were a big booster. "Because they handle hundreds of calculations simultaneously, GPUs can go through many more than CPUs in a given time," ORNL said in an earlier statement. "By relying on its 299,008 CPU cores to guide simulations and allowing its new NVIDIA GPUs to do the

heavy lifting, Titan will enable researchers to run scientific calculations with greater speed and accuracy.”

Acceptance Testing Continuing on Titan

The Oak Ridge laboratory said Titan will be used for research on energy sources, climate change, efficient engines, materials and other scientific challenges. “It’s terrific,” ORNL Director Thom Mason said Titan. “It’s a new architecture, and so getting everything up and running so quickly is a challenge. We’ve actually been working on it for several years, of course.” The impact is much more than being No. 1 in the world, Mason said. “The exciting thing is that in addition to things like the Linpack benchmarks, which are sort of a synthetic representation of how it does, there’s also been a lot of work with the development system getting the science codes up and running,” Mason said. “So we’re expecting that once we’re out of the acceptance testing and into real operations, we’ll be doing really first-class science right from the very first day.”

Research users will be involved even in the acceptance testing, he said, which will continue for months. “I think our current schedule for [completing] acceptance is ... something around the end of February or sometime in March,” Bronson Messer, manager of the Center for Accelerated Application Readiness and acting leader of the scientific computing group in the lab’s National Center for

Computational Sciences, said. Messer said there were a handful of stages involved in the acceptance process, beginning with the hardware testing when all the hardware is powered up and tested on a basis level.

Supercomputing Helps ORNL Stand Out

High performance computing is one of the things that truly makes ORNL stand out on the world stage, along with the lab’s neutron sources and work with materials, Mason said. “It’s not essential that you have the No. 1 machine in order to be a great institution for doing high performance computing,” he said. “But it’s a reflection of the fact that we’re fielding machines that are really pushing the envelope.” ORNL and Cray have partnered on multiple supercomputers and a bunch of projects in recent years, but lab officials insist that the Oak Ridge remains “vendor agnostic” in choosing partners. Jeff Nichols, ORNL’s scientific computing chief, said Cray has been a “great collaborator,” but he said he believes the lab could still do work with others successfully. “To be honest, you’ve got to keep Cray honest and have a competition,” Nichols said. The continuity of having top Cray machines in house has apparently proved advantageous in multiple ways—notably in the transition from Jaguar to Titan. Both of those are Cray machines, and ORNL reportedly saved about \$20 million by upgrading to Titan using Jaguar’s old cabinets and a bunch of the same support equipment.

AT OAK RIDGE NNSA REWORKING DESIGN ASSUMPTIONS FOR UPF

The Uranium Processing Facility is still very much a design work in progress, which is reflected in the National Nuclear Security Administration’s latest response to questions from the Defense Nuclear Facilities Safety Board. In a Nov. 5 letter to DNFSB chairman Peter Winokur, NNSA Administrator Tom D’Agostino provided an outline to issues raised in the safety board’s request in September for more information—and validation—on the assumptions being used for modeling the UPF main building and safety-related structures.

NNSA noted that since the board’s review of the structural analysis and design of the calculations for UPF’s process area, “changes are being made to the building configuration” due to the space/fit issues that forced a redesign to accommodate all the process equipment. “These building

configuration changes will require entirely new calculations to be prepared,” the NNSA response said.

The attachment to the letter includes an overview of what’s in the works, noting that the structural analyses and design calculations for the UPF safety-related building structures are being performed by CJC & Associates and CH2M Hill/Degenkolb. The new calculations, NNSA said, will define the assumptions and validate them based on a number of factors, including industry standards or codes; project design criteria or guidance documents; and supplemental study calculations. The bottom line is NNSA plans to provide more information as the project develops, but the response to the safety board identifies the documents and “key industry standards” that will be used in establish the plans for the one-of-a-kind nuclear production facility being built at the Y-12 nuclear weapons plant in Oak Ridge.

AT OAK RIDGE WSI FUTURE IN OAK RIDGE HINGES ON DOE PROCUREMENT

WSI-Oak Ridge spokeswoman Courtney Henry said about 250 people are still working for the reeling protective force contractor in Oak Ridge following the termination of the company's contract at the Y-12 National Security Complex in the wake of the embarrassing July 28 break-in by protesters. More than 560 WSI employees—including almost the entire Y-12 guard force—transitioned to B&W Y-12, the government's managing contractor at Y-12 that took over the protective forces role at Y-12. WSI still has the security contract with the Department of Energy's Oak Ridge office for protective force services at Oak Ridge National Laboratory, East Tennessee Technology Park and the Federal Building complex, but the company's future in Oak Ridge will depend on the outcome of the competition

for that contract, which is now under review by DOE. WSI has acknowledged submitting a bid in October to keep that federal contract.

WSI's Oak Ridge contract is due to expire Nov. 30, although DOE spokesman Mike Koentop said the federal agency plans to extend it to allow for the completion of the competition. Henry said WSI is "waiting to hear the terms of a possible extension beyond that date and are unsure when the [new] contract will be awarded." While there are rumors of layoffs at WSI, Henry noted that "personnel decision will be affected by the outcome of those [procurement] events."

AT OAK RIDGE OFFICIALS PLAN POST-THANKSGIVING STARTUP FOR SNS

Operations at the Spallation Neutron Source have been rocky this fall, with two targets failing in short order and forcing a lengthy shut down in experimental activities. However, with the problem identified and hopefully resolved, officials plan to restart the accelerator-based SNS the week after Thanksgiving. Things went awry at SNS following a lengthy summer maintenance outage, which lasted from June 21 to Aug. 18. A couple of weeks after research activities were resumed on Aug. 21, there was an indication that the stainless-steel vessel was about to fail—with only about 690 megawatt hours of operations, far below thousands of hours that had become the norm..

unprecedented streams of neutrons for materials studies. "We have qualified one of our spare targets and are planning for a startup just after the thanksgiving holiday," Kelly Beierschmitt, Oak Ridge National Laboratory's associate lab director for neutron sciences, said. Meanwhile, ORNL is trying to get things back to normal as soon as possible. "A preliminary FY 2013 schedule has been drafted that brings users back after Thanksgiving with a short facility shutdown over the winter holidays," the SNS team said in an operational update. "Beam for users is then planned from shortly after the New Year through May 2013." The annual summer maintenance outage is slated to begin next June. Researchers who had commitments for SNS beam time this fall will have those commitments honored "as soon as possible" before September 2013, the lab said.

The vessel was replaced and activities resumed on Oct. 6, but less than a week later, another failure was indicated. This time, there was only 100 megawatt hours of operations before the "end-of-life" sensors were indicated. The investigations team determined that the vessels apparently failed because of weld problems in the target vessel's interior, and it is still analyzing the cause of the failure. "Evidence gathered to date indicates a failure of the same weld joint between the mercury supply passage and the interstitial space on both targets," ORNL said in a statement. "We are now trying to determine why this joint has appeared to fail, and how this apparent failure mode can be eliminated for new targets and managed for the two spare targets that are available."

Beierschmitt earlier said the SNS team had done as much advance maintenance work as possible during this unexpected shutdown period. That, he said, should allow the lab to maximize the upcoming production periods. The lab's statement said the SNS will be shut down for a short time during the Christmas/New Year holidays. After that, there will be an effort to maximize the production period for researchers. "Beam for users is then planned from shortly after the New Year through May 2013," the ORNL team said. Even with the extra effort, the research period for SNS in FY 2013 is expected to be about 500 fewer production hours than in 2012. ORNL, however, has vowed to the user community that it will apply the lessons learned from this experience to make future operations more consistent and reliable. ■

Spare Target to be Used

There have been urgent efforts to identify the problems and get the SNS back and ready for users who travel to Oak Ridge to do experiments at the facility that produces

Wrap Up

IN THE INDUSTRY

USEC CEO John Welch has been appointed Chairman of Battelle's Board of Directors, effective this week. Welch has served on the board since 2001. "John Welch will be a tremendous asset for the Battelle board as its leader," outgoing chairman John McCoy said in a statement. "His deep understanding of Battelle and its customer base will be a strong, guiding force in directing Battelle's future growth."

The Department of Energy's Naval Reactors Laboratory Field Office has awarded two new contracts for fuel and materials services to Nuclear Fuel Services, a B&W subsidiary that is the only manufacturer of nuclear fuel for the U.S. Navy. One contract includes manufacture and delivery of fuel to the Naval Nuclear Propulsion Program, while a second allows development of material for future naval programs. B&W said the contracts were valued at more than \$100 million. "We're proud to support these critical defense projects, particularly our role in supplying the fuel that powers the U.S. Naval Nuclear Propulsion Program," Peyton Baker, president of Babcock & Wilcox Nuclear Operations Group, said in a statement.

The union leadership in Oak Ridge will remain steady for at least the next three years. Steve Jones, the presi-

dent of the Atomic Trades and Labor Council, the umbrella labor group that represents hourly workers at Oak Ridge National Laboratory and the Y-12 National Security Complex, confirmed this week that union delegates nominated the organization's top officers to run unopposed for new three-year terms. In addition to Jones, the officers include First Vice President Carl Wright, Second Vice President Mike Thompson, Recording Secretary Eric Nolan, and Secretary-Treasurer John Troter.

The National Academy of Public Administration is in the final stages of completing a Congressionally mandated study looking at how the Department of Energy oversees and manages its national laboratories, with a final report set to be released in January. "The Academy Panel and study team conducting this study for the Department of Energy has completed its research and analysis and is finalizing the draft report for DOE's review," NAPA Director of Project Development Joseph Mitchell told *NW&M Monitor* this week. The study, mandated by Fiscal Year 2012 omnibus legislation, is intended to examine "whether existing laboratory performance metrics gauge critical aspects of laboratory performance and how the Department utilizes performance metrics and data for managing the laboratories," according to NAPA. ■

Calendar

November

22-23 EM PUBLS CLOSED FOR THANKSGIVING

29 Conference: "Doomsday Clock Symposium," Bulletin of the Atomic Scientists, American Association for the Advancement of Science, 1200 New York Ave., NW, Washington, D.C., 9 a.m.-7:30 p.m.

29 Speech: "Nuclear Statecraft: History and Strategy in America's Atomic Age," Francis Gavin of the Wilson Center, sponsored by Cold War International History Project, Wilson Center, Reagan Building, 1300 Pennsylvania Ave., NW, Washington, D.C., 3:30-5 p.m.

(Changes from previous Calendar in Bold)

NUCLEAR WEAPONS & MATERIALS MONITOR

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MONITOR

WEAPONS COMPLEX

Waste Management ♦ Clean Up

Volume 23 No. 46

October 19, 2012

— INSIDE HIGHLIGHTS —

DOE's Office of Environmental Management could benefit by bringing in more outside perspective and expertise from industry into the DOE organization, top EM officials said this week, though they also said they were not sure just how such a process could be carried out. 2

Bechtel National Project Manager Frank Russo offered an impassioned defense this week of the Hanford Waste Treatment Plant, seeking to refute what he described as a number of "myths" that have arisen concerning the WTP's safety and quality. 3

As the Department of Energy works on a new baseline for the Savannah River Site's Salt Waste Processing Facility, officials from construction contractor Parsons made the case this week for enough funding for a timely startup of the plant. 4

In a critique of any move to reduce burdensome safety requirements or directives, DNFSB Chairman Peter Winokur suggested this week that the Department of Energy should be remain conservative in its approach to safety standards, especially those dealing with nuclear materials. 6

The unprecedented security breach at the Y-12 National Security Complex has served as a "wake up call" for the weapons complex, according to contractor executives gathered at the *Weapons Complex Monitor* Decisionmakers' Forum this week. 6

U.K. Nuclear Decommissioning Authority Chief Operating Officer Mark Lesinski said this week that he is pleased with the level of responses received for prequalification questionnaires for the recompete of the Magnox management contract, with about a half dozen entities replying. 7

Paducah cleanup contractor LATA Environmental Services of Kentucky, LLC, has "significantly improved" its performance over the past year, Bill Murphie, head of DOE's Portsmouth/Paducah Project Office, said this week. 9

As the clock ticks down on a one-year tails re-enrichment program underway at the Paducah Gaseous Diffusion Plant, the Department of Energy is willing to work on another deal to keep the plant running beyond next spring, DOE Portsmouth/Paducah Project Office Manager Bill Murphie said this week. 10

A new Government Accountability Office review of the Department of Energy's Recovery Act-funded cleanup efforts has identified the need for project management guidance to be strengthened. 11

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EM COULD BENEFIT FROM MORE INDUSTRY PERSPECTIVE, OFFICIALS SAY

DOE Cleanup Chief Stresses Need For More Open Communication

AMELIA ISLAND, Fla.—The Department of Energy’s Office of Environmental Management could benefit by bringing in more outside perspective and expertise from industry into the DOE organization, top EM officials said here this week, though they also said they were not sure just how such a process could be carried out. EM could benefit from “the wisdom of people who have seen it from both sides and trying to actually help us inside see their perspectives from having gone out and wear the other shoe,” DOE cleanup chief David Huizenga said at this year’s *Weapons Complex Monitor* Decisionmakers’ Forum, noting that “there are people who were in the system for a long time that are now out in the private sector.” In separate remarks at the meeting, EM Deputy Assistant Secretary for Acquisition and Project Management Jack Surash said, “I would certainly love to have employees that have a combination of federal contract or project kind of experience and commercial and then federal contractor experience on the contracting side. So there are at least three categories I see. I would love to find more people with that kind of background.”

While agreeing with the likely benefits of bringing in people with industry expertise, Huizenga and Surash said it would be difficult to do so without directly hiring them into the federal government. “I can’t imagine there’d be a simple way to rotate a Bechtel person into our organization for a while and then have them go back to the [Hanford Waste Treatment Plant],” Huizenga said. In comments from the audience during Huizenga’s remarks, though, Parsons’ Frank Sheppard suggested DOE look to solicit input from industry officials at the Department’s various cleanup sites in small settings. “I think if you got more focused groups that deal with the contractors out at the site in a smaller group and setting, you get more honest

feedback and data back on how difficult some of these things are that may help to improve the process rather than having to make the contractors come into the government,” said Sheppard, a former DOE official who now serves as Parsons’ deputy project manager at the Savannah River Site’s Salt Waste Processing Facility.

‘Don’t Wait. We Own It’

In his remarks to the gathered industry officials, Huizenga stressed the need for more open communication between federal and contractor officials to help prevent or solve major issues DOE is experiencing at some cleanup projects. Describing his message as “don’t wait, we own it,” Huizenga said, “Please don’t be afraid. I don’t know how many times we have to say this before we actually feel we’re actually getting across to both our federal community and contractor community that nobody will benefit from knowing there’s an issue and just hoping that it will go away and if it doesn’t having to basically come in kind of late in the game and try to explain why we weren’t having the conversation before.” He added, “We actually think if you are able to do that, and we encourage that, we can avoid some of the significant issues we are currently wrestling with. ... I’m here to extend an hand suggesting we’re still very interested in your success and your success is our success.”

As an example of the need for increased open communication, Huizenga cited the SWPF project, which is grappling with new cost increases and potential schedule delays as the result of a significant delay incurred in the delivery of a key component (*see related story*). The SWPF is an instance “where we might have, just to be honest with you, miscommunicated or misunderstood the significance of what the delay in tanks was ultimately going to do,” Huizenga said. “It comes back to erring on the side of raising an issue, making it clear even if it’s going to be an uncomfortable conversation with the federal project director or the [contracting officer]. It would be better to

ExchangeMonitor Publications’ Nuclear Team (*WC Monitor, NW&M Monitor, RW Monitor*)

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The *Weapons Complex Monitor* is a weekly (50 issues a year) publication devoted to providing intelligence and inside information on cleanup and waste management within the Department of Energy’s Nuclear Weapons Complex. Includes firsthand reports from Washington, the major DOE sites and the national laboratories; interviews with top-level officials; and market analysis.

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have these discussions early on, rather than let them linger and have us wonder if there was something we could have done together as team members to try to solve the problem.”

He also cited the now-infamous security breach that occurred at Oak Ridge’s Y-12 nuclear weapons plant this summer. “Frankly there were things at Y-12 that need to, and should’ve been, corrected,” Huizenga said. “I believe people fundamentally knew that there were issues that needed to be corrected. I don’t think anybody was trying to create a problem, but it comes back again to we have a clarity and a vision and an understanding of who’s responsible for a particular activity. And we don’t want to set ourselves up for a situation where one contractor thinks another contractor is doing something and another one thinks they’re doing it or vice versa.”

—Mike Nartker

BECHTEL NAT’L PROJECT MANAGER SEEKS TO REFUTE WTP QUALITY ‘MYTHS’

WTP Design Needs to be ‘Frozen’ To Allow Project to be Completed, Official Says

AMELIA ISLAND, Fla.—Bechtel National Project Manager Frank Russo offered an impassioned defense here this week of the Hanford Waste Treatment Plant, seeking to refute what he described as a number of “myths” that have arisen concerning the WTP’s safety and quality. “The danger is in those tanks,” Russo said at this year’s *Weapons Complex Monitor* Decisionmakers’ Forum, referring to Hanford’s aging underground high-level waste tanks. “Those tanks are old, they are carbon steel and the waste is nasty. And what we are trying to do is take the waste out of those tanks ... and turn it into glass.” Russo went on to say, “So when you open the *Seattle Times* or the *L.A. Times* or even the *Wall Street Journal* and see animations of a mushroom cloud over the [Pretreatment] Facility, I would tell you that’s heavily overstated, but it creates a perception that in an economy like the one we are living in today is very dangerous, because the plant isn’t discretionary.”

Russo pushed back against concerns that have been raised over the quality of Bechtel National’s design and engineering efforts on the multi-billion dollar WTP, where work on some key portions has largely come to a halt due to the need to resolve long-standing issues with the plant’s ability to keep waste adequately mixed to prevent particles from settling in vessels and related erosion/corrosion concerns. Bechtel National has also, in recent weeks, faced calls for it to be stripped of its role as design authority at the vit plant, and received its lowest fee evaluation to date from the Department of Energy for its work at the WTP. “I’ll

tell you factually this is the thing that bothers me and I think it bothers my team. We’re well-qualified. We’ve been doing nuclear for 60 years. We’ve been building stuff for 115 years. You wouldn’t be in business 115 years if you didn’t have repeat customers,” Russo said, responding to the concerns raised over Bechtel National’s engineering abilities.

He also noted, “We know what we’re doing and I believe ... that our customer has a significant issue, as significant as we do. I think the Department’s governance structure, meaning Washington, D.C., not the Department itself, is just not conducive to building capital-line item projects. Every four years or eight, you get a new CEO, your board of directors changes every two years, you do not have a funding profile that’s sustaining; it’s year-to-year.”

Vit Plant ‘Robust’

Describing the WTP as “robust,” Russo said the plant as currently designed could process at least approximately 80 percent of Hanford’s tank waste—chiefly the supernate and saltcake wastes—providing ample time to resolve any technical issues that could prevent the remainder from being adequately processed. “The questions about erosion, corrosion, the questions about design margin, the questions about mixing are all questions about the 20 percent, not about the 80 percent,” he said. “Now assuming, we’re not right and we’ll never be able to prove with 100 percent certainty we are right, because you’ll never know with 100 percent certainty what the waste stream really looks like, assuming we’re not right and the waste stream is, you know, Armageddon, then you still have in that supernate and saltcake enough waste to run that plant for 20, 25 years. And then through operational learning, through operational experience and keeping enough supernate to dissolve it or to move it, bring the sludges over towards the end of the mission.” Russo also noted, “There’s engineering issues and then there’s emotional issues. WTP tends to live in the world of emotional issues.”

WTP Stuck in ‘Do-Loop’

Russo stressed the need for the WTP’s design to be “frozen” to allow the project to come to completion. Citing his commercial experience, Russo said, “At about 20 percent design you do something that is almost like a blasphemy in the Department of Energy and in the government, you freeze ... the design. Well, why do you that? Because in the commercial world, if you don’t do that you’ll start chasing technology advances inside a facility that’s already being designed, already being procured, already being built and the product will never get to market or if it does so it will go with the market at such a price that no one will buy it.” He added, “And if you run into an issue ... you go

upstream of the process facility to modify the waste stream or the feed stream. You don't chase it in the middle of the plant."

The need to finalize the design of the WTP has led to significant numbers of technical issues and concerns being raised on the project, which have contributed to cost and schedule concerns. "When you change something, it automatically generates [concerns] and I now have to go back and check the 63 things that particular change affects, and the 600 things that are affected by the 63." Russo said. "We're in a do-loop right now and the only way we get out of that do-loop is if we freeze the design." He also noted, "Over 12,000 people are involved in this project and if you keep changing it, then you're rolling down something today and you're rolling down something tomorrow or you're rolling down tomorrow, it changes what you roll down today, you get yourself into a quality situation in the name of quality that is not quality. ... So in the name of getting it perfect, if you go too far, you make it more and more imperfect and that's just the nature of design/build or design/bid/build."

Russo said he expected the technical review currently being conducted at the WTP by a team of top scientific experts selected by Secretary of Energy Steven Chu will help resolve technical concerns to allow the project's design to be set (*WC Monitor*, Vol. 23 No. 45). "We brought in the best experts. We brought in our own capabilities. We brought in people who should know, but it's not enough. Hopefully a Nobel laureate with a hand-picked group of people will be able to set the point where we go out and finish this job," he said. "If we can get that line drawn in the side in terms of what WTP is and make it last in the next administration, and the administration after that, we'll be vitrifying glass. If not, seven or eight years from now, somebody will be standing here in my shoes giving the same speech. And that is a disgrace to this country. It's not a discretionary project. It has to be done."

On the sidelines of this week's meeting, Russo also stressed the need for the results of Chu and his team's work on the project to remain even if there's a change in administrations next year. "The worst thing that could happen is the Secretary puts something out there and in two years it's forgotten," Russo told *WC Monitor*. "What we're asking is memorialize it. Put it in paper in such a way that it's very hard to walk away from."

—Mike Nartker

PARSONS PUTS ON FULL COURT PRESS FOR SAVANNAH RIVER SWPF FUNDING

DNFSB, South Carolina, Push for Timely Startup

AMELIA ISLAND, Fla.—As the Department of Energy works on a new baseline for the Savannah River Site's Salt Waste Processing Facility, officials from construction contractor Parsons made the case here this week for enough funding for a timely startup of the plant. Parsons and the Department have clashed numerous times this year on funding and schedule for the SWPF, with Parsons emphasizing that with hundreds of millions in additional funding it can complete the project and minimize the schedule slipping. "We think we are poised for success," Frank Sheppard, Parsons' deputy project manager for SWPF, said at this year's *Weapons Complex Monitor Decisionmakers' Forum*. "But if we don't address the funding issue and we don't lay out a path forward and we have a significant delay in construction we introduce much more additional risk into the project, [such as] losing the qualified workforce, not only on the construction side but also on the key personnel staff."

The SWPF is designed to exponentially increase the capacity for processing the waste stored in underground tanks at Savannah River, and is a critical part of plans to close out the remaining 47 tanks in time to meet regulatory commitments. The new price tag for the facility stems from lengthy delays in the delivery of 10 key vessels to the plant tied to quality issues with a subcontractor. Given those delays, Parsons submitted a new cost-and-schedule estimate for the project in March that added \$440 million to the project, bumping total cost to \$1.78 billion, which the contractor believed would allow it to meet an October 2015 regulatory startup commitment. DOE, however, has acknowledged that it will not meet that date (*WC Monitor*, Vol. 23 No. 35), and is currently undertaking a rebase-lining effort that it plans to release before the end of the year.

DOE last month wrapped up a Construction Project Review of the SWPF that noted ongoing tensions in the relationship between Parsons and DOE, but this week Parsons vowed to work with the Department on contract negotiations to find a solution as soon as possible. "We do need to figure out how not to introduce additional risks into the project. We feel we have a lot of those under control, but we have to address the cost issue," Sheppard said. "When you have a large project that's coming in with significant funding needs that presents a strain on the system, it's a matter of priorities. We believe FY14 is a critical year for SWPF. We have to decide between Parsons and DOE to move forward, to find the right path forward to ensure we can have a successful startup of SWPF. The hard decisions need to be made now, we can't

wait five-to-seven years. We are going to do everything we can to work with DOE.” Parsons has several funding scenarios for the SWPF that would further push out the start-up schedule. According to a presentation Parsons developed in May, a September 2017 startup could be achieved for a total project cost of \$1.91 billion. That plan would require \$190 million in both FY14 and FY15, followed by \$140 million in FY16 and \$51 million in FY17. A different option would be to provide \$80 million a year starting in FY14, which would achieve a May 2023 startup with a total project cost of \$2.1 billion,

S.C. Stresses Need to Request Adequate Funding

If the project misses regulatory commitments, DOE will have to show South Carolina regulators that it has made an effort to obtain the funding necessary for a timely startup, Shelly Wilson of the South Carolina Department of Health and Environmental Control said in remarks at the conference. “We would be stressing DOE did you ask for enough money to make up the schedule, that’s going to be one of the first questions we ask. Did you really aggressively push for the money to make up and to start on time?” Wilson said. She added that there has been discussions of using other waste processing technologies to mitigate a delay. That includes the Small Column Ion Exchange, the development of which was put on hold due to funding concerns. “Generally when we talk to DOE we are not at all adverse to trading. If there is a delay for the citizens of our state I have to promise them something DOE gives them in return to make up for that risk or to mitigate and get us back on track as soon as possible,” Wilson said.

But alternative means of processing waste, such as the ARP/MCU process currently being used, have a much lower capacity than the more than 10 million gallons the SWPF could provide using new solvent technology. “You may ask, why do you need a high capacity salt waste processing plant?” Roy Schepens, SWPF Director of Operations for Parsons, said. “There are 35 million gallons of salt waste in the tanks. By the time you end up dissolving that and preparing it chemically it ends up being 100 million gallons of waste that needs to be processed in a timely manner.” He added, “Bottom line, the Savannah River Site has a complete solution and framework for the disposition of liquid waste.”

The state has had several “very informal” discussions so far with DOE on SWPF delays, and there are near-term meetings scheduled to discuss the issue in more detail, Wilson said. DOE so far has not requested a milestone extension or discussed how SWPF delays will impact tank closure dates. Wilson noted that the issue revolved around delivery of the 10 large vessels. “They might have a legitimate claim to some delay based on that. I also believe

that they may be able to make up a significant part of that schedule if they have the funding to work hard and close the gap,” Wilson said. “So I have some sort of feel for the extremes. But there’s a lot in between here that we still have to talk about and need to find out about in terms of how much of any request of delay might be due to lack of funding versus the schedule delay with the large tanks issue.”

DNFSB to Reissue Waste Recommendation?

In a keynote address, Defense Nuclear Facilities Safety Board Chairman Peter Winokur also noted that the SWPF has the potential to be a major near-term success for DOE. “I understand that it may be delayed from 2014 to 2016, but there’s an opportunity to really get in there and clean the tank farms at Savannah River. All the pieces—the Defense Waste Processing Facility, Saltstone, the evaporators—they all seem to be in place right now,” Winokur said. “In my opinion, these successes for the Department would be huge, and huge in the way this whole program is viewed. . . . I can tell you that people on [Capitol] Hill like to fund success. And if these projects are successful they are going to pave the way forward for the Environmental Management program.”

But the DNFSB would consider revisiting a high-level waste recommendation for the Savannah River Site if SWPF startup is significantly delayed, Winokur said. Late last year the Board closed out a recommendation issued a decade ago on what was considered a critical tank space issue in the site’s high-level waste system (*WC Monitor*, Vol. 22 No. 55). “Our understanding is that the Salt Waste Processing Facility is in the 2014 to 2016 time frame, and based on the latest plan we’ve seen at Savannah River that looks like a reasonable approach. But if delays are considerably more than that, I think the Board would have to look at that recommendation and reevaluate whether we would need to reissue some form of that,” Winokur said.

Closing out the DNFSB recommendation was based in part on plans for the increased waste processing capability that would be provided by SWPF. Winokur emphasized the importance of starting up the facility to reducing risk at Savannah River. “The problem is the tank farms are the clear and present danger. That’s where the waste is today, and there needs to be a path forward and a way to effectively empty those tanks,” he said. “The Salt Waste Processing Facility is critical to that mission. There are facilities in place, but the amount of waste they can handle is very small compared to the capacity of what that facility would provide.”

—Kenneth Fletcher

DNFSB CHAIRMAN WARNS DOE AGAINST ACCEPTING MORE SAFETY RISK

AMELIA ISLAND, Fla.—In a critique of any move to reduce burdensome safety requirements or directives, Defense Nuclear Facilities Safety Board Chairman Peter Winokur suggested here this week that the Department of Energy should remain conservative in its approach to safety standards, especially those dealing with nuclear materials. Speaking at the *Weapons Complex Monitor Decisionmakers' Forum*, Winokur said he feared that efforts to streamline directives elsewhere within the Department could encroach on nuclear safety. “There is always the suggestion made that the nuclear island is protected. I don’t believe that’s quite the case,” Winokur said.

Changes Should Be ‘Careful and Methodical’

While the Department has made an effort to reduce burdensome requirements and directives under Energy Secretary Steven Chu, some in Congress have pushed for even more reform—especially in the National Nuclear Security Administration. Through a push by Rep. Michael Turner (R-Ohio), the House Armed Services Committee support efforts to reform the agency, making the agency more autonomous, and reduce the authority of the DNFSB on nuclear safety. Provisions were adopted in the House version of the Fiscal Year 2013 Defense Authorization Act, and while they were not designed to weaken nuclear safety, Winokur suggested he feared DOE was moving to accept more risk through its safety framework. “Even under severe budget constraints DOE must continue to ensure its priorities are balanced between mission and safety,” Winokur said, adding: “I think DOE has a good safety framework. There’s nothing wrong with changing or improving it, but I think it should be done in a careful and methodical way.”

Winokur said that operations dealing with plutonium and highly enriched uranium are necessarily burdensome and should remain so. “You better believe things are burdensome and they need to be,” Winokur said. “So is open heart surgery. So is flying a jet plane across this country. And prescriptive? Yeah it’s prescriptive. I believe it needs to be prescriptive. This whole discussion of the ‘what’ and ‘how’ is beyond me. I believe the contractors in the Department should take advantage of the safety framework and understand the how of doing things. And being prescriptive is the nature of the business.”

Winokur Calls for Vigilance Under Tight Budgets

Winokur said that it was problematic that DOE appeared to believe its defense-in-depth posture was too conservative, but he made the case that new information about facilities often pushes the margins of safety. He noted specifically recent seismic evaluations at Los Alamos National Laboratory that have revealed the dangers from a massive earthquake are five times greater than previously believed. That has forced significant upgrades to Los Alamos’ Plutonium Facility and a reconsideration of seismic hazards in other construction plans. “Any margin of defense in depth that was built into that building was going to be necessary and needed,” Winokur said, referring to the Plutonium Facility. “When you eat up that defense-in-depth and say you don’t need as many controls, you have less ability to deal with an accident you may not have characterized correctly—not necessarily your fault—and you’re going to have a very difficult time with beyond design basis accidents.”

Winokur emphasized that it was especially important to maintain vigilance on safety as financial pressure tightens budgets across the weapons complex. “We are in a budget environment in which history tells us there will be impacts to safety and people will look for tradeoffs,” he said. “My point is that safety is not opportunity lost. It’s opportunity’s cost. ... Safety is the enabler for this mission and it needs to be worked in.”

—Todd Jacobson

EXECS: Y-12 ‘WAKE UP CALL’ DOESN’T LESSEN CONTRACTOR ASSURANCE NEED

AMELIA ISLAND, Fla.—The unprecedented security breach at the Y-12 National Security Complex has served as a “wake up call” for the weapons complex, according to contractor executives gathered at the *Weapons Complex Monitor Decisionmakers' Forum* held here this week, but it should not result in more federal oversight or less responsibility for contractors running facilities across the weapons complex. The incident has sparked debate in Congress about the proper amount of oversight for the weapons complex, and a Department of Energy Inspector General report issued in the wake of the security breach called into question the reliance on contractor assurance systems and suggested increased federal oversight could be necessary. “I don’t think that there’s any reason to say that one program precludes the other one from working effectively,” Fluor Vice President Greg Meyer said during a panel discussion at the conference, noting that he disagreed with the conclusions of DOE’s Inspector General on

contractor assurance. “At the end of the day both of them can go forward. Both of them can work just fine.”

Meeting Expectations

Meyer and other executives on the panel emphasized the importance of remaining vigilant about meeting expectations and maintaining rigorous contractor assurance systems, especially in the area of security. “There’s a common saying out there that people do what is inspected as opposed to what is expected,” AREVA Federal Services President Tara Neider said. “I’ve definitely seen situations where that has definitely been the case, where you’re looking over people’s shoulders and so they’re doing what you’re telling them to do as opposed to what needs to get done. And we really need to get away from that. What we really need to do is install within our employees, each one of our employees, how important their jobs are and how they have to do things that are right as opposed to what the customer is looking at.” URS Executive Vice President Steve Piccolo emphasized that it was important for companies to have strong independent assessments so that problems can be identified and a willingness to bring up problems. “I don’t think it’s incumbent on the Department to increase oversight in it,” Piccolo said. “I think it’s incumbent on the contractors to know that they’re doing the right things up front and meeting their expectations so they can communicate that.”

B&W Conversion Services President George Dials, who previously managed Y-12 for B&W, said in many instances federal oversight has become supervision. “Our job is to manage the contract and the contractor workforce and contractor assurance is not the issue when you have some failure, be it a security failure or some other programmatic failure,” he said. “The real strength of an organization lies in every individual’s understanding that you do the right thing and you follow the proper procedures and safety requirements when nobody’s looking, whether it’s your own supervision or a DOE oversight person. So I believe that one way to get there is a very strong commitment to contractor assurance and having buy-in from the bottom up; that is doing the right thing is the bias and not taking the expedient approach.”

Industry Paying Closer Attention to Security

Neider referred to the event as a “wake up call to all of us in the industry” and said that officials at the Mixed Oxide Fuel Fabrication Facility, which is managed jointly by Shaw and AREVA, had been paying close attention to the security breach. Of particular importance was the problems integrating security work at Y-12, where management and operating contractor B&W Y-12 and protective force contractor WSI-Oak Ridge have been faulted for not better

communicating about various problems that contributed to the breach. “We need to ensure that everything is integrated within the one project,” Neider said. “We’ve changed some of our processes and procedures and look forward to incorporating the lessons learned going forward.”

Dials suggested that the incident had heightened awareness of the pitfalls that could come in the integration of technology and employee roles. “When you have human and equipment interactions that are required to maintain security, there’s always the possibility for failure,” he said. “So rigorous programs need to be instituted so that you’re monitoring that and you’re making sure that is an assurance form of itself. The contractor has to assure its own operational capability that you’re getting the right performance.”

Meyer said the incident has created “good questioning attitudes” at Fluor and other companies. “What’s happened is it’s caused everybody to look at and take these assumptions and things we take for granted and start a much more questioning look at our sites,” Meyer said. At Fluor, he said that consideration is being given to bringing in security consultants to meet with safeguards and security managers and “saying, just take a look at our posture, how are we set up and what’s going on.”

‘This is Just Too Important’

CH2M Hill Nuclear Group President Mark Fallon suggested it was important that any lessons be shared throughout the weapons complex. “An issue like this one that safeguards security of this material and more broadly the national security of our country transcends whatever sort of intramural sort of conflicts or personalities exist,” Fallon said. “It transcends, in my judgment, even some of our, you know, governance responsibilities internally. ... This is just too important to miss beyond kind of whatever drama exists on a given week or quarter among our companies.”

—Todd Jacobson

NDA RECEIVES STRONG RESPONSE FROM INDUSTRY ON MAGNOX COMPETITION

U.K. Agency Seeks Participation of More U.S. Companies

AMELIA ISLAND, Fla.—U.K. Nuclear Decommissioning Authority Chief Operating Officer Mark Lesinski said here this week that he is pleased with the level of responses received for prequalification questionnaires for the re-compete of the Magnox management contract, with about a half dozen entities replying. The responses were due Oct. 12, soon after EnergySolutions backed away from the sale

of its current management contract for the Magnox nuclear power sites, set to expire when the procurement is completed in 2014. “Response has been very good,” Lesinski said in remarks at this year’s *Weapons Complex Monitor* Decisionmakers’ Forum. “There has been a little bit of reshuffling going on because of the EnergySolutions potential sale, which is no longer on. There was a little bit of a hole there and people were holding at bay what their arrangements were going to be. I’ll be honest, I don’t off the top of my head remember how many we had, but I believe it is six right now, expressions of interest.”

WC Monitor has learned that at least four teams have formed to compete in the Magnox procurement. That includes a team of URS and Bechtel, in which EnergySolutions will likely be participating in some fashion. Another team includes CH2M Hill, Serco and AREVA, and a third is comprised of Fluor and U.K.-based Babcock. A final team is believed to be made up of British companies AMEC and Atkins.

The new NDA procurement will result in a contract for one new Parent Body Organization to take ownership of Magnox Ltd., which manages the 10 Magnox sites; and Research Sites Restoration Ltd., which oversees two former nuclear research sites—Harwell and Winfrith. The contract is set to run for up to 14 years, with ‘break points’ at seven years and 12 years. The initial seven-year period is set to have a “funding envelope” of £4-5 billion. Lesinski said that he is confident that the transition to a new contractor can be completed as expected in 2014. “As far as the schedule is concerned, we believe we can make that,” Lesinski said. “There is a little bit of fat in the tail end of it, and we believe 2014 is very doable and that’s what we are going to drive for. We’ve done it before and we don’t have any reason to believe we won’t do it again.”

The competition kicked off with an industry day for potential bidders in July, which came just days after EnergySolutions announced its intent to sell off its European business unit, including its work at Magnox. While EnergySolutions received several proposals, none were found acceptable to its management (*WC Monitor*, Vol. 23 Nos. 43&44). Earlier this month the company informed NDA it plans to continue managing Magnox until the procurement is complete. The prequalifications will be followed by a site access period scheduled to begin early next year. Soon after that, the NDA will start a competitive dialogue phase running 32 weeks. After that an invitation to submit bids will be issued, with bids to be due in August 2013. The NDA plans to announce a “preferred bidder” for the new contractor by the end of next year, and to have the new PBO fully in place by the summer of 2014.

NDA Vows to Improve Procurement Processes

Also at this week’s meeting, NDA officials vowed to improve the agency’s procurement processes and urged U.S. companies to come work with the agency. “One area that we continue to struggle with is trying to get the full engagement of the supply chain—trying to get the right people in at the right time with the right ideas and having them go at it,” Lesinski said at a workshop held with industry officials. “The term we use all the time is that we need new blood. We need you folks to come over and help us out.” But companies at the workshop expressed frustration with the NDA on a number of fronts, including delays in contract awards, finding contracting opportunities and learning how to work within the agency’s complex procurement processes.

‘Put Your Money Where Your Mouth Is’

Some industry officials said they were skeptical that the NDA’s efforts would help more U.S. companies successfully enter the U.K. market. “We have been here before, in 2003, 2004, the predecessor of the NDA invited American companies to come to the U.K. There was all this money, billions of pounds were going to be spent,” John Mason of ANTECH Corporation said at the workshop. “A number of U.S. companies came to the U.K., spent a lot of money, set up offices and then eventually went away. Let’s not have that happen again. You need to put your money where your mouth is.” But U.K. officials said that they plan to increase engagement in the United States. “We are here because we know that this is important. You probably wouldn’t have gotten this sort of discussion with Sellafield and the NDA three or four years ago,” Keith Case, commercial director of Sellafield Ltd. said. “We recognize the need to do something about this.”

The NDA is taking steps to improve its processes, including plans to launch a new web portal in the coming months consolidating contracting opportunities and expanding an effort to meet small and medium business contracting goals. NDA Supply Chain Director Ron Gorham acknowledged that contracting at the agency has had a number of issues. “Until the last 12-to-18 months NDA has not paid enough attention to the whole supply chain. I think we are being driven by relatively short term progresses. Some of this emanates from the fact that we are new kid on the block,” he said. “It’s also clear that our performance up to this stage on subcontracting has been less than perfect. Warts and all, we have not gotten a large number of projects delivered to time, cost and quality. [Prime contractors] have often delivered two out of those three, but rarely three out of three. That’s become an issue for us and our credibility to the central government.”

—Kenneth Fletcher

PADUCAH CONTRACTOR IMPROVED PERFORMANCE IN FY 2012, DOE SAYS

Contractor Hopes to See 'Double' Award Fee Score from Low FY 2011

AMELIA ISLAND, Fla.—Paducah cleanup contractor LATA Environmental Services of Kentucky, LLC, has “significantly improved” its performance over the past year, Bill Murphie, head of the Department of Energy’s Portsmouth/Paducah Project Office, said here this week. Murphie attributed the contractor’s improvement from Fiscal Year 2011, where the contractor was found to have had a number of performance issues, to several factors, including increased corporate attention and new management. “Time” also played a role, Murphie said at this year’s *Weapons Complex Monitor* Decisionmakers’ Forum. “When the contract first started, they proposed very aggressively, let’s put it that way. It created quite a ripple for us to have to reconcile the proposal to where we were, as well as the combination of the budget forecast being cut and some regulatory negotiations that were necessary,” he said. “All of that’s kind of coming together now. It’s making things easier for everybody. We now know what the numbers are and we’re planning the job to match with the funding profile.”

Contractor Earned One-Third of FY11 Fee

For FY 2011, its first full year as the cleanup contractor for the Paducah site, LATA Kentucky earned only one-third of its available fee—approximately \$1.03 million out of an initially available \$3.14 million. The evaluation was one of the lowest scores given to a contractor across the DOE cleanup program that year. While DOE rated LATA Kentucky’s performance in FY 2011 as “satisfactory,” that was a drop from the “god” rating the contractor received for the previous evaluation period. In a fee determination letter sent to LATA Kentucky earlier this year, DOE’s Portsmouth/Paducah Project Office outlined a number of what it described as “significant” areas where the contractor needed to improve its performance. “Examples of areas that require improvement of timeliness of submittals, coordination with DOE during the development of project schedules and review cycles, development and use of better and more comprehensive project management tools (e.g. resource loaded schedules, earned value, critical path schedules), conduct of operations and appropriately responding to changed conditions in the field,” the DOE letter said.

Concerning LATA Kentucky’s low FY 2011 fee determination, Murphie said, “I think the question is did we swing too big a stick? I think the message was brought home and I think they reacted favorably and positively. So now our

goal is to help them help us and let’s both get back on track to get to where we need to be.”

LATA KY: ‘Dramatic’ Improvements

DOE has yet to issue LATA Kentucky its fee determination for FY 2012. Over the past year, though, the contractor has made a strong push to improve its performance, such as by working to improve its safety and project management programs (*WC Monitor*, Vol. 23 Nos. 28&29). “We believe we’ve made dramatic improvements in every aspect of our program,” LATA Kentucky Project Manager Mark Duff said at this week’s meeting, noting that the contractor has met “just about all” of its performance-based incentives for the past fiscal year. “We’ve significantly improved communication between DOE and the contractor through our partnering agreement, which I think is a model [for] communication [and] just working through problems more openly,” Duff said. “I don’t think we’re going to come out in the high 90s in our percentile, but I think we’ll see at least double what we did last year and we’ll continue to improve in the next couple of quarters as well to get where we’re satisfied.”

‘We Had to Reflect on Ourselves’

Murphie also said that LATA Kentucky’s low award fee for FY 2011 caused his office to take a new look at how it evaluates contractors. “We had to reflect on ourselves. When a contractor gets a poor score, it’s one thing for us to sit there and say, ‘They’re a bad contractor. They screwed up.’ But it’s part of us too. So we sat back and starting asking ourselves, ‘Why did they perform so poorly? And what was the difference between the benefit of the scoring process and how is this feedback working and how are we improving, and how are they improving as a result of this process?’ Because it doesn’t do anybody any good to just put somebody in the system and say this is it,” he said.

Murphie said he recently met with Duff and other officials from LATA Kentucky as part of the FY12 fee negotiation process, and then went back and met with his staff to “make sure that we’re all on the same page on how to do the evaluation period,” Murphie said, “We focus so much time on the award fee plan and negotiating discussions with our contractor. We forget there’s 20 other people working on the award fee implementation piece and are giving the scores, and if they aren’t in sync with how this whole system works, it can lead to a result where somebody’s expectations aren’t being met but maybe those expectations are focused on a very narrow piece of the whole puzzle. And the fact that you maybe didn’t achieve something in one area doesn’t mean you don’t get all of the positive things over here.” Describing the process as a

“learning experience,” he said, “We try to make sure that both the representation and scores are fair and adequate, but also that they’re productive and this is a productive process. Otherwise what’s the point?”

—Mike Nartker

DOE WEIGHS ANOTHER DEAL FOR CONTINUED OPERATIONS AT PADUCAH

AMELIA ISLAND, Fla.—As the clock ticks down on a one-year tails re-enrichment program underway at the Paducah Gaseous Diffusion Plant, the Department of Energy is willing to work on another deal to keep the plant running beyond next spring, DOE Portsmouth/Paducah Project Office Manager Bill Murphie said here this week. Plant operator USEC is currently running Paducah under a program negotiated with DOE and utilities to re-enrich a portion of the Department’s stockpile of depleted uranium tails. But that effort will be completed in May 2013, potentially leaving DOE with hefty maintenance costs for the facility as it awaits decommissioning and decontamination. “Maybe we have another mutually beneficial deal that we can put together. The option is still there on the table. Paducah and USEC in particular is aggressively trying to find another customer,” Murphie said in remarks at this year’s *Weapons Complex Monitor* Decisionmakers’ Forum, adding, “We did the deal once, but we can do a different kind of deal that involves the tails somehow.”

USEC, which leases the plant from DOE, warned late last year that it because of decreased enrichment demand it would likely stop operating the Paducah plant in 2012 and turn it back over the Department. Faced with the potential costs of maintaining the facility and under pressure from Kentucky’s Congressional delegation, DOE helped negotiate the tails re-enrichment program with USEC, Energy Northwest and the Tennessee Valley Authority (*WC Monitor*, Vol. 23 No. 24). USEC has not notified the Department that it plans to stop operating the plant when that effort wraps up, but USEC CEO John Welch said in an August call with investors that “it will be difficult to continue commercial enrichment operations there beyond May 31, 2013.” Faced with that possibility, DOE held an industry day with about 20 companies in August to help find either an entity willing to operate the plant or companies interested in leasing other facilities on site, which could help fund maintenance and D&D work of the plant. (*WC Monitor*, Vol. 23 No. 36).

That effort did not result in a potential new operator, but there was some interest shown using some of the many facilities on site for other uses, Murphie said. “The industry day raised the ability and the awareness around the

industry on what we were trying to do,” he told *WC Monitor* on the sidelines of the conference. “Candidly, we didn’t have anybody who really supported or had any initial desire to take over the current gaseous diffusion operations. We did get some interest in the plant itself, the site and particularly some of the areas around the site that might be useful as well as some of the infrastructure pieces that could be connected to a potential new use.” He added, “At this point it’s very speculative. No one has come in and given a specific proposal or a specific request. These are discussions—high-level expressions of interest.”

Future Options Could Be Released In Near Term

Another option for funding work at Paducah beyond a shutdown could be using transfers from the Department’s uranium stockpile, an approach already being taken at its sister Portsmouth facility in Ohio. But Murphie this week focused on the possibility of continued operations. “Until the plant literally shuts off and starts doing things that permanently prevent it from being restarted, there’s still hope. ... May of next year isn’t that far away. So we are working hard to see if there is something we can do to extend the enrichment operations,” he said, adding, “We’ve got some ideas that are being worked on right now that hopefully we can make public down the road in the near term.”

Union Threatens Lawsuit Against DOE if USEC Fails

In a preemptive warning to DOE in case USEC goes bankrupt, a union official from the Portsmouth site at this week’s meeting threatened legal action if the Department does not fulfill USEC’s obligations. USEC also operated the Portsmouth plant in addition to Paducah, but the company is facing an “impending failure,” said Herman Potter, president of United Steelworkers Local 689 in Piketon, Ohio. “Under the USEC privatization act, in our minds it clearly says that if USEC goes bankrupt, DOE is supposed to make everyone whole,” Potter said. That includes current and retired workers at Portsmouth, Paducah and Oak Ridge. Potter said he was frustrated by a lack of response from DOE on the issue. “It’s a huge cost. We think this is a very clever strategy. We just think it’s improper, and potentially fraudulent and an abuse of the system. We will take such action to deal with it. It will not be popular,” he said.

USEC has experienced a series of financial setbacks recently, and raised the possibility of bankruptcy earlier this year. The company has struggled to find private funding for its American Centrifuge enrichment plant project, which is currently being supported by a DOE cost-share program. As a result, USEC’s stock price fell under \$1 in April, triggering a warning from the New York Stock

Exchange that the company could face being delisted if the average share price did not rise above that point by mid November. Such an event would likely cause USEC to file for bankruptcy protection, according to a May financial filing by the company.

Union leaders from Paducah and Portsmouth have had discussions with the international union on filing a third-party lawsuit that would include all USEC workers. They have also contacted the Department's Inspector General with concerns. "Oak Ridge also has an atomic energy council," Potter said. "It is a motion on our United Steelworkers Atomic Energy Council pertaining to a request for a fraud and abuse investigation to the DOE's IG office and to fraud and abuse of the policies of the federal procurement process. We believe that the methods are going against what Congress intended at the appropriations." The Portsmouth union has about 870 members that would be impacted, Potter said. At Paducah, about 1,500 to 1,600 workers and retirees could be included in a potential suit, according to Jim Key, Vice President United Steelworkers Local 550 in Paducah.

—*Kenneth Fletcher*

EM NEEDS TO STRENGTHEN PROJECT MANAGEMENT GUIDANCE, GAO FINDS

A new Government Accountability Office review of the Department of Energy's Recovery Act-funded cleanup efforts has identified the need for project management guidance to be strengthened. While the bulk of the projects reviewed were found to have been completed under cost, the GAO review raised questions over how DOE's Office of Environmental Management established scope, cost and schedule targets for its efforts to measure performance. "Of the projects completed, most were completed at a lower-than-planned cost—some projects so much so that they raised questions about whether EM has effectively addressed its long-standing challenge of developing realistic performance baselines," the GAO said in a report released this week. As of April 2012, EM has completed 78 out of 112 Recovery Act-funded projects, and of those completed, 92 percent (72 out of 78) met scope and cost targets, the GAO said.

According to the report, 42 of the 78 completed projects were finished more than 10 percent under their cost targets, and 22 were finished between 20 to 70 percent under their cost targets. "According to EM officials, when projects come in under their cost targets, it is generally because contractors found more efficient ways of completing the project scope and did not encounter risks that required the use of management reserves or contingency funds. In

addition, some EM officials stated that the Recovery Act projects may have been budgeted with assumptions supporting the higher end of reasonably estimated costs to ensure that projects did not go over cost targets," the report says. For those projects found to have been completed at least 20 percent under their cost targets, though, the GAO noted that "EM and other DOE officials told us that, typically, cost efficiencies and risk avoidance could not explain why these projects were so far under their cost targets. Instead, these projects were likely to have had their scope significantly altered or had their scope completed in an entirely different way than was considered when the cost targets were established." The report adds, "However, there was no complex-wide information to explain why these projects were completed so far below cost targets."

The GAO said it had identified several issues with how EM established cost, schedule and scope targets for its work. "Scope targets were not consistently set and documented for some capital asset and operation activity projects; cost targets were flexibly set for operation activity projects; and schedule completion targets for both capital asset and operation activity projects were typically set for the end of a fiscal year, regardless of when a project was actually expected to be completed," the report says, adding, "Without clear scope, cost, or schedule targets in performance baselines, it becomes difficult to assess project performance."

More Early Planning Needed, Review Finds

The GAO review also found that EM's stimulus-funded projects, in some instances, suffered from "insufficient" early planning before the establishment of a baseline. As examples, the GAO cited Recovery Act-funded projects to D&D reactors at the Idaho and Brookhaven national laboratories. At Idaho, "the contractor discovered asbestos contamination that had not been identified before the project's scope and cost targets had been established, which slowed work while the contractor planned how to address this unexpected contamination; this delay contributed to the operation activity project's missing its completion date of the end of fiscal year 2011," the report says. And at Brookhaven, according to the GAO, "the contractor demolishing a radioactively contaminated concrete shield around a former reactor found that the shield was much denser than expected, which delayed the completion of the capital asset project and raised costs; the additional funds EM provided were also exhausted before the contractor completed the project, and the remaining demolition was transferred to a project funded with annual appropriations."

GAO Questions Project Reclassifications

In addition, the GAO review identified issues with how EM implements a policy developed in recent years to reclassify work as either capital asset projects or operations projects. EM officials have said the policy is intended to help bring greater focus and attention to some projects. The GAO said, though, “EM does not have a clear policy that sets out under what conditions and how EM should break a capital asset project into smaller, discrete operation activity projects. Project classification is important, however, because some requirements apply only to capital asset projects. EM’s guidance for projects classified as operation activity projects under this initiative states that certain approval and reporting requirements will not be applied, and others will be applied as appropriate. Some DOE and other officials expressed concern that projects could be broken into smaller projects to avoid the requirements.”

DOE Agrees With Recommendations

The GAO called on DOE to “clarify” guidance on developing and documenting project performance baselines and to

develop a policy setting out the criteria “with greater specificity” for reclassifying capital asset projects over \$10 million into smaller operation activity projects under \$10 million. DOE agreed with the Recommendations, according to the report. “Without sufficient project controls and sufficient guidance to ensure that specific performance baselines are established at a consistent point in a project’s development and clearly documented, it may continue to be difficult for EM and others to assess project performance,” the GAO said.

In a written response this week, EM spokesman Colin Jones said, “The Office of Environmental Management has completed more than 90 percent of its American Recovery and Reinvestment Act work within cost and schedule, spending \$5.8 billion of the approximate \$6 billion allocated in April 2009. EM recently celebrated completion of the 100th Recovery Act cleanup project, demonstrating tremendous success in accelerating cleanup of the Cold War legacy.” He added, “The Recovery Act lessons learned process has allowed EM to focus on continuous improvement of its management guidance. We will review all GAO recommendations and take any necessary corrective actions as appropriate.”

—Mike Nartker

At the DOE Operations Offices/Facilities

AT NEVADA MELLINGTON TO RETIRE AS NEVADA SITE OFFICE MANAGER

Steve Mellington, the manager of the National Nuclear Security Administration’s Nevada Site Office, is retiring at the end of the year, he said in a message to colleagues Oct. 16. Mellington, a 25-year veteran of the Nevada Site Office, has served as its manager or acting manager for nearly five years. “Together we have taken this office to the next level and helped it to become one of the leading Site Offices in the NNSA Complex,” Mellington said in his message. “I believe in and support the new vision of our NNSA leadership. I know that change is hard and sometimes uncomfortable but it is necessary in our current environment if we are to maintain a viable nuclear weap-

ons enterprise. I ask that you embrace this change as an opportunity to excel and set the standard for the complex.”

Before taking over as the site office manager, Mellington served as the director of the site office’s Environmental Restoration Division as well as the deputy assistant manager and assistant manager of its Environmental Management Organization. Mellington’s retirement will take effect Dec. 29. NNSA spokesman Josh McConaha said his replacement is expected to be named in the coming weeks.

AT OAK RIDGE DEMO WORK SET TO SOON BEGIN AT K-25’S NORTH END

Demolition work could begin as early as next week at the north end of the World War II-era K-25 former uranium enrichment building, Mark Whitney, the Department of Energy’s environmental manager in Oak Ridge, said this week. Work on the northern end is likely to be completed by the end of this year, and in the meantime DOE and Oak Ridge cleanup contractor URS-CH2M Oak Ridge, LLC, will be continuing characterization of the technetium-99 area of K-25’s east wing, which will be the last component

of the big D&D project to be completed, according to Whitney. Even though budget issues will probably cost the project about six months from the accelerated schedule that had been put in place, the overall completion of the K-25 project is still likely to be completed by December 2014—about a year ahead of the federal baseline for the work, Whitney said.

Whitney acknowledged that the biggest impact from the current budget situation will be on the K-27 pre-demolition work. "We had planned to do a lot more on K-27," the DOE official said. But a lot of the planned work won't be accomplished under the six-month Continuing Resolution, he said. A priority will be accomplishing the removal of the sodium-fluoride traps from the K-27 building during this period, which will cost about \$6 million, Whitney said.

That's important, he said, because that will save not having to install a special fire-suppression system to deal with the potential sodium hazard. The traps are on the upper level of K-27 and will be removed through the roof using a crane, Whitney said, and then undergo vent, purge and drain procedures to deal with the contaminants. Workers also will continue to characterize the K-27 site and prepare for future demolition activities, he said. ■

Wrap Up

IN DOE

The Department of Energy has begun performing market research for a possible upcoming procurement for laundry and decontamination services at Hanford. The contract under contemplation would run for up to five years, consisting of a three-year base period and two one-year option periods, with work to be performed to involve "wet wash laundry and decontamination services for regulated Radiological Protective Clothing (RPC), non-regulated items, and respirator face pieces," according to a sources sought notice issued this week. "The Contractor shall use commercial nuclear laundry practices while processing the Hanford Site regulated RPC. The non-regulated processing shall meet all normal commercial laundry practices. The respirator face pieces are required to be cleaned to manufacturer's specifications. This service requires the processing of each Closed Loop System (CLS) separately to prevent cross contamination of the various

loops or loss of inventory," the notice says. Companies interested in the requirement should send an e-mail to Katie.Mair@rl.doe.gov by Nov. 15.

IN THE INDUSTRY

Fluor-B&W Portsmouth, LLC, the D&D contractor for the Portsmouth Gaseous Diffusion Plant, has awarded a new set of support subcontracts. The contracts, which went into effect Oct. 15, were awarded to AECOM Government Services Inc., Navarro Research and Engineering Inc., Hukari Ascendent Services, LLC, and Value Added Business Solutions. The technical and administrative services contracts have a ceiling value of \$5 million and are set to run for three years. "The purpose of the contract is the streamline our ability to bring on needed skill sets and more efficiently manage our staffing process as we move forward with D&D," FBP spokesman Jeff Wagner said in a written response. ■

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Calendar

November

- 1-2 Meeting: Hanford Advisory Board; Red Lion Hanford House 802 George Washington Way, Richland, Wash.
- 6-8 Conference: 13th Annual Business Opportunities Conference; Knoxville Convention Center, Knoxville, Tenn.; Hosted by the Energy, Technology, and Environmental Business Association (ETEBA); Information: www.eteba.org.
- 8 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwcc.org>.
- 14 Meeting: Idaho Citizens Advisory Board; Hilton Garden, 700 Lindsay Boulevard, Idaho Falls, Idaho.
- 22-23 EM PUBLS CLOSED FOR THANKSGIVING

December

- 4-6 Meeting: 2012 EFCOG Semi-Annual Meeting, U.S. Dept of Energy, Forrestal Building, Washington, DC; Contact: Efcog@gmail.com.
- 24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

January 2013

- 17 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwcc.org>
- 21 EM PUBLS CLOSED FOR MLK DAY

February

- 18 EM PUBLS CLOSED FOR PRESIDENT'S DAY

23-28 Waste Management Symposia; Phoenix Convention Center, Phoenix, Ariz.; Info: <http://www.wmsym.org>

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21 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwcc.org>

(Changes from previous Calendar in Bold)

WEAPONS COMPLEX MONITOR: WASTE MANAGEMENT AND CLEANUP

The *Weapons Complex Monitor* is a weekly (50 issues a year) publication devoted to providing intelligence and inside information on cleanup and waste management within the Department of Energy's Nuclear Weapons Complex. Includes firsthand reports from Washington, the major DOE sites and the national laboratories; interviews with top-level officials; and market analysis.

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MONITOR

WEAPONS COMPLEX

Waste Management ♦ Clean Up

Volume 23 No. 47

October 26, 2012

— INSIDE HIGHLIGHTS —

DOE officially confirmed this week that a leak has been identified for the first time in one of Hanford's double-shell waste tanks—a discovery that could significantly impact the site's tank waste cleanup mission. 2

The DOE Inspector General's Office is set to launch an investigation into allegations raised by a group of current and former DOE security agents of mismanagement in the Department's Office of Special Operations. 4

Companies who bid on contracts in the DOE cleanup program have seen some progress in the Department's procurement practices, but overall lack confidence in DOE's ability to correctly and objectively evaluate proposals, a new survey conducted by *Weapons Complex Monitor* reveals. 5

Savannah River Nuclear Solutions is gearing up to implement additional job cuts as a result of funding concerns stemming from the Continuing Resolution currently funding most federal programs for the first half of this fiscal year. . . . 7

Idaho Treatment Group, LLC is set to lose \$100,000 in fee for the early departure of previous Project Manager Richard Raaz ahead of a two-year commitment. 8

Hanford site services contractor Mission Support Alliance is set to receive the first three-year option period in its contract due to its strong performance to date. 9

The sale of Shaw Group to Chicago Bridge and Iron remains on track despite opposition from shareholders and a lower-than-expected earnings forecast for Shaw in fiscal 2013, officials from both companies told investors over the last week. 10

The DOE Inspector General's Office released this week the latest version of its annual report on management challenges facing DOE, focusing on many of the same issues as last year's report regarding efficiencies and cost savings, while increasing emphasis on security following the security breach this summer at the Y-12 nuclear weapons plant. 11

The state of Tennessee is concerned by DOE's management plans for material at the Molten Salt Reactor Experiment at Oak Ridge, which leave open the possibility of keeping contaminated salt on site for up to 50 years. 12

DOE plans to implement reforms to its foreign travel policies after the DOE Inspector General's Office recommended measures that it says could save millions per year in travel expenses. 12

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DOE CONFIRMS LEAK IN HANFORD DOUBLE-SHELL WASTE TANK

*Discovery Leads to Renewed Calls
For Construction of New Tanks*

The Department of Energy officially confirmed this week that a leak has been identified for the first time in one of Hanford's double-shell waste tanks—a discovery that could significantly impact the site's tank waste cleanup mission. There have been growing concerns over the condition of Tank AY-102 since material was discovered in three locations in the space between the tank's inner and outer shells in August (*WC Monitor*, Vol. 23 No. 38). After weeks of inspections and testing of the material, the DOE Office of River Protection said that it has determined there is a "slow leak of chemical and radioactive waste" into the tank's annulus. "I was optimistic that there were other methodologies that could get there, and I wanted to be very regimented to the process and not predisposition my determination, but upon the evidence that has been presented to me there was no other determination to make," ORP Assistant Manager for the Tank Farms Project Tom Fletcher told *WC Monitor* this week.

Fletcher also stressed, though, that the leak currently does not pose a threat to the environment. "We have seen no material or no waste characteristics in the tertiary leak detection pit, which ... would be my indication if I was to have a secondary containment breach, and that's just not happening," he said. "So right now, the risk of this tank is in what we do to retrieve it, if that's what we choose to do, to the worker." DOE plans to work with Washington state officials on developing a path forward to address the leak. "The step forward really is a collaborative approach to determine what is best for Hanford looking at all the impacts and all of the ramifications of any one decision that we make," Fletcher said. "I don't want to make AY-102 decisions in a vacuum while not considering the impacts to the other operations that are ongoing in the tank farms."

The Washington State Department of Ecology is just beginning to review DOE's most recent information on the leak, according to Nuclear Waste Program Manager Jane Hedges. "We had a high level of concern with the initial discovery and the confirmation that it [the leak] is active ... is not what any of us were certainly hoping for," she told *WC Monitor* this week. "I think it just underscores the critical nature of the mission because ... the double-shell tanks, if you will, were our fail-safe mechanism that were going to help us through getting the material into a safe configuration. [We are] extremely concerned about what it means and ... the other tanks that are of a similar pedigree, having those looked at right away," Hedges said, adding, "I don't know what more clear message you could have in terms of the critical nature of getting contingency moving forward at Hanford."

Tank Just Past Design Life

Hanford's 28 double-shell tanks are intended to store waste retrieved from the site's more vulnerable single-shell tanks until it can be processed into a stable form for final disposition—a process that could ultimately take decades to complete. Tank AY-102, the first double-shell tank built at Hanford, went into service in 1971 and is just past its design life of 40 years. The tank has a capacity of about 1 million gallons of waste, and currently stores about 707,000 gallons of liquid waste and 151,000 gallons of waste sludge. With the discovery of the leak in the tank's inner shell, AY-102 is "essentially now a single-shell tank with ... very small quantities of waste in the single shell," Fletcher said.

Material was first found in the annulus of Tank AY-102 in early August, when a video inspection identified material in two locations near Riser 90, one of a set of pipes in the tank that extend up to ground level. The material was described at the time as a mound measuring approximately 2 feet by 3 feet by 8 inches and a "white material" found on the tank refractory and the annulus floor. Subsequent video inspections later in August found material in a third

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location in the annulus near Riser 83, which is on the opposite side of the tank from the earlier discoveries. Analyses of samples taken from the three locations has determined that the large mound of material is soil suspected to have fallen into the annulus during repairs to the tank's ventilation system, according to DOE. The material at the other two locations, though, has been confirmed as radioactive waste. DOE said that the waste near Riser 83 covers an area of approximately 3 square feet that is less than ½ inch thick, while the waste near Riser 90 covers an estimated 40 square feet and is less than 1/4 inch thick.

Fletcher said the leak in the tank's inner shell is believed to be at the bottom. "There is no steady flow that can be visible on video," he said. "I can only tell very, very small changes between a Thursday video and a Sunday video. You can only see it if you put those two images side by side and truly stare at them and look at patterns. So we're talking very small quantities and very, very slow." Fletcher also said there is no sign currently that the hole in the tank's inner shell may be growing. "We haven't seen any instance of that at this point in time, but that is the reason we're continuing the intense monitoring that we have ongoing with this tank," he said, adding, "I mean, I'm not going to say there is no possibility, but that is why we are increasing that monitoring to ensure that we don't have a significant change condition and that we do have contingencies in place so that if change conditions were to happen, we could deal with them."

To Pump, Or Not to Pump?

Both DOE and Washington State Department of Ecology officials said that it is still unclear whether Tank AY-102 will have to be emptied of its waste because of the leak. Such a move could complicate DOE's efforts to retrieve waste from Hanford's single-shell tanks by reducing the amount of double-shell tank space available. "I think we need to get some [more] real time information," Hedges said. "Certainly that is the direction the original pumping guide held. The fact that it's actively leaking creates the need to make that decision sooner than perhaps it would've if this data and testing would've come back to shown that it was just stable. Not to say that we wouldn't be doing it, but we might have had a larger envelope of time. So those are some of the things we're really going to be cogitating on," she said. "Our state dangerous waste laws and the federal RCRA program say if you have a leak, you need to pump. But it also says you can look at the practicability issues around that and that's what we need to do," Hedges said, adding that there is a need to evaluate "all the pros and cons of what does this mean in terms of retrieval carrying on, with certainly the single-shell tanks [being] the place we see the greatest potential risk to the environment."

Among the factors Washington state officials plan to take into consideration is the uncertainties surrounding the completion and start-up of the Hanford Waste Treatment Plant, which is intended to vitrify the tank waste. Due to the need to more fully resolve long-standing technical issues, DOE has delayed the development of a new comprehensive cost-and-schedule estimate for the plant. "We have a number of years before that plant is going to take waste and process it. So it has to be part of that equation of what do you do. I just don't see that there could be an alternative to including that," Hedges said. "It would be different if we were within a year of beginning to put waste through that facility and have some options, but we're not."

Fletcher said there may be other alternatives that could be pursued, such as continued monitoring and inspections with plans in place in case any changes are detected. "I think we've got to look at this in the grand scheme of things of are there other alternatives with where we're at, and I would say there are. Now what those alternatives are and how we go forward is going to be a negotiation with the state because of the fact that the emergency pumping guide ... is very much geared toward removing the supernate to below the leak site. This is a condition that we hadn't anticipated during the writing of that," he said. One factor that will have to be taken into consideration, according to Fletcher, is that the waste in Tank AY-102 is considered "high heat" waste, which could make it more difficult to add to another tank. "So if I deliver this waste to a tank that doesn't have the capabilities of removing that heat, I've got other considerations that I've got to deal with," he said.

Fletcher also said that DOE has no plans to attempt to repair the tank. "There's no real way to get to where it's repairable. I mean, it's underneath the tank so I'm not sure how I would ever get there to start. So from my perspective repair is not the option." When asked how long it could take to come up with a path forward, he said, "I would tell you right now it's just the starting point. I don't

CORRECTION...

An article in the Oct. 19 edition of *WC Monitor* incorrectly identified one of the companies that recently won a support contract from Fluor-B&W Portsmouth, LLC. While the article listed Value Added Business Solutions as among the winners of the support contract, the company's correct name is Value Added Solutions, Inc. The incorrect information was provided by FBP. *WC Monitor* regrets the error. ■

want to speculate time frames due to the fact I don't know what Ecology needs to do their reviews and their inspections or their processing of the information because they're just receiving it as well. It could be weeks to months before we have a plan that we know what the path forward is and be able to analyze all of the impacts from that path forward."

DOE To Examine Other Similar Tanks

With the confirmation of the leak in Tank AY-102, DOE is now moving forward with visual inspections of six other double-shell tanks located at the AY, AZ and SY tank farms that have similar construction and operating histories. Those inspections are expected to be completed within six months, Fletcher said. "It takes about four weeks per tank to do that ... 95-plus percent inspection of the walls and floor due to the fact that I actually have to pull ... equipment out of the tank, put the camera down the riser and then reinstall equipment back into the tank on many of the risers that I need to go in to get that visual inspection done."

A review of the construction history of Tank AY-102 found signs of a "learning curve" experienced with that tank that has not been seen in the others to be inspected, Fletcher said. For example, Tank AY-102 had a weld rejection rate of 36 percent (which was addressed before the tank went into service) while the next double-shell tank constructed, AY-101, only had a weld rejection rate of 10 percent, he said. "We think there are indications that this tank had some construction difficulties and some construction lessons learned, and that may lead—but we can't confirm—to some of the conditions that we're seeing in this tank," Fletcher said. "It is still of utmost importance to confirm that those other six tanks have no waste in them," he said. "From a broader perspective, if I have an isolated tank that we can manage within the bounds of hey we lost a tank, I think that's an isolated incident. If I find two or three that then become similar situations, I've got a different situation."

Are New Tanks Needed?

The watchdog group Hanford Challenge, which first made public the discovery of material in Tank AY-102's annulus, said this week that the confirmation of the leak in the tank's inner shell should lead DOE to look to build new waste tanks at Hanford. "The news confirming the fact that AY-102 has failed represents a dilemma for the Energy Department," Hanford Challenge Executive Director Tom Carpenter said in a written response. "It raises the question about whether other double-shell tanks are also at risk. Another issue is whether the lack of spare tank space will be available to accommodate the removal and stabilization

of wastes from 149 of the older 'single-shell' tanks, one third which have leaked. ... This news also puts pressure on the Waste Treatment Plant, which is being built to treat Hanford's high-level tank waste. ... Long delays in completing the design and construction of the WTP obviously puts pressure on the plan to rely on the tanks to contain these dangerous wastes for another four or five decades," Carpenter said, adding, "For those reasons, Hanford Challenge has come to the same conclusion as other Hanford stakeholders, which is that new tanks need to be built to ensure that we have a Plan B in case more tank failures materialize, either because of natural deterioration or some other event (such as a seismic event) causes such future failures."

When asked if new tanks should be an option, Hedges said, "I think there's a very serious need of looking at the whole ... contingency plan at Hanford." For his part, Fletcher said that while the construction of new tanks remains an option, it is not one he currently wants to pursue. "It definitely is an option that can't be taken off the table at this time, but I would tell you it's not my first option," he said. "When you look at the tank waste mission as a whole here at Hanford and some of the challenges that we have in front of us, I think there are other ways to incorporate tankage into needed systems that may give me some additional space." Fletcher also noted, though, "I don't want to take any options off the table at this time until we can evaluate the impact of all options."

—Mike Nartker

DOE IG TO INVESTIGATE MISMANAGEMENT ALLEGATIONS IN SECURITY OFFICE

The Department of Energy Inspector General's Office is set to launch an investigation into allegations raised by a group of current and former DOE security agents of mismanagement in the Department's Office of Special Operations. In a letter sent earlier this month to lawmakers, the agents' said the office is suffering from a "myriad of leadership and management issues" that jeopardies the Department's ability to protect the Secretary of Energy and other top officials. *WC Monitor* obtained a copy of the unsigned letter late this week. "Management has long since assumed a fly by the seat of their pants approach to planning and execution of day to day operations," the letter says. "The mindset of this office (management) is to fit the mission into their 'way of doing business' as opposed to structuring the operations of this office around the requirements of the mission. From its very inception, this office is completely backwards."

In their letter, the agents' accused the Office of Special Operations, located within DOE's Office of Health, Safety and Security, of a culture of "malfeasance" they said was similar to that which led to the now-infamous security breach this summer at the Y-12 plant. HSS "has asked the Inspector General to investigate this matter. Decisions on executive protection are made by the security professionals in the Office of Special Operations on the merits based on the security requirements of each situation," DOE spokeswoman Niketa Kumar said in a written response late this week.

The agents' concerns also have gotten the attention of House Armed Services Strategic Forces Subcommittee Chairman Michael Turner (R-Ohio), a long-time critic of DOE management who received a copy of the agents' letter. "This past month has been troubling to say the least when it comes to management and priorities at the Energy Department. These most recent allegations are serious and Chairman Turner intends to request a meeting with the DOE [Inspector General] as soon as Congress returns to Washington to examine the Energy Department across all levels of its security enterprise," Turner's Chief of Staff, Adam Howard, said in a written response.

'An Environment of Mistrust'

The agents, who described themselves as holding federal ranks ranging from GS 11-13, accused the management of the Office of Special Operations of creating "an environment of mistrust, lack of clarity and a 'team' that is fundamentally unprepared to handle even the most simplistic of contingencies." The letter says, "Each and every manager in this office is making decisions in a vacuum, which has resulted in a complete lack of continuity. When multiple supervisors are questioned as to why a decision was or was not made, the same answer is almost never consistently communicated. Blame is invariably shifted amongst current or former managers as to why no standard or policy exists to govern day-to-day operations or critical incidents."

Among the agents' allegations is that the office's management failed to develop a strategic plan and provide training to execute required continuity of operations and continuity of government responsibilities; failed to provide "basic safety equipment" to agents until complaints were filed with the Occupational Safety and Health Administration; and failed to "effectively manage and use resources" such as law enforcement equipment. The agents' also accused the office's leaders of failing to effectively manage employees. As an example, the agents' letter says that two of the four current "Detail Leaders" were not allowed to "perform assigned duties by request of the Secretary, Deputy Secretary and/or staff, as a result of lack of profes-

sionalism and consuming alcoholic beverages while on duty," and that there was an "alleged cover up" of the incident by a program manager.

Agents Say They Were 'Driven Out'

The agents accused the Office of Special Operations' management of having "driven out" more than 14 line agents in four years, with other line agents "aggressively seeking employment elsewhere." The letter says, "Senior leaders within this office demonstrate a stereotypical approach to acquiring and maintaining power and control by withholding information. The tighter they hold on to it, the more power/status they retain. There is a constant power struggle between supervisors and leaders. All the while, line agents observe in utter amazement until feeling no other option than to seek other employment. In the meantime, the office and mission is set up for failure."

—Mike Nartker and Todd Jacobson

WC MONITOR SURVEY FINDS CONCERNS ABOUT HOW DOE EVALUATES BIDS

Companies who bid on contracts in the Department of Energy's cleanup program have seen some progress in the Department's procurement practices, but overall lack confidence in DOE's ability to correctly and objectively evaluate proposals, especially when it comes to cost and past performance, a new survey conducted by *Weapons Complex Monitor* reveals. The anonymous survey, which was sent to 50 executives from small, medium and large businesses in the DOE marketplace and drew 24 responses, was conducted over the course of three weeks in September and the results were presented at last week's *Weapons Complex Monitor* Decisionmakers' Forum in Amelia Island, Fla. A number of respondents applauded DOE's emphasis on issuing Requests for Proposals in draft form for comment, as well as the level of detail included in debriefs for losing bidders following award. The most notable conclusion, though, is that the majority of respondents do not appear to have confidence in the quality and consistency of DOE's procurement decisions. Specifically, a majority of respondents believe DOE:

- Is very susceptible to being misled on cost proposals;
- Is pursuing cost caps and other risk transference mechanisms in ways that can't succeed;
- Does not properly or consistently evaluate past performance

In a statement to *WC Monitor* in response to the survey, DOE-EM Deputy Assistant Secretary for Acquisition and Project Management Jack Surash said: "The Office of

Environmental Management (EM) takes seriously its obligation to be good stewards of taxpayer dollars and continuously works with our contractors to improve the overall procurement process. We have an active partnership with all of the major corporations that hold prime cleanup and construction contracts and meet with them every 6 months. That is where issues are brought up to us, openly discussed, and resolved. We last met in August and are actively working several new issues. Our next meeting will be in February 2013. Prior to commenting on the survey results I would like to take the time to carefully review the survey so I can provide thoughtful analysis and comments.”

Concerns on Cost Evaluations

Respondents to the survey were nearly unanimous in their view that DOE is very susceptible to ‘gaming’ on cost and most respondents expressed very little confidence in DOE’s cost evaluation capabilities. The survey asked the following question: “Considering the sometimes wide discrepancies between the bid price and true-up price, how susceptible is DOE-EM to gaming on target price and unit rate contracts? How do you view DOE’s cost evaluation capabilities?” In response, 92 percent of respondents said DOE was susceptible or very susceptible to gaming on cost. “DOE is a sucker for a low bid, even with an incumbent who has no history of delivering for the low prices they offer on a re-bid. ... DOE’s cost evaluation and scope definition capabilities are poor,” one respondent wrote. Added another: “It is a game of liar’s poker. It is ludicrous. Since these are all cost plus contracts, you might as well throw out the cost volume and just evaluate the technical approach, management approach and key personnel. Cost realism is not evaluated by DOE. I think they lack the competence to do so.”

Several respondents pointed to the ‘true-up’ process after contract award as evidence of the problem. “The large true-up requests that we are seeing from contractors are a symptom of poor cost volume instruction and poor cost realism evaluations. I don’t know that any gaming intentional, but the end effect is the same,” another respondent wrote. Respondents also questioned DOE’s cost evaluation capabilities. “They have no cost evaluation capabilities. There is always a game on price. They even know that that occurs. Price or cost is the easiest award basis. It is too easy to make that decision, especially in a budgetary environment we have today,” one respondent wrote, with another adding: “DOE appears to request more cost data than can be effectively evaluated. This may confuse the evaluation and certainly can lengthen the procurement process.”

Several respondents also suggested that DOE knows that the cost proposals are not reflective of the true costs when they are evaluated. “EM’s engineering analyses of the kinds and quantities of labor and materials is suspect: Feds don’t like to go out on a limb and say the contractor is wrong as to hours and material, as they think the offeror is smarter, which he is. EM needs to replicate the cost and pricing office with an engineering estimating office. EM is being gamed, and everyone knows it, including EM,” one respondent wrote.

How Much Does Past Performance Count?

With the recent emphasis from DOE on increasing the weight of past performance in evaluations, the survey asked, “Past performance has increased in importance (previously from 5-10 percent up to 30 percent in recent procurements). Do you agree with the increased emphasis on past performance?” Respondents to the survey were largely supportive of such a move, but a majority of those surveyed—62 percent—raised concerns that DOE doesn’t evaluate past performance properly. “The increase in past performance is a good idea. Don’t see that it is being applied in that manner in practice,” one respondent wrote, with another adding: “Agree with the emphasis but have not seen that poor performance has prevented some contractors from getting new awards.”

One respondent raised concerns that because key personnel are often from the projects cited in past performance, the evaluation gets skewed. “There’s a happy medium in there—maybe 20-25% depending on the novelty and risk of the scope. A lot of past performance is duplicated in the Key Personnel—the KPs are usually from the past performance projects so it is sort of double counting which puts too much of the weight on PP when it is scored at 30% on its own.” Another respondent suggested that past performance is not the discriminator that DOE thinks it is. “Past Performance, like Safety, tends to not be a discriminator among the top bidders, so raising the weight simple detracts from other areas that are more useful for selection,” the respondent wrote.

Move to Transfer Risk Questioned

The largest consensus from respondents to the survey came on the issue of risk. DOE has heralded the fact that it has gotten contractors on two troubled projects—the Integrated Waste Treatment Unit at the Idaho site and the SPRU D&D project—to agree to a hard cap on project costs, above which the contractor will be responsible for all subsequent costs. The Department has subsequently pursued discussions of similar arrangements at other projects, such as the Salt Waste Processing Facility at the Savannah River Site. The survey asked respondents the

following question: “A number of DOE officials have discussed increased risk transference to contractors. What is your opinion on this subject? What are your thoughts on DOE’s efforts to set cost caps on projects experiencing overruns?” More than 95 percent of the responses made the same point—such a risk transference will not work unless DOE is willing to pay contractors for the added risk. “If the risk reward profile is properly balanced, the risk transference to contractors is acceptable. Unfortunately, the department does not fulfill its responsibilities insuring a proper risk/reward profile balance is maintained during the contract. An example of this lack of responsibility is the interaction with the DNFSB. The department’s desire to ask for cost-caps after the contract is awarded is totally unacceptable. Additionally, the department’s recent actions to coerce the contractors, both verbally and in writing, to accept cost-caps is very unprofessional,” one respondent wrote.

Likewise, another respondent wrote that, “It is DOE’s prerogative to adjust the allocation of risk to contractors. However DOE should not expect that contractors will be willing to retroactively reallocate risk or to revise fundamental principles of contracts. Also there is an increasing message from DOE both explicit and implied that contractors are making too much fee. However any increase in the financial risk allocated to contractors must be off set with a commensurate increase in earning opportunity.” Added another respondent: “In the contracting world, risk is priced. DOE work generally has a much smaller profit margin than commercial work due to the generally favorable terms in the FAR, and hence provides good value to the taxpayer. Riskier contracts will result in higher pricing to the government. Cost caps are a poor way to manage a cost reimbursable contract—they look good but the whole contract structure is inappropriate for a cost cap scenario.”

The full results of the survey are now available. To request a copy of the survey results, send an email to enpublications@exchangemonitor.com.

—Martin Schneider

FUNDING SHORTFALL IMPACTS SRS WORKFORCE, TANK CLOSURE DATES

Savannah River Nuclear Solutions, the managing contractor at the Savannah River Site, is gearing up to implement additional job cuts as a result of funding concerns stemming from the Continuing Resolution currently funding most federal programs for the first half of this fiscal year. The CR also has impacted SRS liquid waste contractor Savannah River Remediation, LLC’s plans for closing the site underground high-level waste tanks. The CR, which

went into effect at the beginning of October, has led to a FY 2013 budget shortfall for SRNS’ environmental management work of about \$100 million, and SRNS is currently undertaking reductions in staff augmentation and the construction workforce. “During the planning process, each site considered the available carryover funding from the previous financial year, which cleanup projects had been completed, and the differences between the continuing resolution and the FY 2013 Budget Request,” SRNS spokeswoman Barbara Smoak said in a written response this week. “Based on the combination of these factors, including the end of Recovery Act funding, we are making adjustments to our workforce in line with current funding and the projected scope of cleanup work expected for the year.”

SRNS plans to provide more information next week to employees on the impacts of the CR and at that point will release the number of workers impacted by the cuts, Smoak said. However, a Sept. 28 Defense Nuclear Facilities Safety Board staff report released this week said that SRNS planned to “dramatically” reduce its staff augmentation and construction workforce. “These actions will likely strain some organizations (e.g., emergency planning, procedure writing) that are facing a significant loss of key personnel or staff augmentation,” the report states. Smoak noted that the contractor is “considering slowing down or deferring a number of activities in the EM program.” She added, “Our priorities continue to be to meet our regulatory commitments and to ensure continued operations at H Canyon and the Savannah River National Laboratory. We recognize the importance of maintaining our core competencies in nuclear materials management for future Site missions and to address national issues outlined in Enterprise SRS.”

One option that SRNS has discussed for avoiding layoffs would be to temporarily shut down work for week-long periods in November, December and January, with employees either taking vacation leave or time off without pay. “It is one of the options that would have the least impact to the workforce because traditionally staffing levels are really low during the holidays, people choose to take that time off,” Smoak told *WC Monitor* earlier this month (*WC Monitor*, Vol. 23 Nos. 43&44).

Shortfall Also Impacts SRR’s Tank Closure Schedule

Savannah River Remediation is also facing a budget shortfall as a result of the CR totaling about \$33 million, which has caused the contractor to reign in plans for accelerated closure of some of the tanks on site. SRR is operating at \$207.7 million under the six-month CR, and expects to receive a total of \$436.4 million in FY13, compared to the budget request of \$470 million. “With the

budget as we have been given through an expected funds letter we were able to keep all of the waste retrievals on schedule—[the Defense Waste Processing Facility] and Saltstone have their production commitments by the latest system plan,” SRR President Dave Olson said last week at the 2012 *Weapons Complex Monitor* Decisionmakers’ Forum. “What we have done in terms of deferral, some of the accelerations in tank closure we had over the next couple of years, we’ve moved that a bit to the right but still within regulatory agreement commitment dates.” The impacts of the CR will be taken into account to revise the schedule for tank closure in the next update for the SRS liquid waste system plan, to be issued in the spring. Funding last year also caused SRR to push back much of its original plan for accelerated cleanup of the tanks, with many tanks instead being closed just in time to meet regulatory commitments.

CR Uncertainty Delays 235-F Plan

Uncertainty caused by the CR has also led the Department of Energy to say it needs another 45 days to complete an implementation plan for addressing concerns regarding the 235-F Building raised earlier this year by the DNFSB. In May the DNFSB reported that the former plutonium processing facility was vulnerable to earthquakes and fires, which could result in radiation exposure to workers and the public. DOE has agreed to implement steps recommended by the DNFSB to mitigate those risks, but the CR has delayed the completion of a plan. “DOE is assessing the impacts of funding Savannah River Site work under a continuing resolution and additional time is needed to define those impacts and work with the DNFSB to develop a feasible implementation schedule,” states an Oct. 19 letter from Secretary of Energy Steven Chu to the DNFSB.

Chu said in the letter that a draft implementation plan had already been shared with the Board. The concerns regarding 235-F stem from a formal recommendation released by the Board earlier this year focusing on the residual plutonium-238 contamination that is contained in a “highly dispersible” powder form (*WC Monitor*, Vol. 23 No. 23). The building, which has no active missions, is currently being maintained by DOE in a surveillance and maintenance mode as it awaits deactivation. “The Board believes that due to the potential dose consequences to collocated workers and the public, it is unacceptable for the residual contamination within Building 235-F to continue to remain unaddressed,” states the May 9 recommendation. In July, DOE agreed to undertake numerous steps recommended by the Board to mitigate those risks.

Savannah River Among Hardest Hit Sites

Earlier this month, DOE cleanup chief Dave Huizenga named Savannah River as among the sites hit by CR shortfalls, (*WC Monitor*, Vol. 23 Nos. 43&44). Huizenga said then that DOE’s financial office was holding back 5 percent of available funding to avoid overspending, but the Office of Environmental Management had requested receiving all of the funding in an effort to avoid contractor layoffs. Part of the difficulty comes from the fact that the current CR is much more restrictive than previous CRs, which in the past had given EM wide flexibility in how it allocated money among the various cleanup sites. “This particular Continuing Resolution has constrained us above and beyond what we’ve ever seen before,” Deputy Assistant EM Secretary for Program Planning and Budget Terry Tyborowski said early this month. “It severely limits the ability of us to actually take care of problems.” Any effort to significantly move funds would have to be accomplished through a formal reprogramming request to Congressional appropriators.

—Kenneth Fletcher

IDAHO TREATMENT GROUP TO LOSE \$100,000 FOR EARLY PM DEPARTURE

Contractor Known for Key Personnel Churn

Idaho Treatment Group, LLC, the managing contractor for the Advanced Mixed Waste Treatment Project, is set to lose \$100,000 in fee for the early departure of previous Project Manager Richard Raaz ahead of a two-year commitment. Brad Bugger, a spokesman for the Department of Energy’s Idaho Operations Office, confirmed this week DOE’s plans to levy the maximum fee reduction possible under ITG’s contract. Raaz stepped down as head of ITG in late August after holding the position for less than a year to return to URS, and to date neither DOE nor ITG have provided a rationale for his departure. DOE is believed to have directed the move, though, in response to continued concerns over ITG’s performance. When asked why the Department chose to reduce ITG’s fee for a move it directed, Bugger said in a written response, “Any questions regarding change of management on the project should be directed to ITG.” For its part, B&W—the lead company in ITG—declined to comment on the fee reduction and management change this week. ITG also consists of URS and EnergySolutions.

According to Bugger, DOE chose to levy the maximum fee reduction “because of the number of key personnel that have left the project.” Since it won the new AMWTP management contract in May 2011, ITG has undergone five changes in its set of six key personnel positions, including the departure of two Project Managers. All in all,

the early key personnel departures have cost ITG approximately \$135,000 in fee (*WC Monitor*, Vol. 23 No. 20).

DOE Approves New PM Choice

Since Raaz's departure, ITG has been headed on an acting basis by Deputy Project Manager Norm Sandlin. As *WC Monitor* reported last month, the contractor has decided to bring on Danny Nichols as its next full-time Project Manager. Nichols currently serves as Waste Management Director for Fluor-B&W Portsmouth, LLC, the D&D contractor at the Portsmouth Gaseous Diffusion Plant. DOE informed ITG that it approved the choice in an Oct. 9 letter, but to date it remains unclear if Nichols is on-site at the AMWTP and B&W declined this week to provide any comment on the issue.

'Substantial Improvement' Seen in Performance

ITG is working to bring on a new Project Manager as it's in the midst of seeking to address performance concerns that have put it at risk of being unable to meet the terms of its contract (*WC Monitor*, Vol. 23 No. 42). ITG is currently required to process and disposition approximately 26,600 cubic meters of waste at the AMWTP by the time its contract ends in Fiscal Year 2015. In order to do so, however, ITG will have to significantly increase its waste processing rate from what it was able to achieve over the past year, as well as obtain proposed modifications to the waste acceptance criteria at the Waste Isolation Pilot Plant and identify approximately \$28 million in additional funds. As part of its efforts to improve performance, ITG has developed a 30-action recovery plan that includes staffing increases and equipment changes among other measures. "We have seen substantial improvements in ITG's performance, but additional performance is necessary to achieve the contract requirements," Bugger said.

—Mike Nartker

MISSION SUPPORT ALLIANCE TO GET THREE-YEAR CONTRACT OPTION PERIOD

Hanford site services contractor Mission Support Alliance is set to receive the first three-year option period in its contract due to its strong performance to date. The option, reportedly valued at approximately \$950 million, will keep MSA in place through the spring of 2017. DOE-EM Deputy Assistant Secretary for Acquisition and Project Management Jack Surash unveiled the Department's plan to exercise the contract option in remarks last week at the 2012 *Weapons Complex Monitor* Decisionmakers' Forum, held in Amelia Island, Fla. "Out at Hanford, we have seen the benefit of hiring the best company we could find to

focus on what I'll call the infrastructure, which is a pretty wide thing out there—IT and security as well as what I would call infrastructure and project planning and etcetera," Surash said. "Without a doubt, we've definitely seen efficiencies and very smart ideas be put into play that I just don't think we would have seen if we had a single contractor that was focused on that plus the cleanup. So I'm very pleased with what we're seeing and we are definitely looking at how this fits in at all the sites."

In an interview with *WC Monitor* this week, MSA President Frank Armijo welcomed DOE's decision, which comes as MSA wraps up the third year of the five-year base period in its contract. "We're obviously extremely pleased that the Department has shown confidence in what we're doing in support of their missions," he said. "This was a new concept for DOE. They considered it integral to supporting both the cleanup mission and the long-term waste complex here at the site. They wanted a contractor that was both focused on site services and right-sizing the infrastructure, but also could serve as an integrator and drive efficiencies. I think, in partnership with them and the other site contractors, we've had tremendous success because of our employees and because of our focus." Armijo added, "The bottom line is we believe we've proven our worth, and this is showcasing that DOE agrees with that."

MSA First Site Services Contractor at Hanford

DOE first announced in 2006 plans to separate site services and cleanup activities at Hanford's Central Plateau into two different contracts to replace one held by Fluor Hanford after it expired. In late 2008, DOE announced that MSA, made up of Lockheed Martin, Jacobs and Wackenhut, had won the site services contract, valued at approximately \$3 billion over 10 years. The contract consists of a five-year base period, a three-year option period and a two-year option period. MSA did not take over as the Hanford site services contractor until the summer of 2009, though, because of the time needed to resolve a protest filed by one of the unsuccessful bidders. To date, MSA has received positive marks from the Department for its performance, earning more than 85 percent of its available annual fee in Fiscal Years 2010 and 2011 (*WC Monitor*, Vol. 22 No. 54).

Among MSA's achievements Armijo said he is proud of is the culture of "continuous improvement" the contractor has sought to institute at Hanford that has helped lead to approximately \$111 million in cost savings for DOE. Armijo described the culture as one of "really looking at how we're operating and doing work today and is every step needed, necessary, required, or is it just being done because it's been done that way for a decade." He added,

“I think out of that we’ve found a number of non-value-added steps, cost savings and productivity opportunities that have driven a culture of our employees now looking at everything we do and asking why and is it important, and of course with safety and security always at the forefront.”

Armijo also noted the work MSA has done in establishing site-wide safety standards at Hanford. “We’ve been able to get agreement with the site contractors and implement over a dozen site-wide safety standards,” he said. “We have one bargaining unit agreement across multiple contractors, so with ARRA going up and ARRA going down, we had different union personnel that went between contractors. Getting a site-wide safety standard for lockout/tagout, for respiratory, for all of the different safety initiatives on site so that no matter what contract or what project our workforce was working for ... that they worked against a single standard, that was not easy and it was, I think, a tremendous accomplishment on the safety front for MSA to lead that effort and accomplish that in partnership with all the site contractors.”

MSA Planning for Infrastructure Modernization

Going forward, MSA is gearing up to address infrastructure modernization needs at Hanford, according to Armijo. “There’s a number of critical projects ... that are going to occur over the next few years, and a lot of what we’re doing is planning for the infrastructure that’s going to be necessary for 2016 and beyond,” he said. “Part of our challenge in these very difficult budgetary times is to figure out a way to maintain, and in some instances, modernize that infrastructure, as we shrink it,” Armijo said. “Beyond 2015, the needs for power and water, for example, are actually going to dramatically increase in the Central Plateau and we’re going to need to find ways to invest in modernizing the infrastructure while maintaining it until we can modernize it. ... So we’re always thinking of new ideas to do more with less while we focus on supporting the different project missions of the site cleanup contractors.”

Armijo said he does not anticipate any significant changes in MSA’s workforce occurring in the next few years. “We anticipate maintaining around the workforce we have today for the next several years,” he said, adding, “I do think in the 2015-2016 time frame, because we’re going to need to modernize many elements of the infrastructure here, we could see an increase in implementing several of the projects we’re going to need to do in that time frame.”

Could Mission Support Concept be Used Elsewhere?

Armijo also said he believes the success of the ‘mission support’ concept at Hanford could be translated to other

DOE cleanup sites. “I think as you look at the DOE environmental management budget going forward, I think there’s still a tremendous amount of mission that needs to be accomplished but budgets are anticipated currently to remain flat at best. With that in mind, I think identifying opportunities to structure contracts that allow for efficiencies and cost savings will be important going forward. And I do believe there are several sites and projects in EM that could take advantage of this contracting methodology,” he said.

—Mike Nartker

SHAW SALE TO CHICAGO BRIDGE & IRON REMAINS ON TRACK

Shareholder Votes Expected in Late November, Early December; Close Slated for 1Q 2013

The sale of Shaw Group to Chicago Bridge and Iron remains on track despite opposition from shareholders and a lower-than-expected earnings forecast for Shaw in fiscal 2013, officials from both companies told investors over the last week. In a conference call with investors Oct. 23, CB&I Chief Executive Officer Philip Asherman said shareholders could vote on Shaw’s sale to CB&I as early as late November and that the sale was proceeding smoothly. He said the deal was on track to close in the first quarter of 2013, and he said that the companies had cleared most of the regulatory hurdles required to proceed with the sale. “We remain confident the proposed transition will receive the few remaining necessary government approvals,” Asherman said on the conference call. “The next major milestone will be the filing of the final proxy statement, which is in process now.”

Shaw did not hold a conference call when it unveiled its earnings for the fourth quarter of 2013, but Shaw President and Chief Executive Officer James Bernhard said in a statement that the sale was proceeding. “All of Shaw’s business segments continue to perform well,” Shaw President and Chief Executive Officer James Bernhard said in a statement. “We are making progress with the CB&I transaction, with all aspects moving forward as scheduled toward closing in the first quarter of calendar year 2013.”

Lawsuit Filed in Louisiana to Block Sale

The approximately \$3 billion acquisition, which has been approved by the boards of directors of both companies, involves CB&I paying approximately \$46.00 per share of Shaw stock, consisting of \$41.00 in cash and \$5.00 in CB&I equity for each share of Shaw stock. CB&I said a shareholder vote is expected in late November or early December. The vote is likely to draw considerable scrutiny as some shareholder groups have expressed concern about

the sale and have sued to block the transaction. Late last week, shareholder Peter Osten filed suit in the U.S. District Court for the Middle District of Louisiana to block the sale, alleging that Shaw was not getting the best deal for shareholders via the deal with CB&I.

Denali Investors, which says it owns 1.1 percent of Shaw's stock, has also come out publicly against the sale, and last week circulated a white paper outlining its opposition to the deal (*WC Monitor*, Vol. 23 No. 42). "The current deal with CBI at \$46 per share is a sweetheart transaction for CBI allowing them to steal SHAW on the cheap without a proper auction process or an appropriate control premium," Denali said in a statement. It suggested that the political aspirations of Bernhard, who is rumored to be eyeing a run for the Senate or to be governor of Louisiana, factored into the sale. "There is ample evidence that the deal price is not the fair price that shareholders deserve given the: 1) strength of SHAW's underlying business, 2) massively impactful unwind of the substantial Westinghouse investment, and 3) recent sale of the problematic and volatile E&C segment," Denali said. In its annual report, Shaw said that the lawsuits "are without merit" and that it would "contest them vigorously."

'They're in Good Shape Going Forward'

Asherman said this week that Shaw's financials, which the company reported last week, were on par with what was expected. Shaw reported earnings of \$113.2 million for the fiscal fourth quarter of 2013, about \$1.68 per share—up from the \$90.3 million loss it posted during the same period last year, but forecast lower-than-anticipated earnings in 2013. Shaw said it expected fiscal 2013 profits between \$1.70 and \$1.90, which is below the \$2.56 per share that had been projected by analysts. But Shaw's \$1.4 billion cash position and \$242 million in earnings before interest, taxes, depreciation, and amortization as of Aug. 31 exceeded the requirements of the deal. "We certainly think they're in good shape going forward and have every confidence we'll be able to close this deal in February," Asherman said.

—Todd Jacobson

DOE IG EMPHASIZES SECURITY IN ANNUAL MANAGEMENT CHALLENGES REPORT

The Department of Energy Inspector General's Office released this week the latest version of its annual report on management challenges facing DOE, focusing on many of the same issues as last year's report regarding efficiencies and cost savings, while increasing emphasis on security following the security breach this summer at the Y-12

nuclear weapons plant. Safeguards and security, which last year was on the IG's annual "watch list" for issues warranting special concern, was moved up in importance to become a key management challenge. "This change is primarily due to the recent events at the Y-12 National Security Complex," the report states. It adds, "Given the policy issues that have arisen as a result of this intrusion and the importance of ensuring the safe and secure storage of nuclear materials at Department sites, we have elevated Safeguards and Security to the management challenges list."

Items on this year's watch list include infrastructure modernization, worker and community safety, and the loan guarantee program. But the focus remains on budgetary concerns that are resulting in efforts to find cost savings and efficiencies, which the IG said have "intensified" since 2011. "Clearly, given the current volatility of economic conditions and associated budgetary concerns, the Department must strive to ensure that operational efficiency is a primary theme in all agency programs and operations," the report states. "Although only one step in the process, by aggressively addressing the management challenges, the Department can enhance program efficiency and effectiveness; reduce or eliminate operational deficiencies; decrease fraud, waste, and abuse; and achieve substantial monetary savings."

IG Notes DOE's Efforts Since Last Year

The IG again emphasized several ways included in last year's report that the Department could reduce costs and increase efficiency, including eliminating "duplicative National Nuclear Security Administration functions," as well as evaluating DOE's physical security apparatus. It also repeated a call in last year's report to reconsider priorities in the environmental cleanup program, focusing more on high risk, high priority activities instead of regulatory milestones (*WC Monitor*, Vol. 22 No. 52). This year's report notes that the Department has taken steps since last year in an effort toward "management and operational excellence." The IG states, "As part of this broader effort, the Department has outlined a number of operational areas where it believes improvements are possible and should be pursued. For instance, the Department is evaluating issues, among others, related to the Department's physical security apparatus, extension of the [Quadrennial Technology Review], and human capital management. These closely track several of the Office of Inspector General management challenges."

—Kenneth Fletcher

STATE: FIFTY YEAR STORAGE OF MOLTEN SALT WASTE AT ORNL 'UNACCEPTABLE'

The state of Tennessee is concerned by the Department of Energy's management plans for material at the Molten Salt Reactor Experiment at Oak Ridge, which leave open the possibility of keeping contaminated salt on site for up to 50 years. The salts associated with operation of the reactor in the 1960s have largely had their uranium content removed and no longer present a criticality concern. As a result, DOE is focusing on higher-risk activities at the site, with a goal of eventually disposing the salt at the Waste Isolation Pilot Plant. But the 50-year time frame presented by DOE in a recent remediation strategy plan for the material is "unacceptable to the state," John Owsley, director of DOE oversight at the Tennessee Department of Environment and Conservation, told *WC Monitor* this week. He added, "The bottom line is that without institutional controls the fuel salts present an unacceptable risk to human health and the environment."

The experimental reactor at Oak Ridge National Laboratory used a molten salt that included uranium as a fuel during operations between 1965 and 1969. In the 1990s, a migration of uranium from the salts was discovered, prompting safety concerns, according to the DOE report. DOE then undertook a number of actions to remove the uranium and treat the salts, the last of which was completed in 2008. Since then, the defueled salt is being stored in tanks at the former reactor. "Although not yet formally accepted, the salt appears to be eligible for permanent isolation at WIPP," the DOE report states. "While plans are to store the salt for up to 50 years in place, this report assumes the salt will be accepted at WIPP and that the closure date for WIPP will be 2033."

State: DOE's Plan 'Appears Inconsistent'

But that statement has caused uncertainty with the state. The Department's 50-year time frame "appears inconsistent" with the 2033 closure date cited for WIPP, and "DOE should clarify what the actual plans are," TDEC wrote in a response to DOE last month on the plan. The state currently has milestones in place that require the material to be removed by 2033, Owsley said. WIPP was the only disposal option mentioned in DOE's plan, but the material would still need to pass a defense waste determination in order to be approved for disposal in WIPP. "That is their only alternative," Owsley said. "It would not be the state's position that WIPP would be the only alternative that the Department of Energy would have." DOE Oak Ridge spokesman Mike Koentop said in a written response this week that "with appropriate engineering measures, the

salts can be safely stored in-place indefinitely. No other remote disposal locations have been considered."

But Koentop noted that DOE's anticipated time frame for removal of the material would occur much sooner than 50 years. "Due to the WIPP closure date, DOE's current plan is for salt removal to occur in advance of that date, probably sometime in the mid-2020s," he said. Disposal of the salt in WIPP would cost about \$100 million, according to the DOE plan. Funding will need to be approved 12 years before completion, when some preliminary actions would begin. Current costs for surveillance and maintenance of the entire facility, including the salts, adds up to about \$2 million to \$3 million. DOE's recent report focused on maintaining the material on site, with a final disposition plan to be included in a remedial action report.

Tennessee Hopes For Firm Deadline

DOE has brought up a number of reasons in its report as to why it has decided to leave the material in place for now. Those include that there is no formal approval for a receiver site, the salt is "a dry solid stored in a safe and easily monitored configuration," and that the cost of the project "would require deferral of other critical remediation work that poses a greater and more immediate risk to workers and to the environment." In the upcoming years, DOE is focusing at Oak Ridge on demolition of Cold War-era facilities at the East Tennessee Technology Park and addressing mercury contamination. But unlike DOE's plan, the state would like to see a firm deadline for salt removal. "I believe that the approach that the state is taking is reasonable, that we balance the current risk with future risk and we balance our effort to include environmental media cleanup with D&D," Owsley said. "So the state's expectation that we can wait until 2030 to remove this material from the environment is very reasonable. DOE's proposal to watch it for 50 years and then come back to it, we do not think is reasonable."

—Kenneth Fletcher

DOE TO LOOK AT CUTS TO CONTRACTOR FOREIGN TRAVEL

IG Recommends Measures To Save \$15 million Per Year

The Department of Energy plans to implement reforms to its foreign travel policies after the DOE Inspector General's Office recommended measures that it says could save millions per year in travel expenses. Over a six-year period ending in 2012, DOE and contractor employees made about 109,000 trips at a cost of \$360 million, with 85 percent of the trips taken by contractors. "By making the maximum use of existing [Foreign Travel Management System] and by applying a mandatory reduction to the

contractor's foreign travel through the consolidation of trips or reductions in the number of travelers making the same trip, the Department could reduce foreign travel by as much as \$15 million per year," says an IG Management Alert report released late last week.

While DOE has implemented a mandatory 30 percent travel reduction for federal employees, it has not taken similar measures for the contractors taking the vast majority of foreign trips paid for with Department funding. "Despite the sizable expenditure of Federal funds, the Department had not made a concerted effort to reduce contractor international travel costs," according to the IG. "Had the Department applied the 30 percent reduction criteria to the international travel costs incurred by its 100,000 contractor workforce, as much as \$15 million could be saved each year," the IG said in its report.

The Foreign Travel Management System is a database that the Department uses to track travel-related data, including purpose of travel, destinations, cost, and number of travelers attending events. However, the IG said that DOE could better use the system to identify ways to reduce foreign travel costs. The IG released a number of recommendations related to foreign travel, including:

- Developing a "corporate strategy" for cutting foreign travel costs;

- Applying the current Federal reduction requirements to contractors;
- Establishing "overarching foreign travel goals, incentives and cost control measures;"
- Making "full use of available data tools" such as FTMS, and;
- Ensuring FTMS includes complete entries and modifications to "enhance" its usefulness.

Contractors Will Submit 'Action Plan'

DOE management generally agreed with the IG's findings, and has agreed to undertake the recommendations. DOE will instruct management-and-operations contractors to submit an "action plan" for reducing "unnecessary foreign travel," DOE Office of Management Director Ingrid Kolb wrote in an Oct. 15 response to the IG. Kolb also noted, "The CFO will perform an in-depth analysis of contractor foreign travel costs to identify opportunities for improving cost management and recommend necessary process and system improvements. Once that review is complete, the Department will adopt a policy that will align the foreign travel expenses of our contractor work force with the OMB guidance in a manner that achieves the required reduction in travel expenses while controlling for the appropriate exception for travel that is considered critical."

—Kenneth Fletcher

At the DOE Operations Offices/Facilities

AT RICHLAND TWO-STORY GLOVEBOX COMES OUT OF PFP

CH2M Hill Plateau Remediation Co. workers have pulled one the largest gloveboxes out of Hanford's Plutonium Finishing Plant. The two-story glovebox, weighing 10 tons and stretching nearly the width of the room where it stood, needed to come out of the plant to allow gloveboxes in the room behind it to be removed. "It was absolutely wonderful to watch," said Jerry Long, CH2M Hill vice president of the PFP closure project. The Department of Energy has called PFP the most complex and hazardous facility at Hanford. It operated for 40 years starting in 1949, producing plutonium oxides and metals, including metal buttons the size of hockey pucks to be fabricated for weapons use. Now DOE has a Tri-Party Agreement milestone to have the plant torn down to slab on grade by fall 2016 and would like to have it torn down a year earlier as part of its 2015 Vision.

Some 177, or about 76 percent, of the gloveboxes have been removed. But work started with smaller and less complex gloveboxes to help workers gain expertise, leaving challenging work ahead. The two-story glovebox

just removed "is one of the most complex gloveboxes we have worked on to date," said Larry Romine, DOE project director for PFP. It was part of the Remote Mechanical A Line and was used for plutonium storage, Long said. After the large glovebox was disconnected from electrical and ventilation systems and decontaminated to the extent possible, workers installed steel rods inside it to be used for lifting the box. Then the 240 bolts that attached the top story of the stainless steel glovebox to the bottom story were cut. The glovebox then was encased in a double layer of yellow plastic sleeves to contain radioactive contamination, with first one end and then another to fit the plastic around it. Next steel covers were placed over each piece and sealed up before the upper and lower stories of the glovebox were removed from the room separately. "It was something else," Long said. "Workers had near flawless execution."

Workers had practiced on a mockup in an uncontaminated building equipped in January with a wooden box built to match the glovebox's dimensions, if not its weight. Two

cranes were purchased for the project and they were assembled at the mockup for several dry runs and then taken apart and reassembled in the close quarters of the PFP that held the highly contaminated glovebox. At 16 feet long, the glovebox stretched nearly the width of the room where it was used. The two pieces of the glovebox will be moved to Perma-Fix Northwest near Hanford to be taken apart. Some parts will be packaged and shipped to the Waste Isolation Pilot Plant, but other parts may be less

contaminated and can be disposed of as low level radioactive waste at the Environmental Restoration Disposal Facility in central Hanford. More large gloveboxes remain among the 55 yet to be removed. In addition, workers also have other high-contamination work remaining to prepare the plant for demolition. The plant still has pencil tanks, the Americium Recovery Facility, ventilation ducting, the process vacuum line and the process transfer lines.

AT RICHLAND SICK WORKER COMP. CLAIMS GETTING NEW LOOK

More than 800 previously denied or pending claims for compensation are being reviewed after the recent approval of a new Hanford Special Exposure Cohort for Part B of the Energy Employees Occupational Illness Compensation Program. All are for workers with covered cancers. Preliminary decisions already have been made on some worker or survivor claims previously denied because estimated radiation doses were insufficient to likely have caused cancer, according to the Department of Labor. The secretary of the Department of Health and Human Services accepted a recommendation in August by the Advisory Board on Radiation and Worker Health that a new SEC be formed for Hanford employees from July 1972 through 1983. The SEC became official last month when a 30-day window for Congress to act passed with no congressional objection. An earlier SEC covers Hanford workers from Oct. 1, 1943, through June 30, 1972.

an SEC, compensation is awarded without a radiation dose estimate to show that radiation likely caused cancer, if they developed any of 22 cancers with certain exceptions. They must have worked at Hanford or at Hanford and another site covered by an SEC for at least 250 days. If they worked at the Hanford 700 Area—now the Federal Building in Richland, Wash.—they must show that they were out of the office and at the Hanford Site for 250 days. Employees or their survivors who are eligible for Part B compensation for cancer receive \$150,000 and medical coverage.

SEC's are formed when radiation doses for groups of workers cannot be adequately estimated, usually because of a lack of monitoring or records. In the case of the newest Hanford SEC, it was determined that Hanford workers' internal exposure to neptunium, thorium, uranium 233 and highly enriched uranium could not be adequately estimated before 1984, according to the National Institute for Occupational Safety and Health. If workers fall under

The Advisory Board on Radiation and Worker Health is continuing to review whether an SEC should be considered for years later than 1983. NIOSH experts have not identified any reason that radiation exposure cannot be accurately estimated for later years, said Sam Glover, a NIOSH research health scientist. However, NIOSH experts are keeping an open mind and will work with the board, he said. The EEOICP has paid out \$776 million in compensation and medical benefits to Hanford workers or their survivors under Part B and Part E, which offers compensation for impairment and wage loss for illnesses caused by exposure to toxic substances. It also has paid almost \$140 million to Pacific Northwest National Laboratory or their survivors.

AT IDAHO CWI CUTS JOBS

CH2M-WG Idaho, the cleanup contractor for the Department of Energy's Idaho site, wrapped up this week a workforce restructuring effort that cut 118 employees and subcontractor staff. The job cuts, which reduced the contractor's workforce to 1,052 employees, come as CWI has begun moving forward with implementing a new three-year contract extension at the Idaho site that has significantly less work planned than CWI's initial contract (*WC Monitor*, Vol. 23 No. 42). "Based on the completed work and the planned workscope of our contract extension, it was necessary to carry out this workforce restructuring event at this time. We've been upfront with employees since CWI was awarded the cleanup contract in 2005; as

the work is completed, the jobs go away," CWI spokesman Erik Simpson said in a written response this week.

According to Simpson, the impacted jobs come from a wide spectrum of positions. "All job disciplines were affected from construction, to engineering, to administration. This includes both employees and management, and union and nonunion employees," he said. Simpson noted that approximately 25 percent of the impacted employees voluntarily chose to participate in the workforce restructuring. "Those affected by this latest event received a week of pay (even if they were notified on Monday) and an additional week of severance pay. Additionally, they were

given severance based on their years of service up to 16 weeks of pay. Employees with accrued ‘personal leave’

(i.e., leave that can be used for vacation or illness) were paid for those hours as well,” he said.

AT OAK RIDGE DEMOLITION BEGINS AT K-25 NORTH END

URS-CH2M Oak Ridge, LLC, the Department of Energy’s cleanup contractor at Oak Ridge, late this week began the long-awaited demolition of the North Tower of the historic K-25 Building. The work has been held up in recent years while negotiations were underway on a new agreement with historic preservation parties. The bulldozers moving on site signaled another milestone in the years-long, hugely expensive effort to bring down the mile-long, heavily contaminated structure. In a statement, DOE Oak Ridge Environmental Manager Mark Whitney said, “Completing demolition of the K-25 building is our highest priority, and this is another significant step toward that goal.” UCOR said the demolition of the North Tower should be done in January.

ment was replaced by another earlier this year after DOE promised to spend millions of dollars on projects to commemorate the work done at the first-of-its-kind gaseous diffusion facility and support other preservation initiatives in Oak Ridge. The North Tower once formed the bottom of the “U” in the U-shaped K-25 building, which at the time of its construction in the 1940s was the largest building in the world under one roof. K-25 enriched much of the uranium that was used in nation’s Cold War nuclear arsenal. DOE argued vigorously in recent years that it was necessary to demolish the North Tower of K-25 because the structure, like most of the rest of the massive uranium-enrichment plant, had deteriorated to such an extent that it was unsafe for workers to try to salvage it. Despite the lengthy delay in reaching a new agreement with state and federal historic preservation groups, DOE has stated that negotiations did not seriously impact cleanup plans taking place at the federal site.

For years, the north end of the World War II-era K-25 facility was protected under an agreement DOE signed years ago with historic preservation groups. That agree-

AT OAK RIDGE DOE AWARDS NEW IT CONTRACT

The Department of Energy’s Oak Ridge Office this week awarded a \$10.6 million contract to Global Engineering and Technology-Nuclear Safety Associates, for information technology support services. The contract is set to run for up to three years, according to a DOE release. GET-NSA is a joint venture between Global Engineering and Technology, based in Miami, Fla., and Nuclear Safety Associates Inc. of Johnson City, Tenn. The contractor will be based in Oak Ridge, employing about 30 people in Oak

Ridge and at the Pacific Northwest Site Office, according to DOE. Work to be performed includes support work for cyber security operations; network operations; information engineering and systems development; and end-user support and help-desk type services. In a statement, DOE Manager Larry Kelly said, “The services provided under this contract are vital to our success, and we look forward to building a productive, professional relationship with GET-NSA.” ■

Wrap Up

IN THE INDUSTRY

AREVA began negotiations this week to finalize the sale of its U.S.-based Canberra radiation measurement business to French private equity manager Astorg Partners. The sale is in line with a strategic plan AREVA issued late last year and is intended to help reduce the company’s debt and “finance its strategic and safety investment program,” according to an AREVA release. *Reuters* reported this week that Astorg Partners is believed to have submitted an offer between €10 million and €350 million for Canberra. “Negotiations are in progress, and consultation procedures with the respective works’ councils are being initiated,” an Astorg Partners release says.

ENERCON has acquired the nuclear regulatory consulting firm Talisman International. The move was announced this week in a release that did not outline the terms of the deal. “Talisman is an excellent fit for ENERCON and will complement our existing engineering, licensing, environmental and new plant services divisions, as well as add senior level managers with extensive experience in nuclear regulatory policy and enforcement issues,” ENERCON President John Richardson said in the release. “Talisman has broad experience and expertise with the NRC licensing process and U.S. and international standards that apply to the regulation of nuclear facilities, the use of radioactive materials and the cleanup and decommissioning of nuclear facilities. Talisman will further strengthen and expand ENERCON’s current capabilities in these areas.”

Kurion, Inc. has opened a new Modular Vitrification System test facility in Richland, Wash., near the Department of Energy's Hanford site. Kurion relocated its existing lab-scale MVS and development team from Rolla, Mo. to the new 13,000-square-foot Richland site to consolidate its vitrification technology, as well as GeoMelt—a bulk vitrification technology Kurion bought from IMPACT Services just before that company went bankrupt in May—and Ion Specific Media technologies, in the Tri-Cities area. The facility will house a prototype MVS, which uses inductive energy to convert waste into glass directly inside the final disposal container, for commercial applications. In April, Kurion signed an agreement with Pacific Northwest National Laboratory to perform testing and analysis of the MVS system on radioactive simulants at the lab's Radiochemical Processing Laboratory at Hanford. The PNNL testing is expected to last at least one full year.

Security Walls, LLC, the security contractor for the Waste Isolation Pilot Plant, has received the Department of Energy's Voluntary Protection Program Legacy Star safety award. The award is the highest level of recognition in DOE's VPP program, and to be eligible contractors must achieve and maintain the DOE VPP star of excellence award for four consecutive years. "We're very pleased by the Department's recognition of WIPP's security program with this prestigious award to Security Walls LLC," Joe Franco, manager of the DOE Carlsbad Field Office, said in a release this week. "Safety and security are of chief importance to our operations. Thanks to DOE for its commendation and to all our federal and contractor employees, who are most deserving of acknowledgment for the commitment to security and safety that they show daily." ■

Calendar

November

1-2 Meeting: Hanford Advisory Board; Red Lion Hanford House 802 George Washington Way, Richland, Wash.

6-8 Conference: 13th Annual Business Opportunities Conference; Knoxville Convention Center, Knoxville, Tenn.; Hosted by the Energy, Technology, and Environmental Business Association (ETEBA); Information: www.eteba.org.

8 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwcc.org>.

14 Meeting: Idaho Citizens Advisory Board; Hilton Garden, 700 Lindsay Boulevard, Idaho Falls, Idaho.

22 Conference: U.K. nuclear decommissioning event 'by the industry for industry,' UK Nuclear Decommissioning Authority; De Vere Whites Hotel, Bolton, U.K.; Info: <http://www.decommsupplyevent.co.uk/index.html>.

22-23 EM PUBS CLOSED FOR THANKSGIVING

(Changes from previous Calendar in Bold)

WEAPONS COMPLEX MONITOR: WASTE MANAGEMENT AND CLEANUP

The *Weapons Complex Monitor* is a weekly (50 issues a year) publication devoted to providing intelligence and inside information on cleanup and waste management within the Department of Energy's Nuclear Weapons Complex. Includes firsthand reports from Washington, the major DOE sites and the national laboratories; interviews with top-level officials; and market analysis.

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MONITOR

WEAPONS COMPLEX

Waste Management ♦ Clean Up

Volume 23 No. 48

November 2, 2012

— INSIDE HIGHLIGHTS —

In a move that could significantly impact the Department of Energy's efforts to empty and close the Savannah River Site's underground high-level waste tanks, DOE is now projecting starting up the site's Salt Waste Processing Facility in 2018 at the earliest, largely due to funding constraints. 2

In a blow to much-touted plans for the future of the Savannah River Site, the White House Office of Management and Budget has directed DOE to stop funding work related to the potential siting of small modular reactors at the site, *WC Monitor* has learned. 3

Rep. Doc Hastings is raising concerns about the potentially negative impacts of the Department of Energy's new significantly increased small business contracting goal for this fiscal year. 4

***Procurement Tracker* 5**

A new cleanup project is in the works to address a set of aging excess facilities at the Lawrence Berkeley National Laboratory. 6

The Separations Process Research Unit site at the Knolls Atomic Power Laboratory in New York state was largely spared by Hurricane Sandy as it passed through the East Coast this week. 7

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DOE PUSHES BACK START-UP OF SRS SWPF TO 2018, AT THE EARLIEST

New Schedule 'Very Optimistic,' DOE Says; Misses Regulatory Commitment by Years

In a move that could significantly impact the Department of Energy's efforts to empty and close the Savannah River Site's underground high-level waste tanks, DOE is now projecting starting up the site's Salt Waste Processing Facility in 2018 at the earliest, largely due to funding constraints. The new schedule comes three years past a regulatory commitment to have the SWPF up and running in 2015, and almost a decade past initial estimates. DOE Savannah River Manager Dave Moody disclosed the new start-up schedule in remarks this week at a meeting of the SRS Citizens Advisory Board, during which he described 2018 as an "optimistic" time frame for having the SWPF in operation, according to DOE-SR spokesman Jim Giusti. "Given everything we know ... that's when we would really like to start it if we truly could. But we think it is a very optimistic date," Giusti said this week. Lou Jackson, SWPF project manager for contractor Parsons, declined to comment on the issue this week.

The SWPF is designed to exponentially increase the capacity for processing salt waste stored in the Savannah River tanks for disposition, and is a critical part of plans to close out the remaining 47 tanks on site in time to meet regulatory commitments. The latest delay in the start-up of the SWPF is tied to issues DOE and Parsons experiencing obtaining a set of 10 key vessels for the facility, which were finally installed earlier this year. As a result of those issues, Parsons developed a new estimate-at-completion for the SWPF this spring that increased total costs by \$440 million to \$1.78 billion to open the plant in time to meet an October 2015 regulatory commitment for startup. But since then, Parsons and DOE have repeatedly clashed over what approach to take with funding the facility to bring it to completion.

DOE Plan Calls For Increased Funding Down the Road

In the latest funding scenario, the Department appears to have chosen an approach that requires less funding in the near-term, but will cost significantly more in the long run and push out the startup date by years. Parsons earlier this year provided funding scenarios that it believed would allow the facility to begin operations in time to meet the Department's October 2015 regulatory commitment to the state and several that would allow startup before 2018 (*WC Monitor*, Vol. 23 No. 38). For example, for a September 2017 startup Parsons proposed \$190 million in funding in FY14 and FY15, with a total cost of about \$1.9 billion, according to a May presentation from the contractor. But DOE this summer acknowledged it would miss the 2015 date (*WC Monitor*, Vol. 23 No. 35), and the funding now under consideration by the Department calls for \$80 million in fiscal years 2014 and 2015, \$120 million in FY16 and \$100 million in subsequent years until plant startup, *WC Monitor* has learned.

Such a funding scenario, however, may not result in the SWPF beginning operation until as late as 2023 under more conservative projections, according to officials familiar with the project. Giusti emphasized that plans for the SWPF and funding at the site in general are still in flux. "Our biggest challenge is we are in a continuing resolution this year for the first six months and we have got to manage our money and trying to work that out. We are focused right now on getting through FY13," he said, adding, "There are a lot of things that are very fluid right now, and it's an election year so a lot of decisions haven't been made." The 2018 goal is "a date that we looked at to see if we can be achieved, and we may be working towards that," Giusti said. "But you know there are contract negotiations still going on and we've got to do the FY14 budget."

ExchangeMonitor Publications' Nuclear Team (*WC Monitor*, *NW&M Monitor*, *RW Monitor*)

The *Weapons Complex Monitor* is a weekly (50 issues a year) publication devoted to providing intelligence and inside information on cleanup and waste management within the Department of Energy's Nuclear Weapons Complex. Includes firsthand reports from Washington, the major DOE sites and the national laboratories; interviews with top-level officials; and market analysis.

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Delay Likely to Push out Tank Closure Schedule

The lengthy delay in SWPF startup is almost certain to have an impact on the schedule for tank closure at Savannah River. The current schedules developed by the site's liquid waste contractor, Savannah River Remediation, LLC, call for closure of the tanks just before regulatory commitments. Several alternate waste processing technologies are available or are being considered, including the Actinide Removal Process and Modular Caustic Side Solvent Extraction Unit system (ARP/MCU) currently being used by SRR to process liquid waste. However, those capabilities can only process a fraction of the planned capacity for the SWPF. SRR spokesman Dean Campbell referred inquires on tank closure impacts to DOE. Giusti said, "There are a number of things given our budget issues with the continuing resolution and other things that could impact that schedule either way," adding, "I think we are looking at all our schedules to determine how everything will line up and fall together. But obviously a delay in SWPF could delay our tank closure program."

Given the anticipated missed SWPF milestone, DOE has already had some preliminary informal discussions with the state of South Carolina on renegotiating agreements. If the project misses regulatory commitments, DOE will have to show South Carolina regulators that it has made an effort to obtain the funding necessary for a timely startup. Shelly Wilson of the South Carolina Department of Health and Environmental Control said last month (*WC Monitor*, Vol. 23 No. 46) "We would be stressing DOE did you ask for enough money to make up the schedule, that's going to be one of the first questions we ask. Did you really aggressively push for the money to make up and to start on time?" Wilson said in remarks at this year's *Weapons Complex Monitor* Decisionmakers Forum. She added that there has been discussions of using other waste processing technologies to mitigate a delay. That could include a technology known as small column ion exchange, the development of which was put on hold due to funding concerns. Wilson did not respond to a request for comment late this week on the potential 2018 startup date.

—Kenneth Fletcher

OMB DIRECTS HALT IN SRS SMALL REACTOR FUNDING

In a blow to much-touted plans for the future of the Savannah River Site, the White House Office of Management and Budget has directed the Department of Energy to stop funding work related to the potential siting of small modular reactors at the site, *WC Monitor* has learned. The

change applies to DOE Office of Environmental Management funding being used for the work—the amount of which remains unclear—provided for the first half of this fiscal year through the Continuing Resolution funding most federal programs. It remains to be seen whether funding will be restored for SMR work in the latter half of this fiscal year, or in future years. "EM funds must be expended according to Congressional intent, on ongoing cleanup projects of radioactive and hazardous waste on the site and the EM program generally prioritizes its projects based on risk to human health and the environment," OMB spokeswoman Moira Mack said in a written response. She noted, "OMB has not taken any specific action regarding EM funds under the CR." DOE declined to comment on the issue, and SRS managing contractor Savannah River Nuclear Solutions did not respond to requests for comment late this week.

The small modular reactor work underway at Savannah River is a core component of the future use plans DOE has drawn up for the site—a concept known as 'Enterprise SRS.' SRNS has said that moving forward with the Enterprise SRS concept is one of its priorities going forward under the CR, which has resulted in a shortfall of approximately \$100 million in cleanup funding for Savannah River compared to DOE's projection for this fiscal year (*WC Monitor*, Vol. 23 No. 47). "Our priorities continue to be to meet our regulatory commitments and to ensure continued operations at H Canyon and the Savannah River National Laboratory. We recognize the importance of maintaining our core competencies in nuclear materials management for future Site missions and to address national issues outlined in Enterprise SRS," SRNS spokeswoman Barbara Smoak said last week.

DOE Signed Agreement With Three SMR Companies

DOE announced in March that it had signed three memorandums of agreement to develop plans to deploy small reactors at Savannah River with vendors NuScale Power, backed by Fluor; Holtec subsidiary SMR, LLC; and Gen4 Energy. "By strengthening information sharing and access to site facilities and technical expertise, these MOAs will help break down engineering and testing barriers to advanced nuclear reactor research and development while providing these nuclear companies with the resources to support effective deployment plans," according to a DOE release issued in March. It adds, "The Memorandums of Agreement announced today do not constitute a federal funding commitment. The Energy Department envisions private sector funding will be used to develop these technologies and support deployment plans."

Deploying SMRs at the site is part of a vision to have Savannah River "off the grid" in the next few decades.

“The agreements really say OK, we are interested in furthering the overall small modular reactor enterprise. And should you want to make electricity available to our grid—we have a 75 megawatt need right now, it’s going to grow—then we are interested in negotiating power purchase agreements,” DOE Savannah River Manager Dave Moody said in March (*WC Monitor*, Vol. 23 Nos. 13&14). “Should you want to site onsite, we’ve got eight areas that have already been evaluated and are on our grid and have water... And so we have land available, have security available. We have intellectual property, if you will, from the Savannah River National Laboratory.” He added, “And so we see within the 15-to-20 year timeframe that one, we will meet all of our energy needs and be off the grid through a combination of that as well as our biomass plant. And we will use that excess energy onsite to drive other research efforts.”

—Kenneth Fletcher

NEW DOE SMALL BIZ GOAL COULD HURT HANFORD CLEANUP, LAWMAKER WARNS

Rep. Doc Hastings (R-Wash.) is raising concerns about the potentially negative impacts of the Department of Energy’s new significantly increased small business contracting goal for this fiscal year. In a set of letters sent to the Small Business Administration and other lawmakers last week, Hastings warned the new goal for DOE to award 10 percent of its contracting dollars directly to small businesses could have the inadvertent effect of disrupting the cleanup work being performed at Hanford by the site’s prime cleanup contractors and their subcontractors, many of which are small businesses. Subcontracts awarded to small businesses, however, will not count toward DOE meeting the new contracting goal. “I am concerned that implementing this increased mandate at Hanford will result in bigger government, higher administrative costs that could take resources away from cleanup work, decreased efficiency, cleanup delays, a lengthier more complex and costly application process for small businesses, layoffs and ultimately fewer small business awards,” Hastings wrote.

DOE’s small business contract goal for FY 2013—set by the Small Business Administration—is a significant increase from previous years, when the Department’s goal was approximately 5 percent. In an interview with *WC Monitor* this summer, DOE-EM Deputy Assistant Secretary for Acquisition and Project Management Jack Surash described the new goal as a “stretch,” though he stressed DOE’s Office of Environmental Management would “do everything we can” to meet the new objective (*WC Monitor*, Vol. 23 No. 27). At Hanford, each of the site’s prime cleanup contractors are required to subcontract 49-65

percent of their work to small businesses—targets the prime contractors are exceeding, according to the Tri-Cities Development Council (TRIDEC), a local economic development organization near Hanford. “The optimal Hanford work scope for small businesses to perform is already being accomplished under these contracts,” Hastings wrote.

Local Businesses Could be Hurt, Officials Warn

TRIDEC Vice President Gary Petersen said this week that the new policy is raising concerns that local small businesses near Hanford may end up losing out on work at the site. “Potentially here in this community, we could lose as much as \$200 million to \$250 million if they carry it to the extreme, which is a lot. You’re talking about big impacts for a community of our size,” Petersen told *WC Monitor*. “If you award a contract to a small business under the prime contract, they can typically do an award like that in 30 to 90 days. If you have to follow all of the guidelines for a prime, even a small business prime, with DOE, you’re looking at 18 months. You’re also looking at the requirements they have to meet to do that. ... That means that most of the Beltway bandits who are used to doing business with any of the agencies, not just DOE, they’re the ones that know how to put together the packages, the proposals, etcetera, and get those contracts,” he said. For local small businesses, though, Petersen said that “it’s going to take 18 months and they’ve got to follow all of the administrative rules to be a prime. So there’s very few that can afford to do that.”

Already, the new policy may be having a negative impact for some local business near Hanford. The firm RJ Lee Group Inc. currently operates Hanford’s Waste Sampling & Characterization Facility through a subcontract with site services contractor Mission Support Alliance. The company also operates an off-site facility located at a nearby community college. RJ Lee Group has said, though, that it has been informally notified that its work scope at the WSCF is being reviewed for potentially being transferred to another small business prime contractor at Hanford to help DOE meet the new goal. “Our business will be hurt as a small business if they implement the current initiative,” RJ Lee Group Vice President for Government Services Dave Crawford told *WC Monitor* this week. If the work transfer occurs, Crawford said, “In principle, those 85 people we employ on the site and the fees and overheads that we collect for that as part of that subcontract would go away. I would suspect we would also shut down our off-site facilities because we somewhat cash flow the off-site stuff from the on-site contract, and that would eliminate another 15 positions or so and the moneys that go to the college and the benefits of the educational initiative would all go away as well.”

WEAPONS COMPLEX MONITOR'S MONTHLY PROCUREMENT TRACKER

| PROJECT | CURRENT CONTRACT | STATUS | SIZE/VALUE | ELIGIBILITY | CAPABILITIES | COMMENTS |
|---|---|---|------------------------------------|--------------------------|--|---|
| NATIONAL LABORATORIES Sandia National Laboratories (NNSA) | Sandia Corp. (Lockheed Martin) contract extended through Sept. 30, 2013 with two three-month extensions. | Request for Information on consolidating all or part of Sandia contract with Kansas City contract issued Aug. 8. Comments were due Sept. 6. | Undetermined | Unrestricted | Laboratory Management | NNSA official like White leading acquisition strategy team. |
| NNSA Combined Nuclear Production Contract (Y-12 National Security Complex, Pantex Plant and Savannah River Site tritium work) | Y-12 and Pantex contracts held by B&W-led teams extended through Nov. 30, 2012 , with four more one-month options. SRS tritium currently part of Savannah River Nuclear Solutions contract. | Y-12, Pantex protective force work added to contract in Aug. 17 amendment. New proposals submitted Sept. 5. | Undetermined | Full and Open | Management and Operation | NNSA issued additional questions to bidders Oct. 23. Answers due by Nov. 7. Award now expected before Dec. 13. |
| Enterprise-Wide Technical and Engineering Support Services Blanket Purchase Agreement | Five-year \$274.68 million BPA for five teams expired Sept. 28, 2012, though work under existing award is continuing. | Eight teams selected for contract Nov. 1. | Up to 5 years/ \$300 million | Small Business | Technical and Engineering Support Services | Open to companies holding GSA MOBIS, PES and ENV schedules. |
| OAK RIDGE RESERVATION Oak Ridge Security | Oak Ridge contract held by WSI extended through end of November 2012. | Y-12, Pantex protective force work stripped from planned contract to consolidate security work. Amended RFP issued Sept. 13. Bids submitted Oct. 19. | Undetermined | Full and Open | Security Services | |
| SAVANNAH RIVER SITE Glass Waste Storage Building #3 | N/A | Sources Sought Notice issued April 27, 2011. | Undetermined/ \$50-\$70 million | Undetermined | Facility Construction | DOE considering cancelling project. |
| MISC. SITES/PROJECTS Legacy Management Supportive Services | Contract held by S.M. Stoller set to expire in 2012. | Request for Proposals issued Nov. 23, 2011. Bids due by Feb. 15, 2012. | 5 years/ Undetermined | Small Business Set-Aside | Support Services | S.M. Stoller's current contract extended for up to six months. |
| Paducah Environmental Technical Services | N/A | Request for Quotations issued Aug. 13, 2012. | 5 years/ \$24.5 million | Small Business Set-Aside | Support Services | |
| Portsmouth Environmental Technical Services | Contract held by Restoration Services, Inc. set to expire by Sept. 30, 2013. | Final Request for Proposals issued Aug. 21, 2012. Bids due by Oct. 18, 2012. | 5 years/ \$65 million | Small Business Set-Aside | Support Services | |

Cameron Salony, a spokesman for the DOE Richland Operations Office, said this week that no decisions have yet been made on whether or not transfer RJ Lee Group's work. "DOE has been looking at work currently performed by our large prime contractors and their subcontractors, for opportunities to increase our small business prime contracting. Possible methods of increasing DOE's small business prime contracting include reassignment of an existing small business subcontract to RL to manage as a prime contract, or removing prime contractor self-performed work from the large prime's contract and competing that scope for a small business award," Salony said in a written response. "At this point, DOE is reviewing the WSCF scope to determine the feasibility of shifting that work scope from a subcontracting arrangement to a prime contracting arrangement. This review is still ongoing and no decision has been made about the WSCF scope."

'We Need ... a Change in The Way That They Count'

Hastings and others are calling for DOE to be allowed to count the small business subcontracts awarded by its prime cleanup contractors toward meeting the new goal, rather than just having to rely on prime contracts awarded to small businesses. "The focus must be on a system that makes it more cost effective for the government and easier for small businesses to compete. I am not convinced that essentially shifting responsibility for small business contracting from the prime contractors at Hanford to the federal government would move us closer to achieving those goals—particularly given the complex work scope and legal cleanup obligations of the site," Hastings wrote. Petersen said, "What we need is a change in the way that they count. Allow DOE to count the awards given by the prime contractors."

In a written response this week, EM spokesman Colin Jones emphasized DOE's efforts to provide contracting opportunities for small businesses. "The Office of Environmental Management is committed to maximizing small business participation and contracting wherever possible and is continually working to find new opportunities for additional small business contracting," Jones said. "Over the past six years, the EM program has executed about 8 percent of contracts on average directly with small businesses. Additionally, we work closely with each of our prime contractors to set aggressive small business subcontracting goals each year. These important steps are helping to ensure we are maximizing small business contracting opportunities across our offices, sites and facilities and that we achieve EM's goals and mission safely and cost-effectively."

—Mike Nartker

DOE GEARING UP FOR NEW CLEANUP PROJECT AT LAWRENCE BERKELEY LAB

Work Likely to be Done by Small Business

A new cleanup project is in the works to address a set of aging excess facilities at the Lawrence Berkeley National Laboratory. The project, to be performed by the Department of Energy's Office of Environmental Management, will cover seven buildings totaling approximately 56,000 gross square feet and four concrete slabs remaining from former buildings located at Lawrence Berkeley's "Old Town" section, according to an Oct. 17 DOE memorandum approving a "mission need" for the project. The purpose of the project is to make available approximately two acres of land at the lab to the DOE Office of Science for "mission growth," as well as to aid efforts to address a Volatile Organic Compound plume "of interest to the local regulators," says the memo, which EM released this week.

Notably, the project could provide a contracting opportunity for small businesses. EM Associate Principal Deputy Assistant Secretary Alice Williams said the project would likely be performed by a small business in remarks at this year's *Weapons Complex Monitor* Decisionmakers' Forum, held in mid-October in Amelia Island, Fla. According to the memo, DOE will look at options such as "how many buildings will be bundled for contract awards" and whether EM will directly contract the work or work through Lawrence Berkeley as part of planning for Critical Decision-1 (Approve Alternative Selection and Cost Range). Williams was unavailable for additional comment this week, but EM spokeswoman Lauren Milone said in a written response, "Contracting options are currently under consideration."

Facilities Date Back to World War II Era

The "Old Town" facilities were built during the World War II-era to support the lab's 60-inch cyclotron and perform radiochemistry "but were not constructed to current seismic standards," the memo says, noting that the mission functions originally performed in the buildings have been moved to other facilities at Lawrence Berkeley. "Historical activities in Buildings 5 and 16 indicate the possibility of confined radioactivity. There are also indications of radioactivity under Building 14. Due to the age of these facilities, it is very likely there is asbestos in all buildings," the memo says. The Office of Science had proposed transferring a set of excess facilities at Lawrence Berkeley to EM in 2009 to be addressed with Recovery Act funds, but the lab was not among the sites where EM chose to allocate its stimulus funds (*WC Monitor*, Vol. 20 No. 37). Language in the FY 2012 omnibus appropriations law, though, directed EM to use approximately \$10 million in non-defense environmental cleanup funds to "improve

health and safety by cleaning up existing contamination and improving seismic standards of buildings with Department laboratory grounds.”

EM and the Office of Science have begun work on a memorandum of agreement for the project that “will identify roles and responsibilities and completion criteria for the project scope” and will establish a framework for the development of a project execution plan, according to the Oct. 17 memo. Among the cleanup options to be considered is placing the facilities in a long-term surveillance-and-maintenance mode until they can be addressed at a later date; renovating and upgrading the seven buildings; remove each building and its foundation in sequence; remove the buildings’ above-ground structures as groups, followed by their foundations; and removal of all seven buildings and removal of all slabs and soils beneath and around those areas. “EM and SC [the Office of Science] must agree to the amount of soil around the buildings that EM will be responsible for before any contracts are awarded,” the memo says.

A rough order of magnitude estimate, according to DOE, puts the cost of the project at between \$27 million and \$45 million. A full schedule for the project will be developed “once funding levels are known beyond FY14,” the memo says. This fiscal year, however, the project is set to need \$500,000-\$1 million “to characterize the buildings, to develop cost estimate ranges required for CD-1, and to initiate acquisition activities necessary to support detailed planning and execution activities,” the memo says.

—Mike Nartker

HURRICANE SANDY SPARES SPRU D&D

The Separations Process Research Unit (SPRU) site at the Knolls Atomic Power Laboratory in New York state was largely spared by Hurricane Sandy as it passed through the East Coast this week, according to officials with the Department of Energy and site cleanup contractor URS. While URS had warned earlier this week that Hurricane Sandy could impact the SPRU site, in the end, the storm only resulted in approximately two inches of rain and

winds of less than 30 miles per hour, URS spokesman Keith Wood said, describing Sandy as a “non-event” for the site. “The project team was well prepared,” Wood said.

SPRU’s experience with Hurricane Sandy stands in sharp contrast to last summer, when the effects of Hurricane Irene and Tropical Storm Lee set back efforts to resume long-stalled D&D work at the site (*WC Monitor*, Vol. 22 No. 44). In a separate written response late this week, DOE Office of Environmental Management spokesman Colin Jones said, “DOE and SPRU contractor personnel took several steps to prepare for the expected rainfall and wind associated with Hurricane Sandy. This included diverting run-off water to protect the hillside and an extensive pre-storm check list to verify systems and secure materials. Senior DOE and contractor personnel also remained on site 24 hours/day during the storm to monitor conditions and provide for rapid response if necessary. These preparation efforts helped ensure that SPRU made it through the storm with no significant impacts or damage to the site.”

Active D&D Set to Resume by End of Year

The cleanup work underway at SPRU centers on taking down two facilities remaining at the site—Building H2, a former waste treatment facility; and Building G2, a process research and office building, as well as a piping tunnel between the two buildings and some underground waste tanks. Active D&D work has been largely on hold, though, since a set of contamination incidents occurred between late September and late October 2010 during open-air demolition work at Building H2. The incidents resulted in the spread of low levels of contamination to the broader Knolls Atomic Power Laboratory, as well as to a local river. As part of efforts to resume D&D activities, URS has worked to construct tent-like enclosures equipped with HEPA filtration ventilation systems around Building H2 and Building G2 to prevent any further spread of contamination once decommissioning activities resume. The enclosure around Building G2 has been completed, and URS has said it expects to begin intensive characterization work there in December. At Building H2, URS has said the enclosure would be completed in January, with active D&D work to resume there in February 2013 (*WC Monitor*, Vol. 23 No. 40).

—Mike Nartker

At the DOE Operations Offices/Facilities

AT RICHLAND CHPRC TO SEE NO PENALTY FOR NITRIC ACID INCIDENT

CH2M Hill Plateau Remediation Co. will not incur any penalty for an incident where a worker suffered exposure to nitric acid during D&D work at the Hanford Plutonium

Finishing Plant, a spokesman for the Department of Energy’s Richland Operations Office said this week. The incident, which occurred in early October, resulted in the

worker being taken to a local hospital and treated for chemical exposure. In addition, 13 other workers who were in the vicinity of the incident underwent medical evaluations but did not report any exposure symptoms, according to CHPRC. “The contractor responded appropriately. They were able to follow-through, get that worker treated, check everybody else out—really they did what they were supposed to do. So DOE’s not planning on, or even considering, an action here because they responded appropriately and as was required for them to do so,” said DOE Richland Operations Office spokesman Cameron Salony.

Details of the incident—the first nitric acid spill at PFP since CHPRC began work at Hanford—were made public in a recently released Defense Nuclear Facilities Safety Board site representative report dated Oct. 5. According to the report, the worker was performing “routine radiological surveys” in the duct level of the facility when he suffered “symptoms of respiratory distress” after investigating a spill. The worker “was investigating a drop falling from an overhead pipe when he noted a fist-sized wet spot on the floor. He surveyed the spot and reported that the contamination levels were less than detectable and the leak appeared to be coming from a 60 percent nitric acid process line near the ceiling,” the DNFSB report says, adding, “The worker began coughing vigorously and became nauseous.” According to CHPRC spokeswoman Dee Millikin, at the local hospital, the worker was given “an inhaler and an anti-inflammatory and released.”

PFP Chemical Lines to be Reviewed

The DNFSB report notes, “During the event investigation, the contractor identified that contrary to a report written in 2006 that noted all nitric acid lines in this room had been drained, this line had not been drained. This was known by some of the staff for about one year but not reported to management.” Going forward, CHPRC plans to inspect all of the chemical lines at PFP for liquids and drain them if necessary, according to Millikin. “Those activities will occur as a high priority going forward. All scheduled work resumed immediately after the Oct. 1 leaking line was drained,” she said in a written response this week. “All PFP facility personnel have been briefed on this event and the need to evacuate the area when anomalous conditions are encountered.”

The additional work is not expected to impact DOE’s plans to have demolition of the Plutonium Finishing Plant completed by 2016 to meet a Tri-Party Agreement milestone, according to Salony. “We have 61 chemical lines that need to be inspected. This work will be implemented into regularly scheduled maintenance work and should be completed by the end of the calendar year,” he said. “At the end of the inspection we may not have to take any further action if no lines need to be drained. If some draining is required, we will have a better idea of that time line after the inspection is complete. Right now we aren’t anticipating any schedule impacts at PFP.”

AT RICHLAND NEW TRIBAL FIELD STATION OPENS

The Confederated Tribes of the Umatilla Indian Reservation opened their new field station in conjunction with the Department of Energy this week on tribal land in Oregon east of Hanford. Increasing the diversity of species used to replant hundreds of acres of Hanford land is one of the goals of the research facility, which was built with the help of \$730,000 from DOE. Some 580 species of native plants grow on Hanford, but as land is restored after portions of cleanup are completed, just eight species are planted. The field station will be used to protect, preserve and enhance treaty-protected rights, said Les Minthorn, chairman of the confederated tribes’ board. “We are not going to own them if we do not preserve them,” he said. The tribes have treaty rights to hunt, fish and gather on Hanford land and also are recognized as a trustee of Hanford natural resources. Not only will tribal research to improve survival rates for additional native species increase the availability of treaty resources, but it also will reduce wildfire risk, according to the confederated tribes. “We could have no better partner than you to set the stage for the future of Hanford and bring it back to its natural state,” said David Huizenga, the

senior adviser for DOE’s Office of Environmental Management, before touring the facility.

The field station includes two geodesic dome greenhouses with a combined growing space of about 8,800 square feet to grow tens of thousands of seedlings. Field testing of replanting methods for the greenhouse seedlings will be done on an acre of land east of the greenhouse. It can hold 30 raised-bed plots. The project also includes a biology laboratory and an analytical chemistry laboratory. In work already done, confederated tribes staff have collected seed for 83 of the native species at Hanford and continue to add to the seed collection. However, in attempts to grow 14 of the species, germination has ranged from none to 85 percent, with more research needed to determine why the rate varies.

That the field center was built is a tribute to Stuart Harris, director of the confederated tribes’ Department of Science and Engineering, Huizenga said. He had been looking for a way to get tribal youth interested in science and engineering, Harris said. When DOE decided to increase

cleanup of Columbia River corridor land to finish most of it by 2015, there was a reason for the tribes and DOE to interact, he said. The tribes looked past cleanup to restoration and reclamation of land and found it presented a chance for the tribes to decide the quality of restoration of land, he said. But even more important than the research and scientific analysis that will be done at the field research station will be its role in training tribal and other

students during the summers, he said. They will get a taste of what it would be like to work at a university or federal research laboratory, he said. The project will help train a new generation of tribal members in scientific disciplines to help protect and preserve tribal resources and to evaluate the long-term impacts of contaminants, according to the confederated tribes.

AT OAK RIDGE UCOR SEEKS SUBCONTRACTOR FOR PRESERVATION PROJECT

Following a recent agreement with historic preservation groups on commemorating the K-25 former uranium enrichment process building after its demolition, Oak Ridge cleanup contractor URS-CH2M Oak Ridge released prequalification criteria this week for small businesses interested in developing educational facilities at the East Tennessee Technology Park. The plan calls for several new structures at the site to give future visitors a sense of K-25's role during the Cold War. UCOR hopes to find a subcontractor to form a "professional site design team" with experience in interpreting historic sites. An "equipment building" near the south end of K-25 footprint will be built to display equipment used in the plant in a way resembling operating conditions. The new building will aim to "be a representation of a portion of the K-25 building and shall be built to achieve the height of the K-25 Building, with three stories and a basement, and recreate a representation (representative cross section) of the gaseous diffusion technology contained within the K-25 Building, making the maximum use of available authentic equipment." Additionally, a "viewing tower" is planned near the building for observing the K-25 footprint. Both are scheduled to open by August 2016.

portion of K-25 for visitors, but those plans were scrapped due to safety concerns regarding the building's deteriorated condition. In the new agreement, K-25 will be completely torn down, but DOE has also committed to spend more than \$17 million on a variety of historical projects, which includes plans to preserve the Alexander Inn, where visitors stayed during the Manhattan Project; and a K-25 history center in the city of Oak Ridge. Meanwhile, demolition continues at K-25, with work on the building's northern end starting in October and set to be wrapped up around the end of the year. UCOR said last month that the demolition of the remaining technetium-99 contaminated portion is expected to be completed by December 2014.

The solicitation comes after a federal memorandum of agreement was reached between the Department of Energy and preservation groups in August after years of negotiations and debate (*WC Monitor*, Vol. 23 No. 37). Originally, the groups and DOE had hoped to preserve at least a

For development of the new educational facilities, the plan calls for presentation of conceptual design options for the facilities within nine months of the subcontract award. The contract is expected to run from the date of award through August 2017. Responses to the prequalification criteria are due Dec. 3. UCOR is looking for a company that has experience "designing Federal Projects, interpreting historic sites, or partnering to achieve said experience." Teams applying must also have a "museum Professional who meets the Secretary of the Interior's Historic Preservation Professional Standards, as well as the professional qualification standards contained in the National Standards and Best Practices for US Museums." ■

Wrap Up

IN DOE

DOE-EM Deputy Assistant Secretary of Human Capital and Corporate Services Sandra Waisley is taking a new job at the DOE Savannah River Operations Office, effective in January. In her new role, Waisley will serve as the DOE-SR Assistant Manager for Organizational Culture, Safety, and Quality Assurance Management, where she will be responsible for managing the Savannah River Operations Office's human capital office and "ensuring the organization's values and behaviors are modeled by its leaders and internalized by its staff

to create an environment for a high performing workforce focused on safety and quality assurance," according to a message DOE cleanup chief David Huizenga sent to EM employees this week. Waisley will be replaced at DOE headquarters on an acting basis by Associate Deputy Assistant Secretary for Human Capital and Corporate Services Melody Bell. "It is safe to say that Sandra's presence will be sorely missed at Headquarters. Although she will be moving on, she has left behind invaluable knowledge and set a standard for work ethic and collegiality to which we should all aspire," Huizenga said.

Former Assistant Energy Secretary for Environmental Management Ines Triay has officially left DOE and has taken a new role as Executive Director of the Applied Research Center at Florida International University. Triay has held the position of Visiting Scholar at the university since July 2011, when she came to FIU through an inter-agency personnel agreement after stepping down as head of EM to return to federal career service.

The Department of Energy has granted sustainability awards to four projects at the Waste Isolation Pilot Plant for improving efficiency and reducing waste. That

includes an award for improvements of procurement card and purchase requisition designed to “ensure sustainable purchasing requirements continue to be met while increasing the number of sustainable products used at WIPP,” a DOE release states. DOE also recognized dramatically increased metals recycling efforts, which nearly quadrupled in the last two years. Additionally, WIPP developed a catalogue for finding “green” office supply products. And an asphalt recycling effort undertaken during the reconstruction of the South Access Road resulted in the reuse of 78,000 tons of asphalt. ■

Calendar

November

- 1-2 Meeting: Hanford Advisory Board; Red Lion Hanford House 802 George Washington Way, Richland, Wash.
- 6-8 Conference: 13th Annual Business Opportunities Conference; Knoxville Convention Center, Knoxville, Tenn.; Hosted by the Energy, Technology, and Environmental Business Association (ETEBA); Information: www.eteba.org.
- 8 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwdec.org>.
- 14 Meeting: Idaho Citizens Advisory Board; Hilton Garden, 700 Lindsay Boulevard, Idaho Falls, Idaho.
- 22-23 EM PUBLS CLOSED FOR THANKSGIVING

December

- 4-6 **Meeting: 2012 EFCOG Semi-Annual Meeting, U.S. Dept of Energy, Forrestal Building, Washington, DC; Contact: Efcog@gmail.com.**
- 24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

January

2013

- 17 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwdec.org>
- 21 EM PUBLS CLOSED FOR MLK DAY

February

- 18 EM PUBLS CLOSED FOR PRESIDENT’S DAY

(Changes from previous Calendar in Bold)

WEAPONS COMPLEX MONITOR: WASTE MANAGEMENT AND CLEANUP

The *Weapons Complex Monitor* is a weekly (50 issues a year) publication devoted to providing intelligence and inside information on cleanup and waste management within the Department of Energy’s Nuclear Weapons Complex. Includes firsthand reports from Washington, the major DOE sites and the national laboratories; interviews with top-level officials; and market analysis.

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MONITOR

WEAPONS COMPLEX

Waste Management ♦ Clean Up

Volume 23 Nos. 49 & 50

Double Edition

November 9, 2012

— INSIDE HIGHLIGHTS —

The Department of Energy officially announced late this week its long-expected plan to significantly expand the scope of a review underway into technical issues at the Hanford Waste Treatment Plant. 2

Small businesses in the DOE marketplace are set to see more work become available in Fiscal Year 2013, including several new tasks that may be competed under the nationwide indefinite quantity/indefinite delivery cleanup contracts set aside for small businesses. 4

In response to a significant funding shortfall at the Savannah River Site, managing contractor SRNS this week completed a reduction of the site's workforce by nearly 800 through the completion of a voluntary separation program and cuts to its support workforce, and is looking to go into a "limited operations posture" in the next several weeks. 5

Just months after announcing an effort to sell off its European business unit, EnergySolutions sharply reversed course this week, officially telling investors that the sale is now off and that, instead, EnergySolutions will look to grow its international work. 6

With lengthy delays projected for startup of the Savannah River Site's Salt Waste Processing Facility, the Department of Energy is examining if it can boost existing processing capabilities. 8

The Department of Justice is getting involved in a lawsuit filed against Fluor Hanford over allegations of misuse of federal funds. 8

Though the White House Office of Management and Budget has asked DOE to stop using cleanup funds for work related to small modular reactors at the Savannah River Site, DOE officials say they hope to find ways to fund the program in the future. 9

Improvements are needed to DOE's processes for identifying and mitigating potential organizational conflicts-of-interest (OCIs) between contractors, the DOE Inspector General's Office said in a report issued this week. 10

DOE is asking Idaho environmental regulators for additional time to meet commitments tied to the treatment of the remaining liquid waste at the Department's Idaho site. . . 11

In a move likely to lead to frustration among some small businesses, Los Alamos National Laboratory plans to extend EnergySolutions' transuranic waste work at the site, which will encompass operating two new waste processing box lines slated to start up soon. 11

The DOE Office of Enforcement and Oversight this week issued URS an enforcement letter over safety concerns at the Separations Process Research Unit site, but chose to take no action against the contractor. 12

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DOE UNVEILS PLANS FOR EXPANDED HANFORD WTP REVIEW

The Department of Energy officially announced late this week its long-expected plan to significantly expand the scope of a review underway into technical issues at the Hanford Waste Treatment Plant. The expanded review, which builds upon the work performed by a team of high-level experts formed by Secretary of Energy Steven Chu, includes a new set of teams tasked to help resolve a number of long-standing technical issues at the WTP that have hindered the project's completion. In addition, as *WC Monitor* first reported last month, another set of teams is being formed to look at broader tank waste programmatic issues (*WC Monitor*, Vol. 23 No. 45). In total, the teams are expected to develop by the end of this year "a revised path forward outlining the activities and the timelines for the resolution of the technical issues and the consideration of options" to potentially accelerate tank waste treatment, Chu said in a message to DOE employees late this week. "I am confident that with this increased focus on the resolution of technical challenges, the addition of expertise from academia, National Laboratories and industry, and some additional analysis and testing, we will be able to resolve the remaining technical challenges and ensure the mission will be accomplished safely and efficiently," Chu said.

Progress in completing the Hanford vit plant—one of DOE's largest and most expensive projects—has been stymied by long-standing concerns over the WTP's ability to adequately mix the tank waste to prevent particles from settling and posing criticality and hydrogen generation concerns as well as related erosion/corrosion concerns. The need to finally resolve such issues has led DOE to largely stand down work on two key portions of the WTP—the Pretreatment and High-Level Waste facilities—as well as to delay the development of a new comprehensive cost-and-schedule estimate for completing the project (*WC*

Monitor, Vol. 23 No. 41). During a visit to Hanford this summer, Chu said he would take a more hands-on role in working to address the WTP's technical challenges, and announced his intent to put together a team of top experts to aid him in doing so. That team was initially tasked to examine issues related to the WTP's so-called 'black cells'—areas of the plant that will be too radioactive for workers to enter once it goes into operation and that have been at the center of the mixing and erosion/corrosion concerns.

According to Chu's message, Langdon Holton from Pacific Northwest National Laboratory has agreed to "play an increasingly important role" in resolving the WTP's technical issues. Holton was among the members of the initial team Chu put together, and Holton told *WC Monitor* this week that the objective of the new review approach is to provide a focused approach to resolving the remaining technical issues and ultimately allow full construction of the WTP's High-Level Waste and Pretreatment facilities to resume. He said he expects Chu's initial team of experts to continue to remain engaged in the review, though, such as by periodically assessing its progress.

New Approach to Vessel Testing

Among the new teams that have been formed is one that will examine issues related to full-scale testing of the WTP vessels of concern and their pulse jet mixer systems. The move to full-scale testing is a change from DOE's previous plans to conduct what the Department had dubbed a "full-scale" vessel testing program. "This team will redefine the testing program for the pulse-jet mixed vessels to require full scale testing of the actual vessels using relevant chemical and physical simulants to demonstrate their design functions. This change in strategy is being done to provide a higher level of assurance that the vessels will meet their mixing functions compared to the current plan

ExchangeMonitor Publications' Nuclear Team (*WC Monitor*, *NW&M Monitor*, *RW Monitor*)

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WHAT'S NEXT FOR DOE AND EM IN OBAMA'S SECOND TERM?

With President Barack Obama's re-election this week, changes are likely to come to the senior leadership of the Department of Energy, though it remains to be seen just how DOE's Office of Environmental Management will fare in a second Obama Administration. There has been heavy speculation that Secretary of Energy Steven Chu will leave DOE, even with Obama's re-election. When choosing a new Secretary, the Obama Administration is expected to look for someone with a clean energy background, but also who has more of a political background than Chu. In a second administration, Obama may look to someone "who's not an academic. Someone with more business savvy and perhaps a bit more D.C. knowledgeable" to lead DOE, one observer said this week.

Among those seen as potential replacements, according to reports, are former Sen. Byron Dorgan (D-N.D.), who during his time in Congress headed the Senate Energy and Water Appropriations Subcommittee; former Michigan Gov. Jennifer Granholm (D); and former Iowa Gov. Chet Culver (D). Other potential replacements, according to reports, are former DOE official Cathy Zoi and Duke Energy CEO Jim Rogers. Along with potentially a new Secretary, there are several other senior DOE management positions that are either vacant or being held in an acting capacity that will need to be filled in Obama's second administration, including Under Secretary of Energy and Under Secretary of Science.

Tough Road Ahead for Cleanup

It also remains to be seen how the leadership of DOE's Office of Environmental Management will fare in a second Obama Administration. Whoever is ultimately nominated to head DOE's cleanup efforts will likely face tough roads going forward over the next few years. Among the major challenges facing EM is working to get its three major construction projects back on track, completed and in operation—the Hanford Waste Treatment Plant, the Savannah River Site's Salt Waste Processing Facility and the Idaho Sodium-Bearing Waste Treatment Facility. In addition, EM is facing a tough financial climate that is expected to result in work being delayed and increases to life-cycle cleanup costs if cleanup funding is kept at a flat annual funding level of approximately \$5.5 billion, as is currently being envisioned (*WC Monitor*, Vol. 23 No. 44). "We're going to have to look and decide do we slow everything down and stretch it out or do we stop doing certain activities and pick the ones that are most cost-effective to do first," Steve Trischman, of EM's Office of Strategic Planning and Analysis, said at a meeting of the chairs of EM's Site-Specific Advisory Boards held in Washington last month.

Currently, EM is headed by David Huizenga, who holds the title of Senior Advisor for Environmental Management after his term as acting Assistant Secretary expired earlier this year. Huizenga has yet to be nominated by the White House for Senate confirmation to the Assistant Secretary post, and it is unclear if the new Obama Administration will look to maintain the management status-quo in EM, choose ultimately to nominate Huizenga for the Assistant Secretary position or look for someone else to lead EM. "We've seen a lot of Secretaries come in who say, 'I only want my people, especially in something that could potentially impact me.' At the same time, internally, [Huizenga] is probably the best candidate to move forward," another observer said, adding, "I think you need someone, whether it's Dave or someone else, who's a political appointee who's going to push. We've seen a lot of people over the years who pushed really hard and that made all of the difference in the world on an individual budget year."

Also of note in the elections this week:

- Democrat Jay Inslee had a vote count lead in the governor's race for Washington state as of mid-week, though Republican challenger Rob McKenna has not yet conceded the race;
- In the New Mexico Senate race to replace retiring Sen. Jeff Bingaman, Democrats held onto the seat as expected as Rep. Martin Heinrich soundly defeated Pete Domenici protégé Heather Wilson;
- Sen. Sherrod Brown (D-Ohio) beat out Republican challenger Josh Mandel. Brown has been involved in DOE cleanup issues, including pushing for accelerated D&D efforts at the Portsmouth Gaseous Diffusion Plant and in labor issues at the Portsmouth site; and
- Rep. Chuck Fleischmann (R-Tenn.), the freshman lawmaker whose district includes Oak Ridge, won re-election to a second term yesterday by a large margin.

—Mike Nartker

which uses computational fluid dynamic modeling or testing at smaller scales,” Chu’s message states.

Other teams being formed to examine WTP technical issues include:

- In-Service Inspection/Redundancy. “As part of our efforts to ensure the plant will be able to operate safely for this design life, more analysis is required to ensure adequate equipment redundancies necessary to allow the waste treatment mission to continue if a problem is identified or a component fails, and to allow for inspection, detection and in-situ repair capabilities,” Chu said;
- Black Cell Analysis. “Two of the principle issues facing WTP pulse-jet mixed vessels involve the potential build-up of hydrogen gas and a potential criticality in the event of inadequate mixing. The Black Cell Analysis team will evaluate those issues as well as the structural design of the vessels and piping designs to ensure their adequacy,” Chu said;
- Erosion/Corrosion. “Erosion and corrosion of vessel and piping materials has been identified as an issue that may reduce the design-life of the plant. This team will provide input regarding the test program and the design solutions needed to resolve these issues,” Chu said; and
- Identification of Tank Farm Waste Pre-Treatment Requirements/Facilities. This team is intended to examine “the capabilities needed to ensure that the waste that will be fed to the Pretreatment, Low-Activity Waste, or High-Level Waste facilities has characteristics that are consistent with what we know the facility can safely and effectively process,” Chu said. “The team will then analyze opportunities to precondition the waste, if necessary, prior to it being sent to the Pretreatment facility, and/or segregate the more difficult to treat waste to enable a direct feed to the High-Level Waste facility or process this waste in some other way.”

DOE Looking to Accelerate Tank Waste Mission

Along with the teams intended to help resolve the WTP technical issues, the expanded review also will include a separate team “to oversee the evaluation of opportunities to accelerate the mission, or make operations more efficient in the future,” Chu said. Among the areas this team will examine is the choice of a supplemental low-activity waste treatment method, which is needed given the WTP’s current capacity to process only about half of the low-activity waste inventory in Hanford’s tanks; as well as forms for the secondary waste to be produced through WTP operations. The team will also look at potential changes to high-level waste treatment, such as increasing

waste loading, “providing the ability to feed some of the more difficult-to-process waste directly to the HLW facility without substantially increasing the number of canisters that will need to be disposed of off-site” and “exploring potential alternate disposal pathways,” according to Chu’s message.

In addition, this team will look at ways to potentially operate the Low-Activity Waste and High-Level Waste facilities ahead of the Pretreatment Facility becoming available and how to accelerate the removal of transuranic waste from some tanks. “Although there are challenges that remain, we have the right people working on the right issues and will make sure they have the expertise needed to resolve these issues. The tank waste mission at Hanford is a top departmental priority,” Chu said.

—Mike Nartker

DOE PLEDGES MORE WORK FOR SMALL BUSINESS IN FY13

Officials Outline Several New Opportunities Under ID/IQs

KNOXVILLE, TENN.—Small businesses in the Department of Energy marketplace are set to see more work become available in Fiscal Year 2013, including several new tasks that may be competed under the nationwide indefinite quantity/indefinite delivery cleanup contracts set aside for small businesses, officials with DOE’s Office of Environmental Management said here this week. Some in the industry have complained of spending significant time and money on bids on the ID/IQs, only to see almost no work materialize in the two years following awards (*WC Monitor*, Vol. 22 No. 43). “We haven’t had as much activity as we would like since they were awarded in 2010, but things are coming along a little bit now,” David Hess of the EM Consolidated Business Center said in remarks at the Energy, Technology and Environmental Business Association conference. He added, “I anticipate over this fiscal year several projects to come out of the woodwork that are small business opportunities. Again, we are looking towards the EM nationwide ID/IQ contracts to do those procurements. So I think it’s pretty exciting time for small businesses that do EM cleanup work. There’s going to be some more opportunities than you’ve seen in the past.”

So far only two tasks have been competed under the ID/IQs, which were awarded in September 2010 to all 12 teams that submitted bids and have a total ceiling of \$926 million over five years. That includes the new cleanup contract for the Moab uranium mill tailings project, which was awarded late last year to Portage for about \$120 million. In August, DOE competed a much smaller task for an environmental assessment at the Paducah site, expected

to come in at less than \$1 million. Hess said that he expected an award on that task in the next two weeks. But at least two more tasks are on the horizon. Given the likely shutdown of the Paducah Gaseous Diffusion Plant in 2013, DOE is looking to small businesses for deactivation and shutdown activities (*WC Monitor*, Vol. 23 Nos. 43&44). “We are looking very closely at the EM nationwide ID/IQ to see if we can do some or all the work under those contracts,” Hess said. “Anything that will be decided certainly will be competitive and certainly will be looked at hard to see if we can do some type of small business prime contract.”

New Berkeley Project Would Come Under ID/IQs

Additionally, a new cleanup project being prepared to address a set of aging excess facilities at the Lawrence Berkeley National Laboratory would likely use the ID/IQs, which Hess said would be in the range of \$10 million to \$40 million. The project covers seven buildings totaling approximately 56,000 gross square feet and four concrete slabs remaining from former buildings located at Lawrence Berkeley’s “Old Town” section (*WC Monitor*, Vol. 23 No. 48). “It’s looking more and more like EM is going to want to procure it itself. Now it’s just a matter of figuring out how we are going to split it up. I think [the DOE Office of] Science is going to do some of the upfront work, relocation of the utilities and some characterization and things like that, while EM would do the actual D&D and slabs,” Hess told *WC Monitor* on the sidelines of the conference. “For the D&D portion, if EM does it, it’s certainly tailor made for the small business ID/IQs. The buildings aren’t heavily contaminated. It could turn into a decent sized project.”

DUF6 Support Procurement to Begin This Year

DOE is also planning to begin a new procurement for engineering and technical support services for the DUF6 Conversion Project and the Portsmouth/Paducah Project Office by the end of the year. The project will round out a trio of small business set asides, after DOE earlier this year released Requests for Proposals for environmental technical services at the Paducah and Portsmouth sites. The DUF6 RFP is “lagging a little behind the other two,” Hess told *WC Monitor*. “It will be similar to the Paducah one, but it will be more administrative with some IT-related services in it, while the Portsmouth and Paducah ones were more engineering related and more technical. It’s some support to the Lexington office as well.” The contract is expected to be in the range of \$15 million to \$20 million.

Mike Howard, director of EM’s Office of Procurement Planning, said DOE is reassessing the approach taken with the ID/IQs. “What we are looking at in terms of a sustainable small business program, one is to increase the amount

of meaningful work,” he said in remarks at the ETEBA conference. “We heard you loud and clear: We are moving away from, or shying away from what I call a hollow contract—an ID/IQ that just sits out there and if you have the need you can place the order. We are moving more towards sustainable projects over a five-year period.” DOE has made a number of large awards to small businesses in Fiscal Year 2012, Howard stressed, stating that five out of the six awards in FY 2012 worth more than \$25 million went to small businesses. That includes the Moab project, transportation services for the Waste Isolation Pilot Plant and Hanford occupational medical services. “Each of those activities, we’ve gone forward and we integrate very early in a planning process to start looking at small business capabilities and to start looking at what can be done,” he said.

Industry: The ‘Proof is in the Pudding’

But some industry officials remained skeptical regarding DOE’s commitments to small businesses. “They’ve been saying this for quite some time,” one official said. “It’s a continued push, it’s nothing new. But the proof is in the pudding. They might be putting more work out there, but they are not meeting their [small business] goals.” Another official noted that the ID/IQs were awarded to 12 teams but there are only four tasks on the horizon. “They simply don’t have enough work to go around. There are people who are going to be left out,” that official said. “They would be better served to not go through these ID/IQs, and instead wait to put something out until they get a Moab or a Paducah.”

—Kenneth Fletcher

SRNS CUTS WORKERS, LOOKS TO LIMIT OPERATIONS TO REDUCE COSTS

Savannah River Facing Significant Funding Shortfall

In response to a significant funding shortfall at the Savannah River Site, managing contractor Savannah River Nuclear Solutions this week completed a reduction of the site’s workforce by nearly 800 through the completion of a voluntary separation program and cuts to its support workforce, and is looking to go into a “limited operations posture” in the next several weeks. SRNS is facing a funding shortfall of approximately \$175 million as a result of the Continuing Resolution currently funding most federal programs for the first half of this fiscal year. As a result, SRNS looked to cut its workforce through a voluntary separations program it initiated in September, in which 341 employees participated, according to information the contractor released late this week. The contractor also moved to reduce its staff augmentation and construction

craft support by more than 450 positions, cancel service contracts and to reduce overtime shifts. "SRNS is in a severe budget crisis, very urgent in nature [and] unlike any we have faced historically at this site," the contractor said in a statement this week.

So far, SRNS said it has been able to reduce the funding gap by approximately \$70 million, but "a substantial shortfall remains," with cleanup work at Savannah River the most heavily impacted. "The priorities are to first meet regulatory commitments, then to ensure continued operations at H-Canyon and retention of core competencies at the Savannah River National Laboratory," the contractor said. Going forward, SRNS plans to implement "minimum necessary staffing to support ongoing deliberate operations" during the Thanksgiving, Christmas and New Year's holidays. "The expectation is that every employee who can be off during the holidays, will be, including leadership," SRNS said. "The decision to reduce staffing during this period is an attempt to ease the impact of budget shortfalls and avoid further actions."

SRNS last month first raised the possibility of temporary shutdowns at Savannah River in response to funding issues (*WC Monitor*, Vol. 23 No. 43). Last month, SRNS spokeswoman Barbara Smoak told *WC Monitor* that shutting down those weeks is "one of the options that would have the least impact to the workforce because traditionally staffing levels are really low during the holidays, people choose to take that time off." SRS liquid waste contractor Savannah River Remediation does not expect the SRNS move to impact its work at the site.

—Mike Nartker and Kenneth Fletcher

ENERGYSOLUTIONS REVERSES COURSE ON SALE OF EUROPEAN BUSINESS UNIT

International Work Boosts Q3 Earnings

Just months after announcing an effort to sell off its European business unit, EnergySolutions sharply reversed course this week, officially telling investors that the sale is now off and that, instead, EnergySolutions will look to grow its international work. The move comes as EnergySolutions saw a boost in revenue for its global commercial segment in the third quarter of 2012, which helped contribute to an overall positive financial picture for the quarter. While the sale of the European business unit now is off, EnergySolutions is still considering other asset sales as part of its efforts to reduce company debt, President and CEO David Lockwood told investors during a Nov. 8 earnings call. "We've said we will refocus the company and pay down debt through asset sales," he said. "We continue to be actively engaged in that process with our financial adviser and have made significant progress."

For the third quarter of this year, EnergySolutions reported a net income of \$10.1 million, compared to a net loss of \$3.8 million for the same quarter of 2011. Revenue for the third quarter of 2012 increased slightly from the previous year, at \$444.2 million in the third quarter of 2012 compared to \$421 million for the third quarter of 2011. Gross profit increased to \$46.2 million, compared with \$37.1 million for the third quarter of 2011, which EnergySolutions said was primarily a result of projects in Asia. "We are pleased with the progress that we made on a number of fronts to improve our margins and increase our profitability," Lockwood said. "With the recently announced cost savings and other efforts, we are putting in place the building blocks and business plans that will be the foundation for more profitable growth in 2013 and beyond."

EnergySolutions to Go After New Magnox Contract

EnergySolutions announced in July that it was looking to sell of its European business unit, including the company's work to manage the United Kingdom's set of Magnox nuclear power stations. In recent weeks, though, the sale had already appeared to be off, with reports that EnergySolutions had not received any offer deemed acceptable (*WC Monitor*, Vol. 23 Nos. 43&44). According to Lockwood, EnergySolutions had been initially approached with an unsolicited proposal to purchase the European business unit, leading the company to consider a sale. "Our board decided it would be in the best interest of shareholders to run a competitive process to consider offers for that business, which includes the Magnox contract. We received a number of offers to purchase our European business, but the board decided, based on a recommendation by management, not to sell but to retain and grow our business," Lockwood said.

Revenue jumped by more than \$30 million from the previous year in EnergySolutions' global commercial segment, totaling \$400.2 million compared with \$369.3 million in the third quarter of 2011. Lockwood confirmed that EnergySolutions will seek to partner with at least one other company in rebidding the U.K. Nuclear Decommissioning Authority's new Magnox contract, but said he could not provide a timeline for when that partnership would be announced. Besides just hoping to maintain the Magnox work, Lockwood said EnergySolutions plans to pursue other contracts in the UK and Europe to expand business opportunities there. "We remain committed to expanding our operations in the U.K. and Europe. In particular, as the incumbent of Magnox, we're excited about the prospects for future Tier 1 contracts in U.K., including Sellafield, which will follow the conclusion of the Magnox bid process." Lockwood added that, "Today, we are working at the Sellafield site and believe our people

and technologies will be an invaluable team when the NDA decides to rebid that contract.”

Asset Sale Still Key To Financial Plan

Lockwood told investors that he expects to have any other asset sales completed by the end of this year, though he did not explicitly specify what segment or business was being considered. He did, however, specify what EnergySolutions considers to be its core competencies, presumably portions of the company that he does not intend to part with: “We have the largest Class A commercial disposal facility in the United States [the Clive, Utah site]; we have the largest plant processing facility, which is Bear Creek; we have the largest logistics firm for nuclear commissioning ... and we have the leading water treatment business in the United States,” Lockwood said. “That’s how we think about our core competitive strengths, and we consider asset sales in the context of that.”

EnergySolutions has said that all earnings from an asset sale would go immediately to pay down debt. However, the financial mechanism(s) EnergySolutions will use to address debt can’t be determined until after any asset sales are complete, and management can grasp what remains. “Once we have gone through the asset sale process, we’ll have a better idea both for what our cash position will be, our balance sheet, our needs going forward,” Lockwood said.

Cost Saving Efforts Well Underway

Selling, general, and administrative expenses decreased slightly for the third quarter of 2012, to \$31.8 million from \$32.2 million in the same period of 2011. That included \$3.3 million of charges resulting from a broad restructuring plan the company announced in October. The company set a goal of \$35 million in annual savings for 2013. To achieve that goal, EnergySolutions in October began implementing a restructuring plan that will cost around \$9 million to \$11 million for severance termination benefits and employee relocation and between \$3 million and \$5 million for facility costs. “In terms of direct costs, we expect to recognize significant efficiency gains at a number of our facilities, particularly Clive and Bear Creek,” Lockwood said. “At both these facilities, volumes have declined over the past years, yet headcount had increased. We are on track to reduce the ratio of employees to volume at both facilities to historical norms.”

In terms of indirect cost savings, Lockwood said, “We’ve flattened the organization, increasing our span of control in many parts of the company by more than 30 percent. We’ve consolidated offices. We are staying in our current corporate headquarters rather than move into a signifi-

cantly more expensive space down the street. And we have significantly reduced our legal costs and other professional fees.” Lockwood added, “We continue to expect the impact of our cost-reduction plan to be reflected in the first quarter of 2013.”

EnergySolutions Settles Long-Standing Legal Battles

In a move that highlights how different the company approach is from just five years ago, Lockwood said during the call with investors Nov. 8 that EnergySolutions has chosen to settle two major lawsuits, both of which had lingered on the periphery of the business, taking up resources, for years. “We have reached agreements in principle to settle the two significant litigations outstanding against the company: the false claims case and the securities case,” Lockwood said. “The settlement amounts remain confidential and are subject to court and other approvals. However, the company’s contributions to these settlements will not have a material effect on the company and will significantly cut our legal costs going forward.”

In April 2010 two separate lawsuits brought against EnergySolutions were consolidated to one class-action suit claiming that EnergySolutions and its officers and directors made false and misleading statements prior to the company’s Initial Public Offering in 2007. The suit alleges that EnergySolutions misled investors relating to life of plant contracts, opportunities in the shut-down nuclear reactor market, the Zion Station project, EnergySolutions’ rulemaking petition to the NRC to allow the disposal of large components prior to plant decommissioning, and global macroeconomic conditions. The suit seeks to refund all purchasers of common stock from November 14, 2007 through October 14, 2008. EnergySolutions went public in November 2007, selling 30 million shares of its stock for \$23 each; it raised approximately \$690 million. The secondary offering—also named in the suit—sold an additional 35 million shares for \$19 each, generating another \$665 million.

In August 2002 a group of private individuals filed a lawsuit in the U.S. District Court for the District of Utah on behalf of the U.S. government against Envirocare (predecessor company to EnergySolutions), pursuant to the False Claims Act. The complaint alleged that the company violated contractual and regulatory requirements related to waste disposal at Clive, then failed to report those violations and falsely implied it had followed all regulations in documents sent to the federal government. The lawsuit claims the U.S. government is entitled to recover substantial (but unspecified) damages, including treble damages. The U.S. government declined to pursue the case on its own behalf and the U.S. District Court in Utah dismissed the complaint three times, each time with leave to amend

the complaint. On August 4, 2010, the U.S. Tenth Circuit Court of Appeals reversed the third dismissal and a discovery phase was begun. As recently as March, Energy-Solutions wrote in filings with the Securities and Exchange Commission that it “believe(s) the legal claims alleged against the Company ... are without merit and we intend to vigorously defend these actions.”

—Sarah Herness

DOE LOOKS AT INCREASING EXISTING CAPACITY TO MITIGATE SWPF DELAYS

With lengthy delays projected for startup of the Savannah River Site’s Salt Waste Processing Facility, the Department of Energy is examining if it can boost existing processing capabilities. Last week, DOE officials confirmed that SWPF is now not expected to begin operations until 2018 at the earliest, a schedule about three years past a regulatory commitment of October 2015 and almost a decade later than initial estimates (*WC Monitor*, Vol. 23 No. 48). In the meantime, DOE and SRS liquid waste contractor Savannah River Remediation are looking to increase the throughput of the Actinide Removal Process and Modular Caustic Side Solvent Extraction Unit (ARP/MCU) system, which SRR is currently using to process salt waste. “You may have heard about the Next Generation Solvent. Originally that was not going to be looked at for ARP/MCU. Now that is,” DOE-SR Assistant Manager for Mission Support Doug Hintze told *WC Monitor*. “That will increase the throughput for ARP/MCU. ... You will have an additional throughput now that will help us meet some of the commitments”

The ARP/MCU currently processes about 1 million gallons of liquid waste per year in order to prepare tanks on site for closure, a fraction of the more than 10 million gallons that SWPF construction contractor Parsons says it could process once that facility comes online. Meanwhile, DOE, SRR and Parsons have collaborated on development of the Next Generation Solvent, a newer and more efficient version of the solvent currently used in ARP/MCU (*WC Monitor*, Vol. 23 No. 12). “Next Generation Solvent (NGS) is initially for improved cesium removal. Since April 2008, the ARP MCU has treated approximately 2.8 million gallons of salt waste. In FY13, MCU plans to treat 1.4 million gallons. Also during FY13, ARP MCU will undergo an outage to deploy NGS, again for improved cesium removal not to improve throughput,” SRR spokesman Rick Kelley said in a written response. “SRR is working to increase overall ARP MCU throughput up to approximately 3 million gallons a year by FY14.”

DOE and SRR are now working on the next revision to the site’s liquid waste system plan, due out in February, which will evaluate alternatives for increasing current throughput, including the new solvent. That could be critical for closing tanks in time to meet regulatory commitments, as the latest schedule calls for closure just in time to meet most regulatory milestones with little room for delay. The final startup date for SWPF and its ultimate impact on tank closure schedules remains uncertain, as DOE and Parsons are currently undergoing contract negotiations on the project that they hope to wrap up by the end of this year. However, the two parties have clashed repeatedly over funding scenarios and startup dates for the project. “We don’t know exactly what the profile for SWPF is going to be right now,” Hintze said. “It’s still part of the negotiations with the contract. So what we’re trying to do is see if that is delayed we do have the ARP/MCU. We are going through life extension with the ARP/MCU and they are looking at enhancing the capability.” Parsons declined to comment on the issue this week.

EM Official: No Technical Issues Expected at SWPF

However, given that at this point further delays in SWPF are largely tied to funding, expending resources on increasing throughput at ARP/MCU could prove counterproductive for startup of a facility that will have several times the capacity of the current capability. “What’s the cost to do that?” Hintze asked. “So you have to look into that, and we’re doing the analysis right now to determine whether you go through with those enhancements for ARP/MCU or wait until SWPF come online.” And Alice Williams, DOE’s Associate Principal Deputy Assistant Secretary for Environmental Management, gave an endorsement of SWPF this week, indicating that the plant should hit the ground running once it makes it past the current startup hurdles. “This facility has a very high [Technology Readiness Level]. So we still expect to not have technical issues when we actual start to operate this facility. Commissioning will be complicated, but I believe that this another facility that is going to be very successful in the future,” Williams said in remarks this week at the Energy, Technology and Environmental Business Association conference in Knoxville, Tenn.

—Kenneth Fletcher

DEPT. OF JUSTICE SUES FLUOR HANFORD FOR MISUSE OF FEDERAL FUNDS

The Department of Justice is getting involved in a lawsuit filed against Fluor Hanford over allegations of misuse of federal funds. The False Claims Act suit, initially filed by former Fluor employee Loydene Rambo, alleges that

between 2005 and 2008, Fluor Hanford violated restrictions in its contract preventing the use of federal funds for lobbying activities to use Department of Energy funding to lobby lawmakers and executive branch officials for more money for the Hazardous Materials Management and Emergency Response (HAMMER) training facility at Hanford. Fluor Hanford was the site's cleanup contractor from 1999 to 2008. "The taxpayer money Congress allocated for this program was for training federal emergency response personnel and first responders, not to lobby Congress and others for more funding," Stuart Delery, acting Assistant Attorney General for the Civil Division of the Department of Justice, said in a release this week. "When public funds are misused, as alleged in this case, the Justice Department will work to restore them to the Treasury."

The Department of Justice has the authority to intervene in False Claims Act-related lawsuits and take over authority for litigating them. DOJ said that while it was intervening in the lawsuit filed against Fluor, it was not doing so in respect to the two lobbying firms named as additional defendants—Secure Horizons LLC and Congressional Strategies. DOJ also said it plans to file its own complaint in the action. "The allegations set forth in the whistleblower complaint are troubling and very serious," Michael Ormsby, U.S. Attorney for the Eastern District of Washington, said in the release. "My office will continue to work with the Justice Department to ensure a just resolution of these alleged violations of federal law." Fluor did not return calls for comment late this week.

—Mike Nartker

DOE HOPES FOR A RESTART OF SRS SMALL REACTOR WORK AFTER OMB HALT

KNOXVILLE, Tenn.—Though the White House Office of Management and Budget has asked the Department of Energy to stop using cleanup funds for work related to small modular reactors at the Savannah River Site, DOE officials say they hope to find ways to fund the program in the future. While the shutdown is a setback for the SRS vision for a future clean energy park on site, DOE-Savannah River Assistant Manager for Mission Support Doug Hintze said here this week that DOE would seek other avenues to fund SMR work, including potentially gaining support for the work through Congressional appropriations. Savannah River has an advantage if it takes that avenue, given that Sen. Lindsey Graham (R-S.C.) is a vocal supporter of the site and small reactors and holds a powerful spot on the Senate Appropriations Energy and Water Subcommittee.

DOE earlier this year signed agreements with several small reactor vendors for potential deployment at the site, and Savannah River National Laboratory had since done some preliminary site selection work using Environmental Management funds. "There has been concern raised by the Office of Management and Budget that Environmental Management funds should not be used for small modular reactors. Right now we have suspended any activity associated with that," Hintze said at the Energy, Technology and Environmental Business Association conference. He added, "There are basically two paths to go forward. One is that you would look at a change to the appropriations language that would allow the use of those funds, or second you would have to find other funds elsewhere."

Amount of Money in Question Remains Unclear

The amount of cleanup funding expended on SMRs so far and specific work performed at SRNL remains unclear—DOE and SRS managing contractor Savannah River Nuclear Solutions have not responded to requests for those details. The use of those funds, however, has sparked a rebuke from OMB that first came to light last week (*WC Monitor*, Vol. 23 No. 48). "EM funds must be expended according to Congressional intent, on ongoing cleanup projects of radioactive and hazardous waste on the site and the EM program generally prioritizes its projects based on risk to human health and the environment," OMB spokeswoman Moira Mack said in a written response last week. She noted, "OMB has not taken any specific action regarding EM funds under the CR."

DOE signed three memorandums of agreement in March to develop plans to deploy small reactors at Savannah River with small reactor vendors NuScale Power, backed by Fluor; Holtec subsidiary SMR, LLC; and Gen4 Energy. Deploying the reactors is part of the "Enterprise SRS" vision for future uses of the site. Hintze said those plans are still on the table. "We are pursuing what avenue to go forward to continue that, as we believe small modular reactors, the skill sets that we have and the activities associated fit in with what our capabilities are," he said. "We just have to take a step back and figure out what path to go." The agreements with reactor vendors were intended to "help break down engineering and testing barriers to advanced nuclear reactor research and development while providing these nuclear companies with the resources to support effective deployment plans," according to a DOE release issued in March. It adds, "The Memorandums of Agreement announced today do not constitute a federal funding commitment. The Energy Department envisions private sector funding will be used to develop these technologies and support deployment plans."

—Kenneth Fletcher

IG: DOE NEEDS TO IMPROVE PROCESSES TO PREVENT CONFLICTS OF INTEREST

Improvements are needed to the Department of Energy's processes for identifying and mitigating potential organizational conflicts-of-interest (OCIs) between contractors, the DOE Inspector General's Office said in a report issued this week. The IG was able to substantiate allegations that OCI issues occurred between contractors at two DOE cleanup sites, including instances where one company was found to be responsible for overseeing work performed by another in which it had a financial interest. While DOE officials have taken action to address those issues, the IG said that further improvements are necessary. "An effective process to identify, avoid or mitigate potential OCI is essential for agencies like the Department that rely heavily on contractor support," the IG's report states. The DOE Office of Environmental Management did not respond to requests for comment on the IG's report this week.

At the Portsmouth and Oak Ridge sites, OCI issues were found between Restoration Services Inc. and VETCO, according to the IG's report. At Portsmouth, RSI serves as the site's environmental technical services contractor, and is responsible for overseeing the work of the site's D&D contractor, Fluor-B&W Portsmouth, and its subcontractors, which included VETCO. At the time Fluor-B&W Portsmouth awarded VETCO a subcontract in March 2011 to develop regulatory documents, though, RSI had a financial interest in VETCO, according to the IG's report. At Oak Ridge, both RSI and VETCO are subcontractors to URS-CH2M Oak Ridge, LLC, the cleanup contractor for the East Tennessee Technology Park. And as with Portsmouth, an RSI official was in a position to be responsible for reviewing VETCO's work. "We found that RSI's objectivity could have been impaired because it held an on-going financial interest in VETCO," the IG said.

RSI Working to Divest Itself from VETCO

According to the IG report, DOE had identified the potential OCI concern between RSI and VETCO at Portsmouth prior to Fluor-B&W Portsmouth awarding VETCO the subcontract last March and had required that the concern be addressed. Last April, RSI and VETCO entered into an agreement for divestiture, but according to the IG's report, that has yet to be fully completed. "Notably, the agreement appeared to be inadequate to fully mitigate the OCI in that it did not call for an immediate divestiture and instead permitted RSI's financial interest to continue," the IG said. "Specifically, at the time of our inspection there was an outstanding balance due to RSI from VETCO, and RSI was entitled to a percentage of VETCO's market value. Despite the requirement for

periodic installments to eliminate the balance due, we noted that from April 2011 until November 2011, VETCO had not made any payments to RSI."

The IG also found that a contracting officer at the Department's Portsmouth/Paducah Project Office was unaware that the OCI concern had not been fully mitigated. "Once informed of the issues, the Contracting Officer stated that the Department would take immediate corrective action to resolve the OCI. We verified that the Department took a number of actions, including those required by the DEAR, to mitigate the OCI between RSI and VETCO," the IG said. RSI spokeswoman Yvette Cantrell said in a written response late this week that the two companies have taken additional steps to "to remove any doubt about the full and complete divestiture." She said, "RSI agreed to sell its interest in VETCO because it was the right thing to do ... and believed we were acting in good faith and in the interest of all parties."

RSI In Position to Review Its Own Work

Also at Oak Ridge, a senior RSI official was found to have held a senior position with UCOR through a contractor teaming arrangement that allowed that person the ability to review and approve work performed by RSI, resulting in another potential organizational conflict-of-interest, according to the IG. "Initially, the Oak Ridge Office (ORO) Contracting Officer responsible for the UCOR contract and a senior UCOR official told us that they did not believe OCI existed between UCOR and RSI," the report says, adding, "Through subsequent discussions with the same Federal officials at Oak Ridge, they ultimately agreed that the arrangement concerning the responsibility for environmental remediation work assigned and prepared by RSI at Oak Ridge represented an appearance of OCI." The situation was deemed to be resolved early this year, after UCOR developed and implemented a mitigation plan that included a change in organizational placement of personnel.

Cantrell said, "Over the past 17 years RSI has worked hard to establish a reputation of doing the right thing, period. When presented with perceived OCI concerns at Portsmouth and Oak Ridge we quickly worked with DOE, providing mitigation actions that were in the best interest of our customers. Based on the positive outcome of the IG's report, we believe we reached solutions that represent our commitment to doing business with the highest degree of integrity."

DOE Will Work to Update OCI Policies

The IG said the OCI issues at Portsmouth and Oak Ridge because DOE officials did not ensure that contractors

complete required mitigation efforts and that they did not fully appreciate the impacts of assigning contractor employees across company boundaries during teaming agreements. The IG recommended that DOE establish an “effective process” to identify and mitigate OCI issues and that the Department develop training courses for officials responsible for conducting OCI reviews. DOE management has agreed to the recommendations, the IG said.

In an attached response to the IG’s report, Paul Bosco, head of DOE’s Office of Acquisition and Project Management, said the Department plans to update its OCI coverage in its policies once a broader government-wide regulatory effort to change OCI provisions in the Federal Acquisition Regulation is completed. “When the FAR OCI rewrite is published in a final rule making, the General Services Administration will offer government-wide training to the acquisition workforce, including DOE personnel. When the government-wide training is rolled out, we will assess the need for additional DOE-specific training,” Bosco said. “While we do not know when the final OCI rewrite will be published, we anticipate completing the implementation of these two recommendations within one year of publication of the final rulemaking.”

—Mike Nartker

DOE WANTS EXTRA TIME TO MEET IDAHO SODIUM-BEARING WASTE MILESTONES

The Department of Energy is asking Idaho environmental regulators for additional time to meet commitments tied to the treatment of the remaining liquid waste at the Department’s Idaho site. The extensions are being sought because of delays DOE has incurred in the start-up of the facility intended to treat the waste, known as the Sodium-Bearing Waste Treatment Facility/Integrated Waste Treatment Unit (*WC Monitor*, Vol. 23 No. 40). “These extensions would allow resolution of operational issues that arose during the system start-up period at the Integrated Waste Treatment Unit (IWTU), and for the completion of system testing prior to commencing hot operations,” Danielle Miller, a spokeswoman for the DOE Idaho Operations Office, said in a written response this week.

DOE is seeking two extensions for commitments in the Idaho Site Treatment Plan that were initially due to be completed by Sept. 30. One is for beginning the treatment of the waste at the SBWT Facility, which DOE is now seeking to complete by June 31, 2013. The other is for submitting a plan identifying the time required for processing the waste once the SBWT Facility is in operation, which DOE is now asking be moved to Sept. 30, 2013. The Idaho Department of Environmental Quality is considering

DOE’s request and is looking to make a decision by the end of the year as to whether or not to grant the extensions, according to the agency’s coordinator for Idaho National Laboratory oversight, Susan Burke. DOE could face financial penalties for missing the two milestones if the extensions are not granted. However, Miller said, “DOE timely requested the extensions and provided DEQ with the technical information and basis for finding good cause for an extension. Under the procedures of the STP, until a final determination is made by the state DOE is not subject to a fine.”

SBWT Facility Expected to Start Up Next Year

DOE and contractor CH2M-WG Idaho are in the midst of working to address technical issues that arose at the SBWT Facility during start-up activities this summer. In June, as work was underway to get the facility up to its operating temperature using a wood-based charcoal, the SBWT Facility’s filters became clogged with carbon material, resulting in what has been described as a “system pressure event” that ultimately led to the shutdown of the facility. The incident did not result in the release of any radioactive material. In the wake of the incident, DOE and CWI developed a set of modifications to the SBWT Facility that the Department has said are expected to be completed this month. DOE also previously said that it anticipates restart of the facility to occur in January, and for actual waste processing to begin in the March-April 2013 time frame. “The project continues to make progress on the corrective actions identified in the approved corrective action plan, and we continue to work with our regulators to obtain approval of our permit modification requests to begin the facility re-start process,” Miller said this week.

—Mike Nartker

ENERGYSOLUTIONS GET EXTENSION FOR LOS ALAMOS TRU WASTE WORK

Small Businesses Had Hoped Work Would be Competed

In a move likely to lead to frustration among some small businesses, Los Alamos National Laboratory plans to extend EnergySolutions’ transuranic waste work at the site, which will encompass operating two new waste processing box lines slated to start up soon. “We are in the midst of final negotiations of extending the contract for EnergySolutions to continue box line operations in support of our TRU waste removal commitment to the State of New Mexico,” Los Alamos spokeswoman Colleen Curran said in a written response this week. EnergySolutions has been performing transuranic waste work at the site since 2006 under existing task orders, but the National Nuclear Security Administration’s Los Alamos Site Office requires the lab’s managing contractor, Los Alamos National

Security, to get concurrence for the additional work if it goes about \$15 million, EnergySolutions spokesman Mark Walker said in a written response. "It is the limit of purchasing authority LASO has delegated to LANS," he said. "The EnergySolutions TO's for TRU work have been extended to accommodate the time period needed to complete the accelerated TRU disposition. Additionally, they will have their total value increased as well to be consistent with the period of performance."

Fire Suppression Issues Cause Box Line Delay

EnergySolutions will operate a new processing line in dome 231 slated to begin processing this month, as well as another new line in dome 375, though startup of that facility has been delayed until "early in the new year," Curran said. This summer, Los Alamos had planned to have the facilities operating by the end of September (*WC Monitor*, Vol. 23 No. 34). "The reason for the delay did involve modifications to the fire suppression system. In the interest of efficiency and cost savings, we reused a foam-based fire suppression system from Recovery Act projects," Curran said. "However, during the final testing process, we discovered the system required additional upgrades to ensure safe operations in the box line facility. We therefore redesigned the system to function properly in this facility."

Small Businesses Upset By Decision

The decision to go with EnergySolutions does not sit well with some businesses that were awarded new master task order agreements for work at Los Alamos early this year (*WC Monitor*, Vol. 23 No. 31). The MTOAs, which have a ceiling value of approximately \$200 million, were won by four teams led by Environmental Dimensions, North Wind, Navarro Research and Engineering and Portage, with each team including several other small businesses, and were meant to target work related to transuranic waste and other cleanup activities. Companies hoping that tasks under the MTOAs would include operation of the two new box lines, as well as existing transuranic waste lines, were disappointed. "They are inept in their subcontracting, so they just keep extending EnergySolutions, and DOE is complacent in this. EnergySolutions is a lot more expensive on an hourly basis than the other small business MTOA holders. They are wasting our tax dollars," one industry official said, adding that given the delays in the new line at dome 375 DOE had time to give the work to a new team. "Tell me why they can't put that out for bid if they have months before it is going to become operational?" the official asked.

Extension Ensured 'Continuity of Effort'

But Curran said the move was necessary for Los Alamos to meet its accelerated transuranic waste disposition goals. "We made the decision to extend the period of performance because putting a new contract into place would have meant a transition period, and a delay of this nature would have put our ability to meet this year's transuranic waste removal deadlines in serious jeopardy. Extending the period of performance on this task order ensured the continuity of effort we feel is crucial to completing this important mission on time. We would have made the same decision no matter which company was providing these services," she said. Curran noted that one task has been awarded so far under the MTOAs—to "demolish the metal enclosures used to cover the excavation and cleanup of a waste disposal site at the Laboratory's Technical Area 21," which began next week. She added that in early 2013 the lab will put in place task orders under the new MTOAs for transuranic waste work that would add up to \$50 million to \$100 million in work over the next five years.

—*Kenneth Fletcher*

DOE ISSUES URS ENFORCEMENT LETTER FOR SAFETY CONCERNS AT SPRU

No Penalties for Contractor

The Department of Energy's Office of Enforcement and Oversight this week issued URS an enforcement letter over safety concerns at the Separations Process Research Unit site, but chose to take no action against the contractor. At issue was a series of fall protection occurrences that took place at SPRU between November 2011 and July 2012. A review of the incidents found "deficiencies in meeting fall protection requirements," Office of Enforcement and Oversight Director John Boulden wrote in the Nov. 5 letter. "DOE believes the noncompliances revealed by the events represent an opportunity for URS to address programmatic and repetitive fall protection problems, as well as to strengthen corrective action and trending processes, extent-of-condition reviews, and assessment activities, before the noncompliances lead to significant adverse events," Boulden wrote.

According to the letter, URS did not "recognize and initially address" the identified fall protection deficiencies until prompted by the DOE SPRU Field Office. Boulden wrote that the SPRU Field Office "has conveyed concerns to URS about the company's ability to meet expectations for non-compliance self-identification, trending and corrective action management." However, DOE ultimately chose to take no action against URS because of the corrective actions the contractor has worked to implement. Boulden wrote that "DOE acknowledges URS's corrective

actions to address fall protection hazards at the SPRU DP [Disposition Project] and prevent recurrence of these deficiencies. In addition, URS has improved processes for identifying, trending and analysis of worker safety and health inputs within its contractor assurance system.”

In a written response this week, URS spokesman Keith Wood said, “Safety at the SPRU site is our top priority and we take the recent DOE Office of Health, Safety, and Security’s Office of Enforcement and Oversight letter very

seriously. We have addressed the issues related to our SPRU fall protection program and implemented corrective measures to identify fall protection hazards. We are proud of our employee safety record achieving over 600 days without a lost time injury at SPRU, but we are always looking to improve our worker safety at SPRU and all DOE projects.”

—Mike Nartker

On WIPP

NEW MEXICO APPROVES SHIELDED CONTAINERS

The New Mexico Environment Department has approved a permit modification request that allows the Department of Energy to use shielded containers to dispose of some remote-handled (RH) transuranic waste at the Waste Isolation Pilot Plant as if it were contact-handled waste. The Nov. 1 approval by the state comes after early this year NMED denied a request for the use of shielded containers due to a number of issues, and DOE subsequently submitted a new request in July. DOE and WIPP managing contractor Nuclear Waste Partnership are “pleased” by NMED’s approval of the permit “for the addition of the shielded container as an approved payload container to be disposed of at WIPP,” DOE Carlsbad Field Office spokeswoman Deb Gill said in a written response. “Using shielded containers has the potential to reduce the number of shipments and time required for packaging of RH TRU mixed waste at generator sites and for the management, storage and disposal of that waste at the WIPP facility.”

DOE believes that the new containers will provide a “three-fold increase in efficiency” over the RH 72-B package currently used for many remote-handled transuranic waste shipments. DOE has been pursuing a permit to allow shielded containers for a number of years, having already won Nuclear Regulatory Commission and Envi-

ronmental Protection Agency approval for the switch. The Department originally submitted a permit modification request to the state last year, which was denied in January (*WC Monitor*, Vol. 23 No. 6). “The initial submittal for shielded containers denied earlier this year lacked information for the State to approve it. The Permittees addressed information in the recent submittal that was approved last week,” NMED spokesman Jim Winchester said in a written response. “The initial submittal for shielded containers had other modifications bundled with it. We asked that this shielded container request be handled separately.”

The shielded container “is manufactured to the outside dimensions of a standard 55-gallon drum and contains lead shielding around the inside wall of the drum and three inches of steel on the top and bottom, will hold one 30-gallon container of remote-handled (RH) transuranic (TRU) waste,” Gill said. She added, “The DOE CBFO will work with the generator sites to implement the use of the shielded containers. WIPP has an excellent safety record since beginning operations in March of 1999. The shielded container will provide an efficient container option to continue to safely clean up TRU waste across the nation.” ■

UK AUDIT REPORT FINDS DELAYS AND COST OVERRUNS AT SELLAFIELD

A report released this week by the United Kingdom's National Audit Office found delays and cost overruns in recent years at the Sellafield site, concluding that "it is too early to judge" whether the Nuclear Decommissioning Authority's selection of the URS-led Nuclear Management Partners as a parent body organization for Sellafield Limited "is value for money." In 2008 NMP, comprised of URS, AMEC and AREVA, was appointed to manage Sellafield, the UK's largest nuclear waste site. This week's report notes that Sellafield Ltd. has saved £425 million (\$679 million) over previously expected costs, and has reported even more savings that haven't yet been confirmed. "However, the portfolio of 14 major projects at Sellafield has so far not provided good value for money, with significant lifetime cost increases and delays of between 2 and 19 months during 2011-12. The Authority is working with Sellafield Limited and Nuclear Management Partners Limited to understand and address project underperformance," the report states. The audit found that other activities at the site have improved, including an increase in spent nuclear fuel reprocessing, but issues like supply chain gaps continue to impact progress.

Due to "historic neglect," the NDA faces a big challenge at Sellafield, National Audit Office head Amyas Morse said in a statement. "It is good that the Authority now has a more robust lifetime plan in place but it cannot say with certainty how long it will take to deal with hazardous radioactive waste at Sellafield or how much it will cost," Morse said. "Securing future value for money will depend on the Authority's ability to act as an intelligent client, to benchmark proposed levels of performance and to provide better contractual incentives for making faster progress towards risk and hazard reduction." The report comes as URS and Bechtel are believed to be leading one of the four teams participating in the for the NDA's competition for the new contract to manage the United Kingdom's Magnox nuclear power stations, which is scheduled to be completed in 2014. AMEC and Atkins are on another team and a third is comprised of AREVA, CH2M Hill and Serco. The only team that does not include a company working at Sellafield is made up of Fluor and Babcock.

Lawmaker: Sellafield 'Ripe for Dithering and Delay'

The report has sparked harsh criticism of the NDA and Sellafield Limited by a top UK lawmaker. "Projects of this length and ambition are ripe for dithering and delay. I am

dismayed to discover the clean-up of Sellafield is no different," Margaret Hodge, chair of Parliament's Committee of Public Accounts, said in a statement. "My concern is that unless the Authority holds Sellafield Limited to a clear and rigorously benchmarked plan, timetables will continue to slip and costs spiral. It is totally unacceptable to allow today's poor management to shift the burden and expense of Sellafield to future generations of taxpayers and their families."

Supply Chain Gaps Big Issue at Sellafield

A number of areas of concern were listed in the report, including delays and cost increases in 12 out of the 14 major projects between May 2011 and March 2012. As a result, total costs went up £900 million (\$1.4 billion). "Delays and increases in some estimated project costs are partly due to the inherited conditions and inherent complexity of the hazards at Sellafield. They also reflect poor project design and delivery by Sellafield Limited and weaknesses in the Authority's oversight," the report states. Contributing factors include issues with finding subcontractors able to do the required work. "The supply chain lacks capacity to take on cost risks in complex nuclear projects. This means that Sellafield Limited often uses cost reimbursement contracts with its supply chain," the report states. "The Authority is working with Sellafield Limited to strengthen its procurement strategies and long-term plans to help develop supply chain capabilities."

There were also issues identified in how incentives and risks are placed in the contract. "The Authority's contract requires it to reimburse Sellafield Limited for all allowable costs. This means that Sellafield Limited does not bear risks for delay and cost increases," the report states. Fees are used as incentives for performance and meeting milestones, and fees in 2011 to 2012 totaled £54 million (\$86 million), or £19 million (\$30 million) less than the maximum available. The fee reduction was "largely because of major project costs escalating," the report states. "This reduction is, however, far outweighed by the increased project costs and delays borne by the Authority."

The audit includes several recommendations for improvement, including looking at how other organizations have used cost reimbursement contracts. "The end of the initial term of the parent body agreement in 2014 provides an opportunity for the Authority to strengthen existing incen-

tives, which so far have not improved project performance as the Authority expected,” it states. “The Authority needs incentives for risk reduction that sufficiently emphasise the timely completion of projects that meet quality standards for nuclear facilities.” It adds, “The Authority should obtain assurance that Sellafield Limited has fully assessed risks to time and cost from its approach to supply chain management and put sufficient mitigations in place, with clear individual responsibilities.”

NDA Notes Initiatives Taken to Improve Performance

The NDA noted that the report recognizes several initiatives taken to improve Sellafield Limited’s performance, including increased oversight, an examination of fee incentive and the establishment of a program and project review group. “The Report acknowledges that NDA continues to take appropriate action to improve Sellafield Limited’s performance on major projects and its own capacity to oversee delivery, whilst rightly pointing to some examples where project delivery is not yet at the level of performance we or our contractor are striving for,”

according an NDA statement. Nuclear Management Partners welcomed the report and notes “that the National Audit Office has recognised the progress that is being made on the Sellafield site,” NMP spokesman Harold Ashurst said in a written response. “However, we understand and appreciate that there are issues to be resolved and we look forward to working with all parties to resolve the issues raised.”

The NDA adds in response to Hodge’s comments that historical context is important, and that significant cost savings have been achieved recently. “The NAO report highlights the importance of a new plan for the site, developed in 2011, which replaced older inherited plans that had unrealistic milestones and was undeliverable,” it states, adding, “In terms of project performance, the NAO study looked at 14 major projects. Seven of these projects are still in the planning and development phase, where it is quite normal to see variances in cost and completion estimates as scope and design is finalised.”

—*Kenneth Fletcher*

At the DOE Operations Offices/Facilities

AT RIVER PROTECTION ADVISORY BOARD CALLS FOR NEW TANKS

The Hanford Advisory Board is recommending the Department of Energy start work immediately to build new storage tanks for high-level radioactive waste. The board acknowledged the recommendation was a significant shift in its thinking. In the past some board members have emphasized that attention and available money should be concentrated on getting the waste treated for disposal, rather than building more tanks to store it. But now members are concerned about the recent discovery of the first known leak of waste from an inner shell of one of Hanford’s 28 double shell tanks, Tank AY-102. Although waste has been contained between the shells, as the double shell tanks were designed to do, the slow leak is a possible indication that the double shell tanks may be deteriorating. The board should have recommended new tanks be built a decade ago, said board member Jerry Peltier. “This is long overdue,” he said. “That the tanks will not last until all the waste is vitrified has finally been recognized.”

Last month, DOE confirmed that its oldest double shell tank, Tank AY-102, has a slow leak of waste from its inner shell into the space between its inner and outer shells (*WC Monitor*, Vol. 23 No. 47). The tank was designed to last 40 years and started accepting waste in about 1971. “A number of the DSTs (double shell tanks) are nearing the end of their design lives and yet there is no plan for the complete retrieval of them for decades,” the board said in

advice to DOE and the Washington State Department of Ecology. The Tank AY-102 leak points out the need to develop additional contingency measures, and sufficient budget should be requested for that, the board said. The cost of building one double-shell tank is roughly \$100 million, said Tom Fletcher, DOE assistant manager for tank farms. Building a six-tank farm could take between five and seven years, he said.

Hanford already is short on double-shell tank space, but needs to have tank space that would be immediately available to empty a leaking double-shell tank and prevent further spread of waste in the environment, the board said. Now, in an emergency waste would have to be distributed among many double shell tanks that have some available space and in some cases that would require testing to make sure waste from different tanks is compatible before it is transferred. “DOE indicated in the latest briefing that such testing could take weeks, if not months, to draw down the waste in one tank,” the board said. That lack of agility could allow large amounts of waste to leak from an inner shell of a tank before it is emptied, it said. At times chemistry in the waste tanks has not met limits set for corrosion control, and the board questioned whether enough was known about what was in the tanks to protect against corrosion.

DOE Should Consider WTP Requirements

There also is concern that Tank AY-102 was planned to be used to demonstrate how waste would be mixed and sampled to meet acceptance criteria for treatment at the Waste Treatment Plant, which could begin accepting waste in 2019. As waste now in Tank AY-102 is fed to the plant for treatment, the tank likely would have been refilled, possibly multiple times. As DOE develops additional tank capacity, it should consider the requirements of the vitrification plant and allow for maximum flexibility for blending, transferring and segregating waste, the board said. But the board also warned that even though it appears more tanks are needed as an interim measure to protect the environment, building more tanks at Hanford will not delay the urgent need for waste treatment.

DOE Considering Recommendation

A team is being put together with representatives from DOE, its tank waste contractor, the Department of Ecology and the Washington State Department of Health to evaluate a path forward for Tank AY-102, said Jeremy Johnson, DOE's Hanford tank integrity program manager. DOE values the Hanford Advisory Board's input and the team will take it into consideration, he said. Tank AY-102's role as a mixing demonstration tank is being re-evaluated, he said. In addition to recommending adding tank storage space, the board also recommended ensuring emergency tank space is available at all times, maintaining the chemistry of the tanks, increasing the frequency of tank inspections and looking at potential ways to repair Tank AY-102.

AT RICHLAND NEW PLEA IN KICKBACK CASE

An employee of a Hanford supplier has pleaded guilty in federal court to a felony charge of concealing and failing to report kickbacks given to Hanford purchasers. Skyler Hamm worked for his uncle, Shane Fast, who is accused of providing about \$40,000 in kickbacks and gratuities to Fluor Hanford purchasers through Fast Pipe and Supply from December 2006 through October 2008. Hamm was charged in late 2011 in Eastern Washington U.S. District Court with conspiracy to violate the Anti-Kickback Act, which carries a penalty of up to 10 years in prison and a \$250,000 fine. However, in a plea agreement with the U.S. Attorney's Office of the Eastern District of Washington, he's pleaded guilty to misprision of a felony. It is punishable by up to three years in prison and a \$250,000 fine. He has agreed to pay restitution to the federal government, although the amount and any additional punishment will be determined by a federal judge at sentencing.

Gilbert reported to the DOE Office of Inspector General on Oct. 22, 2008, that he had been contacted by Skyler Hamm, according to court documents. He agreed to conduct a monitored phone conversation with Hamm and during the phone conversation told Hamm that he had been contacted by federal investigators requesting an interview. Gilbert asked Hamm if Fast would back his story if Gilbert lied to investigators and said he paid for the tickets, according to court documents. "Hamm told Gilbert that Fast would back Gilbert's story 100 percent and proceeded to explain to Gilbert how other Hanford Site employees had also decided to lie to investigators by reporting that they had paid cash for tickets received by Fast," according to Hamm's plea agreement. Hamm also said it was not necessary for purchasers to pay Fast for the tickets since there was no way to prove or disprove that cash was paid for the tickets, the plea agreement said.

Fast, an unsuccessful Republican challenger to Rep. Doc Hastings (R-Wash.) in the 2010 primary, is accused of giving Seattle sporting event tickets, plane tickets and gift cards to Tri-City businesses to purchasers working for former Hanford contractor Fluor Hanford. In exchange for the kickbacks, the purchasers would favor Fast Pipe as a supplier, the U.S. Attorney's Office alleges in court documents. On Oct. 9, 2008, several purchasers received an email from Fast asking if they had any orders for his company. The next day one of the purchasers, Greg Gilbert, received a call from Fast offering two tickets to a Seattle Seahawks football game, which Gilbert declined, according to court documents. Then Fast offered tickets to another Seahawks game, according to court documents. About a week later Gilbert received two tickets to a Seahawks game in the mail from "Santa" with Fast's return mailing address, according to court documents.

Fast said earlier that he offered tickets and gift cards to his best customers, which he thought was OK. In some cases they called and asked for tickets, he said. He has called the investigation a "witch hunt" and has said he typically submitted prices for items sought by purchasers and then might or might not be given the order. Fast has pleaded not guilty on one count of conspiracy to violate the anti-kickback act, seven counts of violating the anti-kickback act and one count of mail fraud. Several Fluor Hanford purchasers have reached settlement agreements with the federal government, agreeing to pay amounts that generally range between \$10,000 and \$15,300. Fluor Hanford also has settled with the federal government, agreeing to pay \$4 million in the wake of both the kickback investigation and also another investigation of several of its material coordinators who made fraudulent purchases. Fluor has said it did not knowingly participate in the schemes.

AT RICHLAND DOE BACKS OFF ADVISORY BOARD TERM LIMITS

The Department of Energy will not impose term limits for any Hanford Advisory Board seats as appointments are made for 2013, according to David Huizenga, senior advisor for DOE's Office of Environmental Management. He made the announcement in a letter to the board before its November meeting, which was held late last week. Instead, DOE will meet with the HAB's Executive Issues Committee to continue discussions and consider the recommendations the board made to DOE in September concerning DOE's issues with the board. "This is a real, positive step forward," said outgoing HAB Chairwoman Susan Leckband. "We are part of the solution. That's what we asked for."

This summer and fall, some DOE officials in Washington, D.C., have been considering changes to the HAB's structure, including term limits for certain seats. It is the third time since the turn of the new century that DOE has moved to impose changes on the board that some members have interpreted as an attempt to exert more control over the board or even rid it of members with opinions it disliked. The Federal Advisory Committee Act charter that covers all DOE environmental management advisory boards requires term limits. But the HAB, at almost 19 years old, was formed before the Federal Advisory Committee Act was created. The HAB assigns most seats to organizations picked to represent a diverse group of people—including tribes, civic groups, local governments, unions and universities that pick their own representatives and alternates to the board. DOE then approves the appointments. However, among the 32 seats on the board are seats for the public-at-large and Hanford workers, which have no group to pick them and have been targeted for term limits in the latest round of DOE-proposed changes to the board.

DOE Saw Benefit to Board Member Turnover

Some federal officials believe some turnover on the board is needed, and ethnic, racial and gender diversity can benefit boards, said Cate Alexander, the designated federal officer for DOE's eight Environmental Management Site Specific Advisory Boards, in September. HAB members said the board appeared to be diverse by age, gender and race, but that it has had difficulty recruiting and retaining Hispanic members. The HAB recommended to DOE in September that it work with the board if it wants changes, rather than imposing term limits or other changes. Solutions to provide diversity could include looking at attendance to see if seats could be opened up, adding another board position for the public or encouraging groups represented on the board to consider diversity as they choose new representatives for the board, the HAB told DOE. "We need to remove ambiguity from the issue," said

Dana Bryson, the HAB deputy designated federal officer.

DOE has been waiving requirements for term limits in the charter, but it needs to be clear on how the charter is implemented to end the recurring debate, he said. One possibility would be to change the charter, which is redone and renewed every two years, he said. "(The board) is very unique and DOE values HAB," he said. "We need to assure HAB is maintained as a productive, functioning organization." The board's Executive Issues Committee is expected to meet with DOE officials and have a proposal ready by the board's next meeting in February.

Board Names New Chair

Also at its November meeting, the Hanford Advisory Board selected Steve Hudson of Portland was picked by the Hanford Advisory Board to serve as its new chairman, replacing Leckband, who faced a term limit at the end of six years as chairwoman. Hudson represents Hanford Watch, an Oregon-based group, on the board and has been chairman of the board's Public Involvement and Communication Committee. He recently served as board vice chairman after expressing interest in leading the board. He was the only board member nominated as chairman who agreed to serve and his election was unanimous. "I have been stunned by the spectacular maturity shown here," Hudson said. Board members with sometimes opposite views—including those pro-nuclear and anti-nuclear—have learned to calmly discuss their views and find issues they agree on in order to reach consensus on advice offered to DOE and its regulators. Members have fostered and encouraged diversity on the board, which he supports, he said when asked by board members if he would be open to all views.

Unlike other DOE Environmental Management site specific boards, HAB assigns seats to representatives of diverse groups—including local governments, organized labor, Hanford nonunion workers, tribes, public health, environmental groups and civic groups. The board has earned a reputation for developing positions that are not always popular, Hudson said. Hudson was an English instructor, department chairman and then division dean for liberal arts and mathematics at Portland Community College's Cascade Campus from 1966 to 2006. He has experience working with budgets, people and communities to address sensitive issues, he said. He's served as assistant director for a high school soccer program, a library advisory board member and a volunteer on teacher and student tutoring organizations. That work and work on professional advisory committees related to his academic career have allowed him to work "with gifted people struggling

to solve difficult problems in a way that satisfies a demanding public,” he said in his application. He plans to make frequent trips to the Hanford area as chairman of the Hanford Advisory Board, just as some previous board leaders who lived outside the area have done. The unpaid position has been estimated to require up to 20 hours of work a week.

Leckband, who represented non-union and non-management Hanford employees on the board before she became chairwoman, plans to stay on the board and will fill in as interim vice chairwoman as a nominating committee finds candidates. “What a privilege it has been to serve all of

you and Hanford cleanup,” Leckband said. “I’ve loved it.” Agency representatives and board members praised her leadership. “You have tended the board’s business with grace and diligence and have led board meetings with humor, kindness and persistence,” wrote Ted Sturdevant, Washington State Department of Ecology director, in a letter. “Under your tutelage, the board has been able to work through a wide spectrum of issues that often had contentious opinions on all sides,” he wrote. She also was an advocate for the board in other venues, including writing opinion pieces for newspapers, speaking at regional and national meetings, and speaking to students, he wrote.

AT RICHLAND TERRANEAR WINS NEW RIVER CORRIDOR SUBCONTRACT

Washington Closure Hanford has awarded a subcontract worth \$12.3 million TerranearPMC to clean up the remaining waste sites in the soil around Hanford’s D, DR and H reactors. Terranear will be digging up chromium-contaminated soil, some of it down to groundwater about 85 feet deep. The work also includes digging up pipelines used for chemically contaminated waste and some miscellaneous waste sites. “We’re expecting to remove about 2.5 million tons of material during the course of this subcontract,” said Scott Myers, Washington Closure project manager for field remediation at the three reactors. Waste will be sent to the Environmental Restoration Disposal Facility in central Hanford. Similar work to dig up chromium down to groundwater about 85 feet deep was done successfully near Hanford’s C Reactor, with much of the work completed this spring. It was the first time Hanford workers have excavated that deep to remove chemical contamination. “We will take full advantage of lessons learned from work at C,” Myers said.

for two of the sites that are near one and other. Digging so deep creates a wide excavation site. At C Reactor two nearby sites covered the area of about 15 football fields. H Reactor is about two miles from the D and DR Reactors down river and because the nature of the cleanup work for the sites is so similar, it made sense to combine the work under one subcontract and save taxpayers money, Myers said.

The chromium pipelines, which were near the ground surface, already have been dug up near the reactors. But Terranear will remove deeper pipelines, ranging from 6 inches to 72 inches in diameter, used to carry waste. The waste had primarily chemical contamination, but they also could have had some radiological contamination, Myers said. The gravity-based systems should have been flushed when taken out of service so they are expected to be empty, he said. The D, DR and H Reactors already have been cocooned and previous subcontract at the three reactors resulted in 1.6 million tons of contaminated material removed near the D and DR Reactors and 360,000 tons from near H Reactor. That work was completed last summer. “Removing the chromium contamination is another key step in maintaining the quality of the groundwater and Columbia River,” said Carol Johnson, Washington Closure president, in a statement.

Near the D and DR Reactors the chromium once added to reactor cooling water has contaminated the soil in three places down to groundwater. The chromium there was spilled or leaked in multiple places from the system that delivered sodium dichromate by railcar and distributed it through a series of pipelines and valve boxes. The three deep waste sites will be excavated in two digs, one of them

AT RICHLAND NEW BERYLLIUM HEALTH STUDY UNDERWAY

National Jewish Health researchers are hoping to find out more about the risk factors for beryllium sensitivity and chronic beryllium disease at Hanford in a new epidemiological study launched this week. There have been some previous studies of beryllium disease at Hanford, but this will be the first to extensively study where affected employees worked and what they did, said Mike Van Dyke, senior industrial hygienist at National Jewish Health

in Denver. Results should help the Department of Energy better protect Hanford workers from beryllium exposure and help guide medical surveillance of current and former workers at risk of the disease. The study is seeking at least 100 volunteers, including current and former workers at Hanford and Pacific Northwest National Laboratory, who have chronic beryllium disease or have had a positive blood test for beryllium sensitization. Information from

those workers will be compared with about 200 workers without the disease or sensitization, who will serve as a control group. "The more who participate, the more we can confidently say about risk factors," Van Dyke said.

Chronic beryllium disease, which damages the lungs, is caused by breathing in fine particles of beryllium, a metal used at Hanford and other DOE weapons sites. There is no cure, but treatment can slow the progression of the disease. Hanford officials know of 33 Hanford workers with the disease, about half of them still current workers. But Van Dyke believes additional former workers also have the disease. Hanford officials also know of 125 Hanford workers, about two-thirds of them current workers, who have been diagnosed as sensitized to beryllium, which puts them at risk of developing chronic beryllium disease. The diagnosis is done through a blood test that shows the immune system recognizes beryllium from a past exposure to it. Some people are genetically susceptible to an allergy-like reaction that leads to the lung disease, but other people with high exposure to beryllium can develop the disease even if they lack the genetic marker that has been linked to a reaction to beryllium, Van Dyke said.

At Hanford, some workers were exposed to beryllium when they machined fuel caps, which were mostly zirconium with some beryllium. Workers also may have been exposed when tools made with beryllium, which does not spark, were modified, most often for work at the Hanford tank farms, Van Dyke said. Workers need not have worked with the metal to be sensitized or develop the disease, however. They may have breathed in fine particles of beryllium, including in ventilation systems, that remained in dust long after beryllium was machined.

Hanford Workers Likely Exposed to Smaller Amounts

A similar study at Rocky Flats found risk among workers who machined pure beryllium for the outer housing of weapons, trade workers who were nearby during the machining and those who worked with the ventilation system. It appears that Hanford workers sensitized to beryllium develop chronic beryllium disease at a lower rate than Rocky Flats workers, Van Dyke said. Although there is no study to back up the observation, the Hanford study may provide some information to support the hypothesis that exposed Hanford workers are at less risk than Rocky Flats workers who had higher exposure to beryllium. Researchers also are interested in seeing what the data can show about sarcoidosis and are asking current and former workers with that diagnosis also to volunteer for the study. There may be a higher rate of that disease among Hanford workers, but data is needed to see if that is true and the cause. Chronic beryllium disease may be misdiagnosed as sarcoidosis, or there could be some other risk factor for sarcoidosis at Hanford, Van Dyke said.

DOE has hired National Jewish Health to conduct the study, which was recommended by the DOE Hanford Corrective Action Plan in 2010 to better protect Hanford workers from exposure to beryllium. Although Hanford-specific, the study also will add to the medical community's body of knowledge about chronic beryllium disease, Van Dyke said. Hanford has a different exposure profile than other sites more commonly studied, with Hanford workers likely exposed to smaller amounts of beryllium, he said. Workers or former workers at Hanford or PNNL may call Gina Mondello at 800-423-8891, Ext. 1679, to volunteer for the study. Current Hanford workers may participate during work time. No additional medical testing will be needed for volunteers for the study. Instead, they will fill out a questionnaire and meet with a National Jewish Health representative for an interview about where they worked and what work they did.

AT OAK RIDGE UCOR REMOVES K-25 SODIUM FLUORIDE TRAPS

URS-CH2M Oak Ridge, LLC, (UCOR) successfully completed a high-hazard task last week with the removal of five sodium fluoride (NaF) traps from the east wing of the historic K-25 uranium-enrichment facility, which is undergoing the final stages of demolition. UCOR used a crane to lift the traps through the roof of the section of the K-25 building that's been segregated because of the presence of radioactive technetium-99 contamination. The NaF traps are now stored in a safe area until they can be fully sampled to determine where they can be sent for disposal, the contractor said. "When K-25 was operational, the NaF traps were part of the final uranium removal process," UCOR said in announcing the milestone.

"Sodium fluoride pellets were used to trap the uranium, and these particular traps still contain uranium materials from when the facility was shut down decades ago (in the early 1960s)."

Each of the NaF traps was about the size of a hot water heater, and they range in weight from 150 pounds to 800 pounds each. In response to questions, UCOR President Leo Sain and DOE Oak Ridge Environmental Manager Mark Whitney confirmed that the weight difference was due to the varying amounts of uranium in each. COR project manager Todd Phillips said in a statement, "We performed extensive structural analyses before doing the

work and used a critical lift plan to ensure it was done safely.” Extra safety precautions were taken because “the vessels represent a significant danger in the case of a drop or a fire,” UCOR said.

Most of the K-25 building—once a mile-long, U-shaped structure—has already been demolished. All that remains is the section of the east wing that contains the Tc-99 and

the so-called North Tower, which is currently undergoing demolition. The North Tower formed the bottom of the “U.” Sain said in a statement that the NaF traps “represented one of the highest risks remaining in the K-25 building.” He added, “Safely removing them gets us one step closer to project completion.” A similar removal of NaF traps is being planned at the nearby K-27 building, which was once a sister enrichment facility to K-25.

AT OAK RIDGE NEW IT SERVICES CONTRACT COMES UNDER PROTEST

A protest has been filed with the Government Accountability Office over the Department of Energy’s recent award of a new information technology support services contract for the Oak Ridge Office to Global Engineering and Technology-Nuclear Safety Associates. The protest was filed by Endeavor Enterprise Solutions on Nov. 5, and the GAO currently has until mid-February to make a decision, according to the agency’s website. The new contract is worth approximately \$10 million and is set to run for up to

three years (*WC Monitor*, Vol. 23 No. 47). In a written response this week, DOE Oak Ridge spokesman Mike Koentop said, “As a part of the federal acquisition process, companies have the right to file protests, and we will work to resolve this efficiently and fairly. We have not halted transition. We are in the process of determining whether or not transition is required to stop, and once that determination is made we will act accordingly.” ■

Wrap Up

IN DOE

The Department of Energy this week awarded the California Department of Toxic Substance Control a \$5.6 million, five-year grant to help oversee cleanup work at the Energy Technology Engineering Center (ETEC) site at the Santa Susana Field Laboratory. The grant has five one-year performance periods. The ETEC site was used for research into nuclear-powered space vehicles and sodium coolant mediums from the 1950s to 1988. DOE is currently required to complete soil and groundwater cleanup activities at the site by 2017.

The Department of Energy has named three new members to the Idaho National Laboratory Site Environmental Management Citizens Advisory Board. The new members are Kristen Jensen, executive director for the nonprofit Great Rift Business Development Organization; Robert Bodell, INL Site Labor Coordinator; and Betsy McBride, a self-employed public policy consultant with the Virginia-based Hampton Roads Center for Civic Engagement, a nonprofit organization founded to support collaborative public policy decision making, according to a DOE release.

IN THE INDUSTRY

Pro2Serve this week named Clarence ‘Buck’ Sheward as its new Vice-President of Engineering Services. The move is in “recognition of his many years of excellence

executing programs and projects at the Portsmouth Gaseous Diffusion Plant (GDP),” according to a company release. Sheward is currently supporting Portsmouth D&D contractor Fluor B&W Portsmouth, LLC, where he manages site infrastructure and maintenance. Pro2Serve also announced this week that Del Baird has been named the company’s Vice President of Portsmouth Operations. “Del’s many years of experience managing complex engineering and environmental projects, especially at the Portsmouth Gaseous Diffusion Plant, brings the right combination of technical and management expertise, lessons learned, and accountability to lead the integration of our Portsmouth Operations,” Pro2Serve President Mark DeGraff said in a release.

A portion of workers at the Savannah River Site have reached a new safety milestone, Savannah River Remediation, LLC, the site’s liquid waste contractor, announced this week. Construction employees of Washington Savannah River Company, the former SRS managing contractor; and of SRR have worked more than 25 million hours without an injury or illness resulting in a missed day of work. “This accomplishment represents one of many legacy SRS safety milestones that have been jointly celebrated by the current SRR construction workforce and the Augusta Construction Building Trades,” SRR President and Project Manager Dave Olson said in a release. “SRR’s construction employees are continuing an impressive record of work without a days-away injury. I am pleased to see them continue to keep the focus on what’s most important in their daily job performance.” ■

Calendar

November

14 Meeting: Idaho Citizens Advisory Board; Hilton Garden, 700 Lindsay Boulevard, Idaho Falls, Idaho.

22-23 EM PUBLS CLOSED FOR THANKSGIVING

December

4-6 Meeting: 2012 EFCOG Semi-Annual Meeting, U.S. Dept of Energy, Forrestal Building, Washington, DC; Contact: Efcog@gmail.com.

24-Jan. 1 EM PUBLS CLOSED FOR HOLIDAYS

January 2013

17 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwdcc.org>

21 EM PUBLS CLOSED FOR MLK DAY

February

18 EM PUBLS CLOSED FOR PRESIDENT'S DAY

23-28 Waste Management Symposia; Phoenix Convention Center, Phoenix, Ariz.; Info: <http://www.wmsym.org>

19-22

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Arlington, Virginia

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May

13-16

THE TWELFTH ANNUAL CARBON CAPTURE UTILIZATION & SEQUESTRATION CONFERENCE

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21 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwdcc.org>

27 EM PUBLS CLOSED FOR MEMORIAL DAY

May

16 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwdcc.org>.

July

4 EM PUBLS CLOSED FOR INDEPENDENCE DAY

18 Meeting: Texas and Vermont Compact Commission; Location TBA; Information: <http://www.tllrwdcc.org>.

August

18-23 Symposium: PATRAM2013: International Symposium on the Packaging and Transportation of Radioactive Materials, Hilton San Francisco Union Square, San Francisco, Calif.; Information: www.patram.org.

(Changes from previous Calendar in Bold)

WEAPONS COMPLEX MONITOR: WASTE MANAGEMENT AND CLEANUP

The *Weapons Complex Monitor* is a weekly (50 issues a year) publication devoted to providing intelligence and inside information on cleanup and waste management within the Department of Energy's Nuclear Weapons Complex. Includes firsthand reports from Washington, the major DOE sites and the national laboratories; interviews with top-level officials; and market analysis.

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