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ENVIRONMENTAL MANAGEMENT ADVISORY BOARD
TRANSCRIPT OF PROCEEDINGS

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1 will be taken during various parts of the agenda,
2 which is available to the, the public.

3 I am very happy to see so many members
4 of the community, as well as almost the entire
10:10:21 5 Board here this morning. In fact, all of our Board
6 members are present this morning with the exception
7 of Maxine Savitz.

8 My duty this morning, in addition to
9 calling the meeting to order, is to say a few
10:10:35 10 opening remarks. And with respect to, to the
11 Board, I'd like to mention a couple of transitional
12 matters.

13 First, Steve Allred, who's been on the
14 Board for some time, has recently been nominated by
10:10:49 15 the President to be Assistant Secretary in the
16 Interior Department. And while Steve has not yet
17 been confirmed by the Senate, we certainly hope
18 and, and expect that he will.

19 And, if that should happen, this will be
10:11:04 20 his last meeting. And so I wanted to take this
21 opportunity up front to say thanks to Steve for his
22 service and his leadership.

23 And I know he'll have a few comments

1 later on to reflect on that. So, --

2 (Whereupon, applause was had.)

3 THE CHAIR: With respect to the Board,
4 we have two new members of the Board attending this
10:11:26 5 morning. First, to my right, Brian Estes.

6 Brian, just by way of background, is a
7 civil engineer by training, and has had significant
8 construction and project management expertise, both
9 in the Navy, where he retired as a Rear Admiral,
10:11:42 10 and in the private sector. In fact, many of you
11 here probably recognize Brian.

12 He was, he was a resident here for
13 Westinghouse Hanford some years ago, so is quite
14 familiar with this neck of the woods. And he
10:11:56 15 actually serves on a number of committees, National
16 Research Council, many of whom you deal with DOE,
17 so I think he's quite familiar with these
18 processes.

19 And we welcome you, Brian, to the Board.

10:12:08 20 The other new member of our Board this
21 morning attending is Paul Dabbar. Paul is a
22 Managing Director in the Global Mergers and
23 Acquisitions Group of JP Morgan Securities.

1 Paul is a strategic advisor to a number
2 of companies in the power area, including the
3 nuclear area, oil and gas, chemicals, and the like.
4 And in particular, he's been active in a large
10:12:33 5 number of nuclear transactions that have occurred
6 over the last few years.

7 And Paul is also an engineer by
8 training, graduate from the Naval Academy, but also
9 has an MBA from Columbia Business School.

10:12:47 10 And we welcome you, Paul, to the Board.

11 MR. DABBAR: Good morning.

12 THE CHAIR: Okay. Let's see.

13 Just a few remarks. The Board visited
14 the site yesterday, and one, at least from my
10:13:04 15 perspective, takes away a number of interesting
16 conclusions about, about the visit.

17 And one of the things that this Board
18 has, has decided to do is, is to be more active in
19 visiting some of the major sites in the Complex.

10:13:18 20 So, in addition to a recent visit that we had at
21 our last meeting at Savannah River, we took in the
22 facilities here.

23 And one, one is truly impressed by the

1 size and the scale of the mission. A few of the
2 take-aways that I, I can sort of recall are that,
3 you know, this is a site that, you know, nearly 600
4 square miles, and has between ten- and 11,000
10:13:41 5 employees.

6 And, and perhaps most importantly is the
7 fact that about 40 percent of the entire human
8 manufactured radioactivity during the, the
9 Manhattan Project and beyond were, were resident
10:13:56 10 here. So, this speaks, I think, volumes to the
11 scale of this project, and why we were interested
12 in getting a, a close-up and personal view of, of
13 the facilities here in this area.

14 So, you really have to see it to, to
10:14:11 15 appreciate it. And that's, that's what I think we
16 were, we were aiming to do, and we accomplished
17 that.

18 So, really, on behalf of the Board, I'd
19 like to thank all of those who made the visit
10:14:23 20 possible, and the meeting here today possible. We
21 really appreciate the hospitality, the
22 collaboration of the DOE staff, and the contracting
23 community here, which we met yesterday.

1 And I really thank you for all your
2 support. Okay.

3 This morning, in addition to myself, we
4 will have some opening remarks, brief opening
10:14:45 5 remarks by Keith Klein, who's the Manager of
6 Richland's Operations Office, and Roy Schepens,
7 Manager of the Office of River Protection. First,
8 Keith is going to show us a, a brief video to
9 orient the group, and will say a few words in
10:15:01 10 addition to --

11 MR. KLEIN: I've also been instructed to
12 place my tent card right in front there.

13 THE CHAIR: Good job, Pete.

14 WELCOME BY MR. KLEIN:

10:15:09 15 MR. KLEIN: Actually we're going to show
16 this little DVD right before Roy's presentation,
17 after the other opening remarks. But let me open
18 first by welcoming you to, to Hanford.

19 It's a, it's a great pleasure to have
10:15:23 20 you here, have such an august group in the, in
21 August. Very much appreciate the time you spent
22 out in the site getting a further sampling of that.

23 And has many of you who I know

1 personally are aware, that even as much as you saw,
2 you really just hit the tip of the iceberg in terms
3 of the things that go on here. We also have some
4 other distinguished guests out here from the
10:15:44 5 National Academy of Public Administration, and, of
6 course, Assistant Secretary Rispoli.

7 And spent a lot of time talking with
8 the, the federal workforce yesterday, and touring a
9 few of the facilities. This, indeed, is, is one of
10:15:58 10 the, the grand challenges of cleanup.

11 It is replete with you-name-it type of,
12 of, of opportunities: Technical, management,
13 regulatory, institutional, political, procurement.
14 You name it, we, we have it.

10:16:18 15 And it -- We hate to learn lessons, any
16 more lessons the hard way than we have to, so the
17 fact that you all are, are lending your, your
18 brains, your, your experience to helping Assistant
19 Secretary Rispoli, people like myself, and, and Roy
10:16:35 20 to get our arms around this and do a better job of
21 managing it, whether it's more efficient, more
22 safe, more productive. Any of those, those
23 elements are, are truly appreciated.

1 So, again, welcome. Thank you for
2 coming all the way out here; putting up with some
3 of the, the less-than-hospitable environment out on
4 the site, and, and getting to know us a little
10:16:58 5 better.

6 And I'm sure it will, hopefully, help,
7 help fashion your, your recommendations and, and
8 make them that much better for it. So, welcome,
9 and thank you for coming.

10:17:08 10 And this, just when we show this video
11 just before Roy's presentation, you're really
12 previewing a -- You're part of a test audience. We
13 showed it to Jim yesterday.

14 It's only four minutes. And it, it's
10:17:22 15 really focused on the workers.

16 I mean, that is -- When things boil down
17 to it, it's about the workers, and, and us creating
18 an environment in which they can do their job,
19 which the, they know how to do, and do it in a, in
10:17:34 20 a, in a safe manner. So it's, again, just, just
21 four minutes, but it will further give you some
22 further insight into some of the things you weren't
23 able to, to see yesterday.

1 Okay.

2 So, next on the Agenda I'd like to
3 introduce Assistant Secretary Jim Rispoli, who will
4 have some opening remarks as well.

10:18:53 5 Jim?

6 OPENING REMARKS BY ASSISTANT SECRETARY RISPOLI:

7 MR. RISPOLI: I'd like to thank you all
8 for, for being here. Before I even begin with what
9 I wanted to say, it's, it's really refreshing to
10:19:07 10 see such a large group of interested members of the
11 public.

12 This is only the second meeting of the
13 EMAB that we have brought to a field location. The
14 first one was the last meeting, in fact, at
10:19:21 15 Savannah River site in South Carolina.

16 And we think it is a good idea, because
17 it gives the, the Board, who is here as an advisory
18 body to myself and our executive team, it gives
19 them a chance to not only see what's going on
10:19:36 20 firsthand at a field site, which we could have done
21 just by having tours for them, but also a chance
22 for them to interact with the members of the public
23 and the communities, because that's why we're doing

1 Board members who have been here, and who I have
2 met with before. And we'll get back to that a
3 little bit later in my, in my comments.

4 What I'm going to do today is -- There
10:20:57 5 are only eight slides, but what I wanted to do is
6 give a quick overview. I've been in this position
7 now -- I was sworn in last August, the tenth of
8 August, so it's only been a year.

9 And I've, I've addressed the Board
10:21:10 10 before, and I've met with the President, or the
11 Chair and the Vice-Chair of the Board before. And
12 I wanted to kind of bring the Board up to date, but
13 also it will serve as a kind of good overview of
14 the environmental program in its totality for those
10:21:23 15 who may not, especially from the, from the public
16 sector that's here, members of the public who may
17 not otherwise be aware.

18 And so I'll talk about some of the
19 things that have been happening over that past
10:21:32 20 year. And I look forward to being here, if I can,
21 all day today, and the dialogue that goes on; the
22 opportunity for the public, members of the public
23 to, to interact with us and with the Board.

1 So, thank you all.

2 Next slide.

3 We, we are the, the largest cleanup
4 program in the world, you know, to put it in
10:21:54 5 perspective. Three of the sites, including this
6 one, are original Manhattan Project sites from
7 World War II.

8 The others are Oak Ridge, Tennessee, and
9 Los Alamos, New Mexico. And then, as time went on
10:22:08 10 and we, the Nation got into the Cold War, the other
11 sites that were added that are significant that you
12 will recognize, of course, are the Savannah River
13 site in South Carolina; what is now the Idaho
14 National Laboratory in Idaho; and also a number of,
10:22:21 15 of smaller sites that you can see depicted on, on
16 the map.

17 We work with a multitude of different
18 Statutes because we're in different States. We
19 work with a number of different jurisdictions
10:22:34 20 because we're in States and in municipalities just
21 like this one.

22 We work with Indian Nations and Indian
23 Tribes, with state and local Agreements, and both

1 state and federal Regulations. In addition to
2 that, we, we are overseen largely by the Defense
3 Nuclear Facilities Safety Board, which is
4 headquartered in Washington, D.C., but has actual
10:23:01 5 field offices at the larger sites.

6 About 80 percent of environmental
7 management, our program, is funded with Defense
8 funds. So, it goes to the same authorizing
9 committees that the, that the active-duty forces go
10:23:14 10 through, the, the, the Armed Services Committee.

11 So, again, 80 percent of our work is
12 funded with Defense funds, which means that roughly
13 80 percent of our work is overseen by the Defense
14 Nuclear Facility Safety Board. And then we have
10:23:30 15 some work that's overseen and, and with whom we
16 work is the Nuclear Regulatory Commission.

17 It's worth remembering the legacy that
18 we're cleaning up from the weapons programs. And
19 that's what we're talking about primarily, is the
10:23:43 20 weapons programs.

21 Dispositioning over 80 million gallons
22 of radioactive liquid waste. And to me that's
23 mind-boggling, so I did a little quick

1 back-of-the-envelope.

2 And if -- You wouldn't do this, of
3 course, but if you, if you could equate 80 million
4 gallons to gasoline, and put it in cars, it would
10:24:03 5 be enough cars to go back and forth from Seattle to
6 Boston, back and forth three times, bumper to
7 bumper. That's how many cars it would take if you
8 had that much gasoline in gas tanks of cars.

9 Just to put it in perspective, this is a
10:24:18 10 huge amount. It's a huge amount of waste that we
11 are dispositioning, and much of that is right here
12 in the tanks of Hanford.

13 We have over 2,000 tons of spent nuclear
14 fuel, because nuclear reactors were a significant
10:24:32 15 part of weapons program, and, and in creating the
16 weapons. And I did a little back-of-the-envelope
17 on, on that, too.

18 And some of you may be World War II
19 buffs, but I thought of, like, a destroyer escort
10:24:43 20 or a Coast Guard cutter. And the 2,000 tons would
21 be the displacement of two of those vessels.

22 This is just nuclear fuel, spent nuclear
23 fuel. So, again, a huge amount.

1 Tons of special nuclear material such as
2 plutonium. Over a million cubic meters of
3 radioactive solid wastes.

4 Hundreds of square miles -- You know,
10:25:04 5 we're 500 square miles right here in Hanford. But
6 hundreds of square miles of contaminated soil and
7 groundwaters dispersed throughout the sites that
8 you see there.

9 And thousands of industrial facilities.
10:25:16 10 There are radiological facilities and so forth to
11 remediate and tear down, disposition, and dispose
12 of. And I, I just want to, as the last thing to
13 say on this slide, to say that EM has really
14 shifted its focus over the past several years to
10:25:32 15 risk reduction.

16 And I think if you talk with people such
17 as Keith Klein, who has, who has actually been part
18 of this program since he graduated from college, --
19 He's been involved with the DOE and its predecessor
10:25:43 20 agencies.

21 But there was a time where all EM was
22 doing was maintaining all of this stuff in a safe
23 condition. And there has been a real focus on

1 getting these issues dispositioned and sites

2 cleaned up.

3 And, and, of course, you know that, but

4 I just wanted to mention that.

10:25:59 5 Next slide.

6 Okay. What, what, this -- What you're

7 seeing on this slide are the standard things that I

8 have talked about since, really, a year ago, when I

9 first came into this program.

10:26:10 10 Number one has to be safety. And I say

11 that everywhere I go.

12 And I mean safety for the workers,

13 safety for the community, safety for the members of

14 the public who are in the area. And, and, and that

10:26:22 15 the, the, the whole thrust is that whatever we do,

16 since we're dealing with inherently hazardous

17 materials and issues, is that we must do it in a

18 safe manner.

19 And I'll talk more about safety in a

10:26:35 20 bit. I just mentioned risk reduction; that the

21 focus is on, is on prioritizing so that we actually

22 disposition material and use a risk-based approach

23 to dealing with those types of issues.

1 You've heard me talk about us being an
2 acquisition and project management agency, and I'm
3 sure some would say, "Well, gee. You're an
4 environmental agency.

10:26:59 5 "How can you acquisition and project
6 manage it?"

7 Well, it's because everything we do is
8 done by contract. So, we have to go through the,
9 the Federal Government's acquisition process so
10:27:09 10 that we get the right contractors and the right
11 contract formats, and then through those contract
12 vehicles, manage what we do as projects.

13 We have completed the transition,
14 although we still have work to do on, on the
10:27:22 15 efficacy of how we do it, but we've completed the
16 transition of putting our entire program into
17 projects at this point. It was begun during my
18 predecessor's time, during Assistant Secretary
19 Roberson's time, but now we're at the point where
10:27:39 20 we physically are managing projects throughout our,
21 all of our geographic locations.

22 So, we have the Contracts in place, but
23 we're managing the work through a projectized

1 format. And with that said, we have about 82
2 cleanup projects throughout this complex that you
3 saw a few minutes ago, with a, with a value of
4 about \$135 billion.

10:28:02 5 That's the life-cycle cost of our
6 program. That does not include capital projects.

7 We also have capital projects;
8 construction projects, if you will. And the
9 current value officially is seven-and-a-half
10:28:14 10 billion.

11 But, we happen to be at a site where we
12 know our waste treatment plant is undergoing
13 reviews to look at: What is the correct cost and
14 schedule? The Army Corps of Engineers is reviewing
10:28:25 15 our contractors' estimates on that right now.

16 And so those seven capital projects, by
17 the time that that is finished and the reviews are
18 done, are probably going to be in the range of \$13
19 billion-worth of capital construction projects,
10:28:39 20 which alone is a very, very large program if you
21 think of any other context.

22 So, again, 135 billion in cleanup
23 projects, plus roughly another 13 billion in

1 this month, actually, the fourth round of quarterly
2 performance reviews since I've been the Assistant
3 Secretary. I am not aware of any prior time when
4 Environmental Management had formal formatted
10:30:09 5 reviews on a projectized way of its entire
6 portfolio.

7 So, we have completed the fourth round
8 of those, and I'm happy to tell you that, that the,
9 that they're getting much more crisp, much more
10:30:25 10 focused. We look at, for example, the, the main
11 things we talk about are, number one: What is the
12 project?

13 Number 2, how is it performing? We look
14 at earned value, which is a, an industry standard,
10:30:34 15 an American National Standards Institute Standard.

16 So, we look at that to, to help us
17 understand how the, all of these projects are
18 performing. We look at the safety issue and safety
19 performance, and we look at risks.

10:30:44 20 And, and we do it in a pretty
21 standardized format so that we can get through
22 these large number of projects. And typically we
23 set aside one week per quarter to bring people into

1 Washington to do these reviews in a face-to-face
2 way with help of video teleconference where we need
3 to.

4 We are working on getting all of our
10:31:06 5 baselines independently validated, not by EM, so
6 that we can improve our credibility with all of our
7 stakeholders, both internal and external, and
8 including the Congress, which is the entity we
9 depend upon for the support and the appropriation.

10:31:22 10 So, we are about 70-percent validated.
11 About 70 percent of our projects are now validated
12 by an outside entity.

13 And I expect that in the not-too-distant
14 future, all of our projects will have undergone
10:31:36 15 that review, and if successful, will have
16 validated, independently validated costs and
17 schedules that will again improve our credibility
18 with all of our stakeholders. We -- All of those
19 baselines have assumptions that have to be reviewed
10:31:50 20 and evaluated.

21 In other words, you can't always assume
22 that things will go just exactly according to plan,
23 the most optimistic assumptions. I think that's

1 how, in the past, we've gotten into trouble.

2 We, you know, we assume. Everybody
3 wants to drive toward early cleanup, early closure,
4 and we tend to assume that everything will go just
10:32:10 5 as planned.

6 And then in reality you realize that
7 things don't always go just as planned. Another
8 example of that type of thing is right here at
9 Hanford.

10:32:21 10 We have the underground tanks that are,
11 that have waste, nuclear waste. And there were
12 assumptions at one time that each tank would only
13 require one technology to completely clean up those
14 tanks, and we're realizing that that is not a valid
10:32:36 15 assumption.

16 That's just one example. So, yesterday,
17 as part of my tour, I, I visited again, I think for
18 my third time, the mockup of a tank, a, a big
19 75-foot-diameter tank, and witnessed again some of
10:32:49 20 the technologies that are being developed to deal
21 with removal of the waste in those tanks.

22 We still have a lot to do to get
23 effective identification and management risks to

1 our own satisfaction. We have begun to integrate
2 the acquisition process to include procurement and
3 contract management, plus project management.

4 We have a Deputy Assistant Secretary
10:33:10 5 that's been formed. He will be the addressing this
6 group this afternoon by, I, I think it's video,
7 video teleconferencing.

8 MS. LAMB: Telephone.

9 MR. RISPOLI: Just telephone?

10:33:19 10 Jack Surash will be addressing this
11 group this afternoon. We, we created the office
12 but it is not yet fully staffed, and we're working
13 toward that end right now.

14 To, to do all of this we must simply
10:33:33 15 have a capable and high-performing organization
16 with a career-oriented workforce. And I want, I,
17 I, I thought it would be great for you to see the
18 video, because when I say that, we need, we mean
19 not only the federal people, not only the federal
10:33:46 20 government people who manage this work, but also
21 the people who do the work, because it's important
22 to the Nation that we have people qualified to do
23 the work in a nuclear setting.

1 And that's what you're going to see in a
2 lot of video that was mentioned earlier. We're
3 focusing a lot of time with our own senior section
4 electives; not as much as I would personally like,
10:34:09 5 but I think our, our senior management team which
6 includes site managers like Roy Schepens and Keith
7 Klein.

8 We have actually developed a (sic)
9 Executive Forum for myself and our Headquarters'
10:34:20 10 executives and our field executives. And we've
11 done two of those executive forums: Harvard
12 case-study, Harvard business school case-study
13 approach.

14 We've looked at both EM case studies
10:34:32 15 that we had to create ourselves, as well as some
16 DOD case studies so that our executives could see
17 how the, the management issues, even though the
18 technical issues may be totally different, the
19 management issues are often similar. I'm happy to
10:34:46 20 tell you that in Environmental Management, even
21 though we jumped on the bandwagon late, we met a
22 May thirty-first deadline, 2006, May thirty-first,
23 2006, deadline to have all of our federal project

1 directors certified by an independent Board that is
2 not part of EM.

3 So, we are making great pushes to have
4 the very best qualified people in charge of our
10:35:08 5 projects. And that involves evidence to the Board
6 of experience as well as certain course work and
7 mastery of certain information.

8 And we've reorganized the Headquarters.
9 We, we now have a Deputy Assistant Secretary with a
10:35:23 10 portfolio of technology and engineering; another
11 Deputy Assistant Secretary with a portfolio of
12 regulatory issues and affairs; another with a focus
13 on organization and human capital, whereas, before
14 we had two different Deputy Assistant Secretaries
10:35:39 15 that dealt with that.

16 Now we have one, and we have
17 restructured the Deputy Assistant Secretary for
18 Safety. And we have integrated safety into the
19 design process.

10:35:49 20 Some of the problems we had in the past
21 resulted from us not considering early enough the
22 safety issues in the project design. And then
23 we've had to go back and readdress those, and add

1 money and add time to the process.

2 And it happened in several cases. In
3 fact, some of them are right here.

4 The Waste Treatment Plant partially was
10:36:10 5 caused by some safety issues, as well as a bulk
6 vitrification process where we're trying to nail
7 down the safety envelope to protect the workers was
8 we go forward with the bulk vitrification process,
9 which is today's plan to do.

10:36:25 10 And I would like to tell you, too, that
11 our Deputy Assistant Secretary for Safety has just
12 given me a second round of monthly reports where
13 that staff has normalized all the safety statistics
14 so that I can look across the complex -- And, and
10:36:39 15 I, and actually I have the second report with me on
16 this trip.

17 But I can look across site by site to
18 see in a normalized way how the different sites and
19 contractors are doing with their own occupational
10:36:51 20 and nuclear safety programs. That's a tremendously
21 powerful tool that I can bring up directly to the
22 corporate official at their corporate headquarters,
23 not the site level, and show them something that

1 they perhaps didn't know before, which is how we
2 see their different operations at different sites;
3 where are the sites more safe, and where are they
4 not?

10:37:11 5 The good example of safety, just to toss
6 out one, Bechtel at Savannah River runs a
7 construction workforce; over 500 people. I think
8 it's roughly about 700 today.

9 And they've just completed eight years
10:37:25 10 without one lost-time accident which is just
11 phenomenal in construction industry. And those
12 types of things are not, in my view, visible
13 enough.

14 And, and, and we need to share lessons
10:37:37 15 learned as to how some sites do their work in a
16 safer way to protect both the worker and the
17 public. I'd like to get the Organization now
18 focused to work better in the organization, the new
19 organization.

10:37:49 20 And, and to that end we also have, as
21 was mentioned earlier, the National Academy of
22 Public Administration helping us with a review of
23 all of our complex. And we are very many happy to

1 have them doing this for us.

2 They've already come up with some very
3 good suggestions, and I'm looking forward to
4 continue to work with them over the next year or so
10:38:09 5 as they do some more of their reviews to look at
6 the way we function as an organization to improve
7 the way we do business. And I could put my eye
8 glasses on, but I think --

9 Is that you, Al, right there? Al

10:38:21 10 Kliman?

11 Al Kliman is, is on the staff of the
12 National Academy of Public Administration and is
13 our primary day-to-day contact for this very, very
14 important effort.

10:38:32 15 And we thank you and, and that Committee
16 for doing that work for us.

17 In procurements, which I know is of
18 interest to many, we want to insure competitive and
19 open selections. Jack Surash will talk more about
10:38:47 20 this, I'm sure.

21 We want to have the appropriate contract
22 types and fee structures for the scopes of work.
23 And obviously, as Administration after

1 Administration intends to do, we want to ensure
2 that small business has a viable role in what we
3 do; that we find the right types of things that we
4 know small business can succeed in.

10:39:04 5 We have many success stories, and we
6 want to certainly perpetuate that.

7 Next slide.

8 Okay, this is just a chart on our
9 funding. And there are three factors that are not
10:39:16 10 yet included.

11 And you're just seeing some of my notes,
12 but there are three factors that are not yet
13 included. As known scope, we have some places
14 where scope already exists, and we, we, we are
10:39:31 15 ready to execute these, and we have to work them
16 into our program.

17 A couple of examples are at Oak Ridge,
18 at the Oak Ridge site, both the Science side and
19 the, and the NNSA side, and also at the Los Alamos
10:39:45 20 National Laboratory. But also as a result of our
21 quarterly reviews, we're seeing already optimistic
22 assumptions.

23 I've already addressed an example of

1 handled sooner than our priority can handle it,
2 then they are free to budget for that, and we will
3 execute it for them. We will manage it for them.

4 So, the funding line that you see, which
10:41:00 5 is basically just a, a, a near-term, you know,
6 where we are now, and, and you might assume that it
7 will keep going in a downward taper, with the
8 change that we will be addressing new liabilities,
9 and that we also need to recognize some of these
10:41:15 10 other realities that I just mentioned, we need to
11 see where that figure stabilizes as we go forward.

12 Next slide, please.

13 Okay, the last time we were together I
14 projected that nine sites would be cleaned up in
10:41:26 15 2006, but now we're looking at basically two of
16 those nine not being on the 2006 closure list.
17 Two-thousand-six ends next month for us, the fiscal
18 year.

19 One of them is at Miamisburg, and there
10:41:40 20 we have a landfill called OU-1, Operable Unit 1,
21 that is an add-on to the program. So the original
22 scope is essentially done, but we have an add-on,
23 which is a landfill remediation, and we are just

1 now in the procurement process to address that.

2 And then we had some issues with a
3 landfill at the Sandia National Lab. And, and the,
4 the site is very large, and this is only one, one
10:42:02 5 unit, one OU, operable unit, out of many about, but
6 because of that we are not declaring closure at
7 Sandia National Lab.

8 Next slide, please.

9 And so we've added -- We originally told
10:42:16 10 you that we would have eight more sites cleaned up
11 by '07 to -09, and now by adding those two sites to
12 it, we're now looking at ten sites being cleaned up
13 by that point in time. And they're all shown on
14 this slide.

10:42:28 15 Next slide, please.

16 Since our last meeting we have
17 implemented our reorganization at the Headquarters,
18 as I have mentioned to you. We've also taken on,
19 as I've mentioned some of to you, several steps to
10:42:45 20 ensure or move us along the, the road of having a
21 sustainable, high-performing organization.

22 As you've suggested for this meeting, as
23 the Board has suggested for this meeting, we're

1 focusing on three major areas within that context:
2 Regulatory compliance, human capital, and
3 acquisition. And as I mentioned before, Jack
4 Surash will be addressing you by telephone later.

10:43:09 5 As it turns out, there is a, not an EM
6 program, but there's a department-wide EM program
7 called Nuclear Executive Leadership that's going on
8 this week. And so I -- As the Board knows, I've
9 already apologized, but most of our deputy
10:43:24 10 assistant secretaries are at that program this very
11 week. And it only comes up every so often.

12 And because safety is so important to
13 us, I really wanted them to be there. So today you
14 will have the great opportunity to meet other
10:43:34 15 people who you might not have seen address you
16 before.

17 And we have two of the ladies right
18 here, Karen, Karen, Karen Guevara and Claudia
19 Gleicher, who, who works for -- Claudia works for
10:43:48 20 Jim Fiore, who's the Assistant Secretary for Human
21 Capital and Organization. And Karen works for, she
22 works for the regulatory side, for Frank
23 Marcinowsky, who is the new Deputy Assistant

1 Secretary, not new Deputy Assistant Secretary, but
2 redefined portfolio for regulatory issues.

3 So they'll be here in person, and Jack
4 Surash will be with you on, on the telephone.

10:44:13 5 We have rolled out our first recent
6 Human Capital Management Plan. That's a very
7 significant first step.

8 Claudia will be talking about some of
9 that, and the, and the components of it, the
10:44:25 10 contents of it in her presentation, as well as
11 actions that we're taking to acquire new people for
12 the workforce, because the workforce is not going
13 away. We, we see ourselves as having a mission for
14 quite some time, and we need to provide for the
10:44:39 15 sustainment going forward.

16 And also, I think, you'll be addressing
17 a bit, Claudia, the ongoing National Academy of
18 Public Administration review as part of your
19 comments.

10:44:50 20 And then Jack Surash, again, will talk
21 about the acquisition machine, procurements, and
22 things of this nature.

23 One, one last accomplishment I'd like to

1 real tough problems. Some of them are right here
2 at Hanford, as our two site managers know.

3 But the point is that we're
4 demonstrating to ourselves that this can be done,
10:46:04 5 but it takes a tremendous amount of concerted
6 effort to be able to improve the performance and
7 deliver on our commitments. So, what we need to
8 do, in my view, has always been, is better
9 integrated project management from beginning to end
10:46:18 10 in this process.

11 So, for us to be successful, the reason
12 why we're here specifically today is we need
13 feedback such as from this Environmental Management
14 Advisory Board. I think it's, that what these
10:46:31 15 citizens do is great for the Nation.

16 And I thank you all for what you do. I
17 not only thank you, but, you know, every one of our
18 larger sites also has a local Advisory Board. And,
19 and yesterday evening I met with the Chair and the
10:46:44 20 Vice-Chair of that particular Hanford Advisory
21 Board.

22 And there are other great citizens that
23 are devoting their time to giving us the feedback

1 and advice that we need. This Board right here
2 before the audience has been doing this for 14
3 years.

4 And you've been giving generously of
10:47:01 5 your time for those years. And, and during my
6 tenure you have been of great value to me
7 personally and our senior executives.

8 So, with that in mind, at this point,
9 even though it, it is not on Mr. Ajello's schedule,
10:47:17 10 we would like to recognize each of you that have
11 been on this Board. And maybe the two new members
12 can be patient because you're not, you're not yet
13 going to be recognized for this, but for those of
14 you that have been on this Board, we're going to
10:47:30 15 present you with a plaque.

16 And the plaque reads, in part: Your
17 independent, independent advice and recommendations
18 on environmental management issues are of great
19 value to me and my senior staff, and are in sinc-,
10:47:40 20 are sincerely appreciated. As volunteers, you
21 embody the best traditions of the American spirit
22 and service to the country, and it is with great
23 pleasure that we applaud your service.

1 And at that point I would like to go
2 ahead and present you all with a plaque.

3 So, Terri, if you would help me with
4 that, that would be great.

10:48:01 5 MS. LAMB: Jim Ajello, if you would come
6 forward, please?

7 MR. AJELLO: Oh. All right.

8 (Whereupon, the presentation was made
9 and photos were taken.)

10:48:13 10 MS. SALISBURY: You have to, to put your
11 jacket on in photos.

12 MS. LAMB: Lorraine Anderson.

13 (Whereupon, remarks were made among
14 those present, off the Record. The presentation
10:49:09 15 was made and photos were taken.)

16 MS. LAMB: Steve Allred.

17 (Whereupon, remarks were made among
18 those present, off the Record. The presentation
19 was made and photos were taken.)

10:49:09 20 MS. LAMB: Jim Barnes.

21 (Whereupon, remarks were made among
22 those present, off the Record. The presentation
23 was made and photos were taken.)

1 MS. LAMB: Dennis Ferrigno.

2 (Whereupon, remarks were made among
3 those present, off the Record. The presentation
4 was made and photos were taken.)

10:50:44 5 MR. LAMB: Jennifer Salisbury.

6 (Whereupon, remarks were made among
7 those present, off the Record. The presentation
8 was made and photos were taken.)

9 MS. LAMB: David Swindle.

10:49:09 10 (Whereupon, remarks were made among
11 those present, off the Record. The presentation
12 was made and photos were taken.)

13 MS. LAMB: And Tom Winston.

14 (Whereupon, remarks were made among
10:49:09 15 those present, off the Record. The presentation
16 was made and photos were taken.)

17 MR. RISPOLI: Thank you all very much.

18 I look forward to seeing you throughout the day.

19 I will not be here tomorrow, but

10:51:53 20 hopefully during breaks and things like that we'll
21 have a chance for anyone who would like to talk.
22 Thank you all very much.

23 THE CHAIR: Thank you all very much,

1 Jim. We really appreciate the opportunity to be
2 with you today, and, and were quite pleasantly
3 surprised and grateful to be recognized in this, in
4 this way.

10:52:17 5 The next item is the video. Now the
6 video.

7 MR. KLEIN: Just while they're teeing
8 this up, there's one thing that Roy and I both are
9 very much in sync with, and that is, given the,
10:52:31 10 the, the danger and unforgiving nature of the
11 materials, facilities, and conditions in which our
12 people work out here, that, you know, we need a, a
13 work culture out there that is, is, of course,
14 number one, safety conscious that is, is, too,
10:52:51 15 highly principled and, and, and highly motivated.

16 And, and those kind of things can be hard to
17 sustain in this kind of environment, particularly
18 in the media and elsewhere the things that are,
19 that are real challenges, the things that, you
10:53:05 20 know, get so much attention.

21 So, we want them to have pride in, in,
22 in what they're doing. We want them to know that,
23 that we're proud with what they're doing.

1 And so it, it was with that in mind that
2 we asked our staffs to put together something
3 that's really a tribute to the workers. And this
4 is a work in progress, so we'll appreciate any, any
10:53:25 5 feedback you have on that.

6 So, again, thank you.

7 (Whereupon, a video was played, after
8 which the following occurred:)

9 THE CHAIR: Thanks, Keith, and to all of
10:57:43 10 those that put that together. That's very
11 interesting.

12 I personally enjoyed a lot of the music
13 as well. And, Jim, thank you very much for the
14 presentation.

10:57:51 15 Very comprehensive. It really puts
16 things in perspective.

17 And I think for those of us who have
18 gone back at least a year, that the program with
19 you and in most cases here, it, it's quite amazing
10:58:04 20 to see how this, this, this program is managing to
21 a very specific set of outcomes, and a lot of
22 progress is evidence just in your remarks. And we
23 really appreciate that.

1 Okay, let's return to the agenda. Next
2 is Roy Schepens, who is the Manager of the Office
3 of River Protection, and he'll be the next up
4 briefing us this morning.

10:58:43 5 This presentation, for the Board, is
6 behind Tab 3.

7 Welcome, Roy.

8 WASTE TREATMENT PLANT PRESENTATION:

9 MR. SCHEPENS: Thank you. Good morning.

10:58:50 10 Like everyone said, I'm Roy Schepens.

11 I'm Manager of the Office of River Protection.

12 And the contractors that support me on
13 my project is CH2MHILL. They do the tank farm
14 work.

10:59:02 15 And then Bechtel National, with the
16 subcontractor at WGI, does the vitrification plant.

17 And then I have a small-business subcontractor,
18 ATF, that does 222S laboratory chemical operations.

19 They do chemistry, provide chemistry
10:59:20 20 people.

21 Next slide.

22 Okay, first I wanted talk about what we
23 talk about everywhere on our projects. First we

1 talk about safety.

2 And it's not only our highest priority,
3 but we practice it. We just don't preach it; we
4 practice it, live it, breathe it day-to-day.

10:59:40 5 To highlight some of the immediate
6 safety reductions that we've done on the tank
7 farms, we've removed all the pumpable liquids out
8 of the single-shell tanks. That was a big task
9 that we did.

10:59:52 10 When I came here in 2002, they were six
11 months behind schedule. We completed it in 2004,
12 six months ahead of schedule.

13 What that involved was actually taking
14 as many of the liquids out of single-shell tanks as
11:00:07 15 technically possible, so that in the unlikely event
16 you were to get a leak site, nothing would leak
17 out. And we've been working on accelerating tank
18 retrievals.

19 We haven't produced as many retrievals
11:00:19 20 as we've wanted to, as we originally planned, but
21 we're committed to getting the waste out of tanks,
22 and you'll hear more about that. We are vitrifying
23 all of our tank waste, our low-activity waste as

1 well as our high-level waste.

2 There is a technical reason for that
3 here at the site. It's because of the location of
4 the aquifer underneath the integrated disposal
11:00:40 5 facility.

6 And, and the dilution factor there is
7 very minimal because there's not a lot of water
8 that flows through there. So there is a technical
9 basis for picking glass as your low-activity waste.

11:00:52 10 We take conservative approach. Back a
11 couple of years ago we had tank vapor issues on the
12 tank farms.

13 We actually stopped work to resolve
14 those issues with the crafts. The crafts brought
11:01:05 15 up legitimate issues.

16 We did not have a good technical safety
17 basis for the chemicals that were in our tanks.
18 Since that time we've put in a very robust
19 technical basis.

11:01:16 20 We've gone over it with the crafts, and
21 we're actually off of air-fed respirators in A Tank
22 Farm Complex, and we were coming off of it at C
23 Tank Farm Complex for nonwaste-disturbing

1 strive for effective implementation of safety.

2 Just to highlight some things, we have a
3 zero accident policy signed out by myself for all
4 the DOE staff and for our contractors. We strive
11:02:37 5 to work for zero accidents.

6 So, I as a Manager of Office of River
7 Protection, set the example and the standard that
8 we will operate to. My contractors and I have also
9 signed an initiative that's called "Human
11:02:53 10 Performance Improvement."

11 This is something that we've adopted
12 from the commercial industry to improve our
13 integrated safety management. This is where we're
14 taking the time to train our staffs.

11:03:03 15 And Keith is doing this on his side,
16 also, to train our staffs and our workers on what
17 are the error precursors that are out there? When
18 you get ready to do your activity day-to-day,
19 especially the routine activities you do
11:03:19 20 day-to-day, if you see some of these error
21 precursors, then you need to take the time out and
22 look at it.

23 An error precursor could be that you

1 have a new job foreman that just showed up to do
2 this job. That's, that's -- A light ought to go
3 off.

4 Has this person been informed of the, of
11:03:39 5 the skill, of the job that you're going to do. Or,
6 if a job just shows up to go do and it wasn't on
7 the six-week rolling schedule.

8 That's another error precursor. So
9 we're taking the time to do that, to train that.

11:03:50 10 We see value added in it, because the
11 fact of the matter is a safe facility is a
12 cost-effective facility.

13 Next slide.

14 This next slide just shows our
11:04:00 15 organizational chart. I have about 150 feds that
16 work for me.

17 On the left side there is John
18 Eschenberg. He's WTP Project Manager.

19 He's a certified-level project manager.

11:04:11 20 We went through the process that Mr. Rispoli was
21 just talking about.

22 And on the right side is Zack Smith.

23 He's a certified Federal Project Director for the

1 tank farms.

2 Underneath those line managers, they
3 have the staff to do engineering. They have an
4 engineering organization.

11:04:27 5 Does authorization basis reviews, as
6 well as review the engineering and design of the
7 systems.

8 We have a Programs and Projects
9 Division. We have an Operations Division.

11:04:37 10 The Programs and Projects obviously
11 manage the projects. They have federal pro-,
12 subfederal project directors underneath them.

13 The Operations side provides the
14 facility reps, the people in the field doing
11:04:50 15 day-to-day oversight. In the center I have
16 Environmental Safety and Quality Manager Rob Barr.

17 He's my independent environmental safety
18 and quality. He has my nuclear safety programs
19 like CRIT Safety, Radiological Programs.

11:05:07 20 He oversees the fed staff, how they
21 perform, as well as does independent reviews for me
22 from the contractor staff. Beneath him I have a
23 new organization that we just set up, an

1 Acquisition Management.

2 This was an improvement that came out of
3 several reviews. The action, after-action review
4 that we had said that I needed to have more

11:05:28 5 contractor sup-, staff.

6 I needed to have a full-time procurement
7 director, so we went out and staffed that
8 organization. And then to the left of that is
9 Project Administration, and they do the funding and

11:05:40 10 finance and budget for me.

11 Next slide.

12 The next slide just highlights the
13 improvements that we've made in our organization.
14 Just to highlight a couple of them, I, myself, as

11:05:55 15 well as my key managers have attended the EM

16 Executive Leadership Program training workshops.

17 Again, this is where we went through
18 case studies of EM projects, as well as attending
19 Defense Acquisition University, where we went

11:06:10 20 through 11 case studies for DOD projects to learn

21 the management issues that they have with managing
22 their projects which are similar to the issues that
23 we have with managing our highly technically

1 complex projects.

2 We do have what's called a DOE Scholars
3 Program. We've recently just had an engineer get
4 his Ph.D. from Tulane University.

11:06:33 5 So, we encourage our people to get
6 technical credentials to improve their technical
7 capability. And we have an active intern program.

8 During this past summer we have had
9 interns, four term, four interns in the area of
11:06:47 10 nuclear engineering, geophysics, civil engineering,
11 and human resources to help us.

12 Next slide.

13 Relative to, again, ISMS, I set the
14 project division and the safety culture, myself and
11:07:02 15 my Deputy, Shirley Olinger. We set the standard
16 there.

17 Line Management, John Eschenberg and
18 Zack Smith, set the contractor safety expectations,
19 and they perform oversight. Again, ES and Q, Rob
11:07:17 20 Barr does independent program and safety system
21 oversight.

22 And everyone on our staff realizes, as
23 well as the contractors' staff, is that we're all

1 responsible for our own safety. Recently the
2 Office of River Protection just had a (sic)
3 independent review by Dave Chung (phonetic), who's
4 a nuclear safety officer out of Dr. Inez's
11:07:38 5 (phonetic) office to come down there and assess our
6 safety culture.

7 We welcome independent reviews. They
8 came and gave us a good report.

9 Gave us some findings that we need to go
11:07:49 10 work on, work on, but also identified several
11 strengths of our organization.

12 Next slide is just a matrix that shows
13 how we go from our ISMS guiding principles on your
14 left, and how we have programs that implement those
11:08:03 15 programs. I am Chairman of the Federal Technical
16 Capability Panel within the Department of Energy.

17 The task of the Federal Technical
18 Capability Panel is to improve the technical
19 competence throughout the DOE complex. In the
11:08:19 20 middle one, I just want to highlight, these are
21 supplemental, highly reliable principles.

22 Getting a highly reliable operational
23 performance, that's part of our human permanence

1 initiative, is to make our organization highly
2 reliable in performing.

3 Next slide.

4 In April I set up this Senior Management
11:08:41 5 Integration Team. And the purpose of the Senior
6 Management Integration Team is recognizing I have
7 two contractors, and CH2MHILL is the integrating
8 contractor for me.

9 They integrate across the River
11:08:58 10 Protection project integration of the whole program
11 for the life cycle. So, to ensure that we're in
12 alignment on both sides, I've set up this
13 organization.

14 This goes through some of their, our
11:09:09 15 charter principles. And I'd like to refer you to
16 the next slide, and to highlight some of the key
17 items that we've discussed recently.

18 This is just a, a listing of the topics
19 that we've discussed during our meeting, meeting
11:09:29 20 Minutes. But if you go down to the risk management
21 approach, recognizing that CH2MHILL has their own
22 risk, Bechtel has their own risk, DOE has their own
23 risk.

1 In June of twenty-third, we had a
2 presentation so that not only the contractors, but
3 DOE understands where everybody's risks are, what
4 they are, and how we're managing those risks. So,
11:09:53 5 we have an Integrated Risk Management Plan.

6 We have 131 critical life-cycle risks
7 identified. Thirty-five of them were associated
8 with the WTP; 66 are on the tank farm side; and 30
9 on the DOE side.

11:10:09 10 So, we're making a conservative effort
11 to better manage our risks. Know what they are up
12 front, and then manage them throughout so you can
13 reduce your risk as you work the project.

14 Underneath that we have Technology
11:10:24 15 Status Update Briefings. And here's where we had a
16 briefing that included a (sic) in-line gamma cesium
17 137 detector.

18 We're using that on the tank farm side.
19 We're looking at applicability for using it on the
11:10:37 20 WTP side.

21 We discussed low-temperature secondary
22 waste and mobilization forms that we're looking at
23 advancing, and remote tank inspection systems.

1 Underneath that, under July twenty-first, we have
2 H2WOs.

3 It's a Hanford tank waste operating
4 system. This is a program or a model that models
11:10:58 5 how you produce what, canisters.

6 And we do sensitivity studies; what-if
7 studies. What if you have more sodium in your
8 waste than what you thought?

9 What if you didn't get the exact waste
11:11:12 10 loading that you thought? What does it do to your
11 life cycle?

12 Underneath that we just had a
13 presentation on the high-level waste melters. We
14 found that if we added to bubblers to the
11:11:24 15 high-level waste melters, we could increase the
16 mixing zone influence by 30, up to 30 percent.

17 So, that was a value-added change to
18 make to the melter, minimal cost. We decided to go
19 do that.

11:11:35 20 And then we also worked with Savannah
21 River to make sure that our waste-loading
22 assumptions and theirs are the same. And the last
23 one down at the bottom is, or next-to-the-last is

1 caustic recycle using electrochemical ceramic
2 membranes.

3 We recognize that our plant is a major
4 chemical processing plant. We have lots of sodium
11:11:57 5 hy-, hydroxide that we add to our chemical process.

6 So, we're looking at the technology
7 taking the sodium hydroxide back out after it goes
8 through pretreatment, and not send it to
9 low-activity waste, and not make additional
11:12:12 10 low-activity waste canisters, but take the sodium
11 hydroxide out, put it back into the plant and
12 recycle it. So those are the type of things we
13 look at.

14 Next slide.

11:12:23 15 We do have a vision. We understand what
16 our mission is, and we clearly communicate this to
17 everyone.

18 I know you saw a lot of this yesterday,
19 but I just want to highlight. We have 53 million
11:12:38 20 gallons of waste in our single-shell and
21 double-shell tanks.

22 Four years ago that was in 177 tanks.
23 Today it's in 173 tanks because four of the tanks

1 are empty, and waste will never go back into those
2 four tanks.

3 So, we're in a process of removing waste
4 out of single-shell tanks to the double-shell
11:13:04 5 tanks. Once it comes out of the double-shell tanks
6 and the VIT plant is operational, it will go to the
7 VIT plant.

8 The VIT plant will separate out the
9 highly radioactive nuclides from the low activity
11:13:19 10 waste nuclides, and we will make about 10,000
11 high-level waste canisters. That's what we're
12 estimating today.

13 We have ranges that go from 10,000 to
14 13,000 canisters, and we have ranges that go down
11:13:31 15 to 8,000. But nominally it looks like 10,000
16 canisters. High-level waste canister production is
17 critical path to this mission.

18 That's what's on critical path. You
19 don't want low-activity waste to be critical path.

11:13:47 20 Recognizing that, and recognizing that
21 the low-activity waste site of the VIT plant is
22 sized to handle 50 percent of low-activity waste,
23 we've embarked upon studying bulk vitrification as

1 of sludge that will drive 10,000 canisters. We
2 have two to three million gallons of waste that we
3 believe is transuranic mixed waste.

4 It's in up to 20 tanks. We have those
11:15:26 5 identified.

6 There's a footnote down here at the
7 bottom that says we have a regulatory process that
8 we have to work through with the State of New
9 Mexico and the EPA to see if they agree it's TRU
11:15:38 10 waste. And if they do agree it's TRU waste, then
11 we'll submit a Class III Permit to the Department
12 of New Mexico for treating that waste and meeting
13 the WHIP Acceptance Pact.

14 Next slide.

11:15:53 15 This slide just shows you a curie
16 content, which I think is pretty important.
17 Ninety-seven percent of the curies of radioactivity
18 that was in the tanks that one day will be going
19 offsite to Yucca Mountain.

11:16:09 20 That's the plan. Currently up, at the
21 top, if you'll look, we've taken about 125 million
22 curies out, cesium-strontium capsules.

23 They're stored in WESIF. We have about

1 a 11 million in German logs.

2 So we currently have about 190 million
3 curies of radioactivity in our tanks; 190 million
4 curries. Compare that to Savannah River.

11:16:36 5 Savannah River has 450 million curries,
6 because they haven't taken out the radioactivity
7 like they did here early in the years at Hanford.
8 Recognizing we have 190 million curries of
9 radioactivity, we'll treat that, and 180 of it will
11:16:54 10 go into high-level waste logs.

11 Ten million of it will be stored here in
12 the Integrated Disposal Facility as low-activity
13 waste. What's important about that ten million
14 curries is that 90 percent of it will be decayed
11:17:08 15 away in about 300 years, because the majority of it
16 is cesium and strontium.

17 Has a half-life of 30 years, and after
18 ten half-lives is decayed away. Our key
19 radionuclide that we work on in the IDF is
11:17:26 20 technetium-99.

21 We will have some curries of
22 technetium-99 in our low-activity waste, and again,
23 that's why we're using a robust waste form as

1 glass. At the end of the day, in the tanks we plan
2 to remove 99 percent of the waste.

3 You remove 99 percent of the waste and
4 you have about one million curries right out
11:17:47 5 through the bottoms of the heels of the tanks.

6 Again, of that one million curries, 90 percent of
7 it will be gone in 300 years.

8 And then the currie activity that we're
9 looking at sending the WIPP if we're successful in
11:18:01 10 doing that is about two million curries. Our
11 mitigation strategy for it is if we can't send it
12 to WIPP, that waste will go to the vitrification
13 plant.

14 Next slide.

11:18:13 15 This slide just goes over what I'm going
16 to briefly cover now of the tank, WTP retrievals,
17 supplemental treatment, and IDF. This one picture
18 here to your left by supplemental treatment is a
19 picture of our bulk vitrification test facility at
11:18:31 20 Horn Rapids.

21 It's a cold test facility. That's what
22 the melter in a box looks like.

23 It's basically a five metric ton of

1 glass per day melter. It melts over an eight-day
2 period.

3 You have 40 metric tons of glass in it
4 once you melt it. And we're getting ready to do a
11:18:51 5 (sic) integrated test with a drier and a feed
6 system to it.

7 To date we've done a lot of testing on
8 the box itself, making sure the glass is good.
9 We're going to go do a full-scale dryer test with
11:19:05 10 the feed system.

11 Next slide.

12 Okay, rel-, relative to the WTP, we are
13 continuing to construct the low-activity waste
14 facilities, the balance of the facilities in an
11:19:18 15 analytical laboratory. The reason why we're doing
16 it is those facilities are about 90-percent
17 complete design.

18 There's no major risk identified with
19 those facilities. We've had several reviews from
11:19:30 20 them, and so therefore we're working on completing
21 those facilities.

22 By completing those facilities, at the
23 end of the day we'll risk, reduce the risk of the

1 overall project. On the pretreatment and
2 high-level waste site, we are working on completing
3 the design and engineering of pretreatment and
4 high-level waste.

11:19:52 5 On the high, on the pretreatment side
6 we're really focusing on an additional to the
7 design, is doing additional research and technology
8 testing. We had some engineer reviews that said we
9 need to do more testing for what we call as washing
11:20:11 10 and leaching.

11 Our process is we want to wash out or
12 make the aluminum and chrome soluble so it goes
13 into a low-activity waste. We don't want the
14 aluminum and chrome going into the high-level waste
11:20:23 15 canisters because it will make more high-level
16 waste canisters.

17 So, to do that, we need to do a
18 technology test to prove that that process will
19 work. Our recent challenges that we've had, as you
11:20:36 20 all are well aware of, this is the seismic.

21 Where we're at with the seismic is I've
22 written a letter to the Defense Board to tell them
23 I believe the seismic criteria is bounded, and we

1 believe it's, the issue is closed with the Defense
2 Board. We're waiting to hear back from them on
3 that, but I believe they will concur with that.

4 We are drilling some deep bore holes as
11:21:00 5 confirmatory measures to ensure that the criteria
6 that we picked is bounded. And we're in the
7 process of doing that and should have that data mid
8 of next year, summer of 2007.

9 We are -- We have resolved -- We have
11:21:17 10 what's called "hydrogen gas issues," not in our
11 process tanks, but relative to the issue, because
12 the, that issue is technically resolved. The issue
13 is in your vents and drains, and your ancillary
14 piping and equipment.

11:21:33 15 So we've come up with new design
16 criteria for that. The Government has approved of
17 it, and Bechtel is off work, implementing that.

18 We are doing additional testing for our
19 nonneutronium tanks. We add antifoam agent into
11:21:51 20 those tanks.

21 We want to make sure the antifoam agent
22 doesn't retard and keep the hydrogen in the tank
23 that will allow it to evolve out. So we're doing

1 additional testing on that, and then we're setting
2 up to do a test on ultrafiltration and
3 concentration, and leaching for chrom and aluminum.

4 Next slide.

11:22:09 5 This just shows an overall percent
6 complete by facility. Now, this includes
7 engineering, procurement, and construction.

8 Next slide.

9 Okay, from a lesson-learned standpoint,
11:22:24 10 what has worked? We've right-sized the plant.

11 Several -- Four years ago we made the
12 decision to put the second high-level waste melter
13 in the plant. Recognizing that high-level waste
14 was critical path, we made that decision four years

11:22:40 15 ago.

16 We also made the decision four years ago
17 to develop the supplemental treatment. Rather than
18 just put in more LAW melters, look at supplemental
19 treatment, for, for the reasons I've already

11:22:55 20 mentioned.

21 We continue to work on having a
22 well-qualified and experienced staff. Now, what
23 could we have done better?

1 We should have brought in industry
2 experts sooner, and that's a big lesson learned on
3 our projects. And I've incorporated that lesson
4 learned into the bulk vitrification project that
11:23:15 5 we're doing.

6 Even though it's an RD&D project, we
7 have a B and B team that we called that is in the
8 process of reviewing bulk vitrification today as we
9 speak. Engineering and construction were too
11:23:29 10 closely coupled.

11 This was a design-build project. When
12 we got into the technical issues with the
13 ultrafiltration, with the nonneutronium fluids, then
14 that caused construction to catch up with
11:23:41 15 engineering, and we had to stop construction
16 because of that.

17 We were doing -- When we got those
18 technical issues, also, at that point, we were
19 doing research and technology, we were doing
11:23:52 20 engineering, and we were doing construction all in
21 parallel, and we shouldn't have been doing that.
22 We've learned from that, and we've implemented that
23 on the bulk vitrification.

1 We're not doing that anymore. That's
2 why we're taking the time on pretreatment and
3 high-level waste now to do the RNT and engineering,
4 and get that done before we start construction
11:24:14 5 again.

6 We did not have enough contingency from
7 Day 1 on this project. That's a big lesson
8 learned.

9 Okay, so what are we doing? We're,
11:24:24 10 we're coming up with developing a credible cost and
11 schedule baseline.

12 We're addressing the indus-, industry
13 experts' recommendations. We had the Corps of
14 Engineers in here doing a (sic) independent cost
11:24:38 15 and schedule validation.

16 We have an external independent review
17 on site this week looking at the cost and schedule
18 baseline, and we're getting our EBMS system
19 certified.

11:24:51 20 Next slide.

21 This next slide just goes through
22 briefly what we're doing to restore confidence and
23 credibility into the program. One thing that I

1 on your tour. -- of the new technologies.

2 Now, the reason why we're doing this is
3 because when we start a tank, we don't want to
4 leave the tank until it's finished. We don't want

11:26:17 5 to leave a job unfinished.

6 Matter of fact, we've got four tanks
7 right now that we're trying to empty that are
8 unfinished, but we're working hard to finish those.

9 So we've got four emptied, we've four in progress,
11:26:30 10 we've two more that we are outfitting.

11 But we're committed to find the right
12 technology to cost-effectively get the waste out of
13 those tanks.

14 Next slide.

11:26:39 15 Here's some more pictures of the new
16 technologies. The Sand Mantis is the latest one.

17 You saw that on our tour yesterday.

18 This technology is pretty interesting from the
19 standpoint that it actually will suck up sand.

11:26:52 20 It will suck up rags; chew it up and
21 spit it out. We have a Squid Pump that we're going
22 to be using to test to be able to lift that 60
23 feet.

1 The Sand Mantis right now will only lift
2 it 20 feet. So we have a booster pump.

3 All these pumps have to moving parts in
4 them. So they're a Venturi-type style.

11:27:15 5 The other thing we're testing is this
6 Rotary Viper. What's interesting about this is it
7 puts out 300 horsepower.

8 We're sharing lessons learns (sic) with
9 Savannah River site. Currently what we do at
11:27:27 10 Savannah River site, we put big 350 horsepower
11 pumps, four of them, into our tanks to, to mix them
12 up.

13 Millions of dollars to install that
14 thing and operate it. This we can buy for
11:27:40 15 \$100,000.

16 If it works, then we might be able to
17 use that and be more efficient and effective in
18 getting our, mixing our waste and getting it out of
19 the tanks.

11:27:48 20 Next slide.

21 This slide just shows a depiction of
22 what C Tank Farm underground tanks look like.
23 These are 55,000-gallon tanks.

1 Three of them are emptied. The fourth
2 one we're working on emptying.

3 We're working with the Department of
4 Ecology to do a demonstration project where we
11:28:09 5 would actually go in and grout these tanks, grout
6 the ancillary lines, to gather data that support
7 our Environmental Impact Statement, as well as
8 demonstrate how we would like to close tanks one
9 day here at Hanford.

11:28:21 10 Next slide.

11 This is just a slide on the -- This is a
12 picture of the offsite demonstration bulk
13 vitrification test facility. Again, we're moving
14 forward with testing this.

11:28:36 15 We have great support from Department of
16 Ecology, from your regulator on it. It's still
17 looking promising.

18 Our plan is to come up with a cost and
19 schedule estimate, and go to Mr. Rispoli, I believe
11:28:51 20 in November, late November of this year, for a
21 Critical Decision II, once we get the cost and
22 schedule estimate complete.

23 Next slide.

1 This is a (sic) artist depiction of what
2 the radioactive demonstration bulk vitrification.
3 So, once we complete the testing with
4 nonradioactive material, the plan is to put it on
11:29:15 5 site and do radioactive waste testing.

6 We'll take waste out of S-109. S-109
7 has very low currie waste in it.

8 We're going to use a technology that's
9 called selective disillusionment (sic) where you
11:29:30 10 use water to extract the cesium. You send the
11 cesium to the double-shelled tanks to go to the VIT
12 plant.

13 You're left with decontaminated salt
14 solution at that point that can be fed into this.
11:29:40 15 Each box will get about 13,000 gallons of waste.

16 We have a RCRA permitted Permit from the
17 State of Washington to build and operate this
18 facility for up to around 300,000 gallons of waste
19 can be produced. We'll produce about 50 boxes.

11:30:01 20 Next slide.

21 Integrated disposal facility, this is
22 where our low-activity waste will go to.

23 Next slide.

1 This is a completion of it. It is
2 complete.

3 It was completed under cost and
4 schedule, so it's here ready to receive
11:30:16 5 low-activity wastes from either demonstration bulk
6 vitrification, or from the VIT plant when it
7 becomes operational. It's a RCRA-permitted
8 facility by the State of Washington.

9 Next slide.

11:30:28 10 This slide shows our summary-level
11 schedule. What's critical path is building the VIT
12 plant in the left, to the left there in the level.

13 So critical path to completing this
14 project is getting the VIT plant, and then operate,
11:30:45 15 operating the VIT plant. And then in parallel with
16 that, we'll be working on retrieving waste out of
17 our tanks, closing our tanks once we get our
18 Environmental Impact Statement reviewed.

19 We're in the process of developing an
11:30:59 20 Environmental Impact Statement. The plan is to
21 come out with a draft of that in late '07, and then
22 disposes, dispose of it either at IDF or send it to
23 the National Repository for High-Level Waste.

1 Next slide.

2 In conclusion, I'd like to leave you
3 with is safety is our top priority. We recognize
4 that our workers are our greatest asset.

11:31:25 5 As the leader of this project it's my
6 responsibility and accountability to make sure that
7 I create a safe working environment for our
8 workers, and we don't take that responsibility
9 lightly. The waste treatment plant, of course, is
11:31:38 10 the cornerstone of the cleanup.

11 Without the treatment plant, you can't
12 treat the, the waste that's in our tanks and get it
13 into a safe, immobilized waste form. Supplemental
14 technologies do appear to be promising.

11:31:53 15 We're going to continue to, to test
16 those and see if they're viable. We are working
17 hard on coming up with new technologies for getting
18 the waste out of tanks, the heels.

19 We have a, a, representatives from
11:32:06 20 Savannah River site here this week that are looking
21 at these technologies. We share lessons learns
22 (sic) across the complex.

23 And last but not least, we do have an

1 active participation with our regulators, our
2 stakeholders, and Tribal Nations. We spend a --
3 Myself and my key leadership team spend a lot of
4 time briefing the Tribal Nations, working with the
11:32:34 5 Hanford Advisory Board, all our Tribal Nations, to
6 be sure that they are aware of what our plans are.
7 We seek their input, value their input,
8 and lots of times they give us very good advice,
9 quite frankly.

11:32:47 10 Thank you.

11 THE CHAIR: Thanks, Roy. Appreciate
12 that.

13 Our process is typically to hear some of
14 these presentations in order and then we'll have a
11:32:54 15 roundtable discussion about that. So we hope that
16 you and Keith and, and Jim will be here in the next
17 half an hour or so after the next presentation so
18 that we might have some dialogue about these
19 points.

11:33:06 20 But excellent presentation. Thank you
21 very much.

22 Our next presenter is Karen Guevara, who
23 is going to discuss regulatory compliance.

1 Welcome, Karen.

2 REGULATORY COMPLIANCE PRESENTATION:

3 MS. GUEVARA: Thank you very much. I am
4 here representing the Office of Regulatory
11:33:25 5 Compliance.

6 As Jim mentioned in his opening remarks,
7 the Deputy Assistant Secretary for this office is
8 Frank Marcinowsky, who is participating in the
9 Nuclear Executive Leadership Training, and so can't
11:33:39 10 be here.

11 Next slide.

12 I, I want to offer you as part of my
13 presentation a bit of an understanding as to why
14 Assistant Secretary Rispoli decided to form a, an
11:33:53 15 Office of Regulatory Compliance; give you a sense
16 of what the sorts of issues are that we're
17 responsible for; why integrating these
18 responsibilities into an office is so critical to
19 accomplishing the EM mission.

11:34:08 20 You'll see here again, Frank Marcinowsky
21 heads up the office. Frank is a long-time
22 Environmental Protection Agency regulator, and so
23 coming over to Environmental Management Program

1 gives us an excellent perspective of, as an
2 ex-regulator, of the sorts of behaviors that we
3 need to employ as an organization.

4 You'll see across that there are three
11:34:34 5 office directors. And I want to give you a bit of
6 a kind of a background of each of, of we three and
7 the areas of responsibility to again give you a bit
8 of an appreciation for why this office came
9 together.

11:34:48 10 I head up the Office of Compliance. My
11 background is that I've, I've been in, with the
12 Environmental Management Program now for about 14
13 years.

14 During that tenure I did leave for a
11:35:00 15 brief time to go serve as the Office of Management
16 and Budget's Examiner for the Environmental
17 Management Program, and so I sort of stepped out
18 and got a bit, bit of that macro view of the role
19 of this environmental program within the Department
11:35:21 20 of Energy, but also within the realm of
21 discretionary funding for the federal government.

22 Came back into the Agency. Led
23 decision-making on a waste management programmatic

1 Environmental Impact Statement that determined the
2 treatment, storage, and disposal locations for a
3 number of our waste types.

4 I note that Tom Winston was, was with me
11:35:45 5 a decade ago when we were making those decisions.
6 I've most recently come out of an office that
7 captured both the budget formulation activities,
8 but in fact the last time I presented to the EMAB
9 was as a, with a focus on our projects.

11:36:08 10 I was doing project planning and
11 controls at the time, and so a lot of what I bring
12 together into this office is an understanding of
13 how critical it is that we have a portfolio of
14 projects within which we are going to complete our
11:36:26 15 environmental cleanup responsibilities; that we do
16 so realizing that we do have compliance Agreements
17 with milestones, and enforceable milestones as well
18 as targeted milestones in order to accomplish that.

19 And so, as Jim said, part of creating
11:36:44 20 this office is to ensure that we have that focused
21 attention on trying to ensure that we fulfill our
22 commitments. Within my areas I do the interface
23 with Environmental Protection Agency, as well as

1 the Nuclear Regulatory Commission.

2 It, it tends to be issue-specific at, at
3 some of our sites where we're doing cleanup. In
4 fact, the Nuclear Regulatory Commission has

11:37:09 5 licensed some of those facilities.

6 Environmental Protection Agency is the
7 regulator for the Waste Isolation Pilot Plant in
8 New Mexico. I do oversee the Compliance Agreements
9 and the Consent Orders that we have that govern the

11:37:28 10 cleanup and the timeframes for us to come into
11 compliance with the environmental laws of this
12 country by establishing a timeframe for us to come
13 into compliance.

14 I do have under my purview the National
11:37:40 15 Environmental Policy Act. Again, it's a lot of the
16 regulatory framework that guides the
17 decision-making process the Department uses to
18 determine how to move forward.

19 And by going through that process in an
11:37:54 20 open public forum, kind of gives visibility to the
21 sorts of decisions we're making to disposition a
22 lot of the wastes that are still at our sites.
23 Section 3116 is a Section of the 2005 National

1 Defense Authorization Act that clarified the
2 Department's authorities to classify tank waste,
3 and specifically to allow us to classify some
4 portion of that tank waste as other than high-level
11:38:23 5 waste, and therefore not requiring deep geologic
6 disposal.

7 You've heard Roy talk a lot about the
8 integrated disposal facility and the concept of
9 low-activity waste; that some portion of our tank
11:38:37 10 waste can safely be disposed in shallow land
11 disposal facilities here at the Hanford site, and
12 only the high-activity waste would warrant disposal
13 in deep geologic repository.

14 Section 3116 only applies to the Idaho
11:38:54 15 and Savannah River sites, but it is critically
16 important. DOE Order 435.1, our radioactive waste
17 management Order, has the same sorts of performance
18 objectives that govern what we can safely dispose.

19 And so both of those coming under my
11:39:10 20 purview, again it's trying to ensure that we
21 quickly implement those regulatory processes to
22 make sure we come into compliance with our
23 compliance Agreements.

1 LFRG is a low-level waste federal
2 facility review group. It is an internal
3 regulatory body that we have within the Department
4 of Energy to govern the disposal of wastes in
11:39:36 5 shallow-land disposal at our sites.

6 And NRD is the Natural Resource and
7 Damages Process under CERCLA. It is a process in
8 which we look at the fact that us having been at
9 these sites has denied some of the Trustees of
11:39:55 10 those lands the benefits of some of, of those
11 lands.

12 And so Natural Resource Damages is
13 something that's done, has largely been done sort
14 of after remediation, where we're actually looking
11:40:10 15 at the idea of bringing in natural resource damage
16 assessments and some of the restoration of those
17 natural resources at the same time that we complete
18 our remediation work.

19 Christine Gelles heads up an office that
11:40:23 20 does a lot of the disposition work. A lot of what
21 Roy talked about gives you insight to the fact that
22 we have contamination at our sites from the
23 Manhattan Project, and that we are largely still in

1 the process of establishing the disposition
2 mechanisms; the large capital construction projects
3 that are critical to dispositioning this waste, to
4 getting it into a final, safe configuration for
11:40:56 5 final disposal.

6 Roy talked about the Integrated Disposal
7 Facility, an actual disposal facility here. But he
8 talked critically about the Waste Treatment Plant
9 that is actually treating a lot of the waste, the
11:41:12 10 Bulk Vitrification Facility, again, that will treat
11 wastes and put it into a final form to enable
12 disposal.

13 Just to give you a purview (sic), I know
14 that the Board had gone to the Savannah River site.
11:41:26 15 They already have their vitrification facility up
16 and running, the Defense Waste Processing Facility,
17 the DWPF.

18 But which you probably also heard
19 discussion about the ongoing design and
11:41:36 20 construction of the Salt Waste Processing
21 Facilities. What at Savannah River they're doing
22 at two separate facilities, DWPF, SWPF, here are
23 being combined in separate facilities, but under

1 the waste treatment plant moniker.

2 When Roy showed you the four large
3 separate facilities in WTP, again it's the sense
4 that we are still in the building of the

11:41:59 5 capabilities that disposition a lot of these
6 wastes. Under Christine, who interestingly enough
7 also has a background in some of the budget
8 formulation work -- She worked in the Chief
9 Financial Officer's realm for a number of years.

11:42:15 10 She has a, a strong contracting
11 background; has worked a lot in the disposition
12 field. And so high-level waste is the waste forms
13 that we have that will go into deep geologic
14 disposal at Yucca Mountain.

11:42:32 15 Transuranic waste, we have constructed
16 and are operating the Waste Isolation Pilot Plant
17 in New Mexico that receives the transuranic waste
18 that's currently stored at a number of our sites.

19 You heard Roy talk a little bit about the fact that
11:42:46 20 there is some tank waste here at Hanford that we
21 contemplate can, if we go through this regulatory
22 process, be disposed of at, at WHIP.

23 Greater than Class C waste: Department

1 of Energy has been assigned responsibility to
2 establish a, a repository, a disposal capability
3 for something called "Greater than Class C waste."
4 The Nuclear Regulatory Commission regulates
11:43:17 5 non-Department of Energy radioactive waste.

6 They have established three was
7 classification levels, depending upon contents of
8 different radionuclides, Classes A, B, and C.

9 Classes A, B and C radioactive wastes,
11:43:34 10 low-level waste, are contemplated for shallow land
11 disposal. Greater than Class C waste is something
12 that the NRC contemplated could require
13 deeper-than-shallow disposal.

14 So, it could be as deep as deep geologic
11:43:49 15 repository, but it could be something that offers
16 greater confinement, but maybe not so deep as, as a
17 deep geologic repository. And so the Department of
18 Energy is actually now in the process of an
19 Environmental Impact Statement, a NEPA document,
11:44:04 20 that will establish possible disposal locations for
21 greater-than-Class-C waste.

22 Greater-than-Class-C waste, though,
23 really is a non-Department of Energy waste type,

1 certain waste that's currently in the radioactive
2 waste tanks that is suitable for shallow-land
3 disposal. And so that low-activity waste, and
4 finding its disposal locations at, at some of our
11:45:37 5 sites is critical.

6 Byproduct material is another concept
7 that there are certain other radioactive materials
8 that don't fall into the high-level
9 waste/transuranic waste. This can be materials
11:45:50 10 that were produced during some of the uranium
11 milling operations, et cetera.

12 And so largely this is externally
13 regulated by the Nuclear Regulatory Commission, but
14 because we do have responsibility for cleaning up
11:46:04 15 some of those mining sites, we do get involved in
16 this. Melissa Nielson, whom you all know, leads
17 our Office of Public and Intergovernment,
18 Intergovernmental Accountability.

19 She is your liaison for the
11:46:19 20 Environmental Management Advisory Board, the
21 site-specific Advisory Boards that we have at most
22 of our large sites, coordination with Tribal
23 Nations, Tribal governments, various governmental

1 groups, things like the National Governor's
2 Association, Federal Facility Task Force, National
3 Association of Attorneys General, and again,
4 fosters the general outreach and discussion with
11:46:43 5 our public groups to ensure that you all are
6 educated and aware.

7 The collapsing of all of these functions
8 into a single office is critical because as Jim
9 Rispoli said, we need to make sure that we are
11:46:59 10 doing a better job of fulfilling our commitments
11 and delivering results. The concept of collapsing
12 these entities into a single body is to ensure that
13 we are very focused, that as we build those
14 disposition capabilities, that we are quite mindful
11:47:16 15 of the fact that those, those activities are
16 critical path.

17 When Jim Rispoli talks about the
18 projects that comprise the EM portfolio, it's all
19 about ensuring that we develop the disposition
11:47:32 20 capabilities and get these wastes through the
21 storage, out of, out of storage, through treatment,
22 and into final disposal, because that really is
23 Environmental Management Program's mission.

1 Having my office be part of this is
2 again to ensure that we are bringing adequate
3 focus, and that as we run into issues in the
4 dispositioning of these wastes, that we're mindful
11:48:01 5 of our responsibilities, and that we provide the
6 appropriate policy oversight to try to come up with
7 regulatory solutions, you know, that are consistent
8 and abide by our regulatory principles, but that we
9 are creative; that we try to work through those
11:48:19 10 issues.

11 Roy talked at great length about a
12 number of the technical challenges that he faces
13 within the waste treatment plant. He's talking
14 about sulfur and aluminum content.

11:48:34 15 These are extremely difficult technical
16 issues, and the complexity plays heavily into our
17 ability to fulfill our commitments in a timely
18 fashion. But by bringing this office together, we
19 hope that by giving enough insight to the
11:48:48 20 importance of the disposition, that we bring to
21 bear all of the appropriate resources, and can
22 communicate to you all what our overall strategic
23 objectives are, and that we truly bring together

1 the best thoughts and minds in making sure that we
2 can fulfill our commitments.

3 Next slide.

4 This is just to give you again a bit of
11:49:10 5 a perspective. This happens to be a, kind of a
6 splice through our fiscal year 2007 budget request,
7 the current, that's currently before Congress,
8 seeking appropriations hopefully by October first
9 of, of 2006, a little over a month away.

11:49:28 10 But we'll see. The, the first bullet
11 there, 45 percent of our budget request directly
12 supports the disposition.

13 It's comprised of the 28 percent, which
14 is the tank waste portion of our, our disposition
11:49:46 15 activities at Hanford, at Idaho, at the Savannah
16 River site. And it's also composed of the, the
17 15-percent solid-waste stabilization and
18 disposition.

19 And that's largely getting a lot of the
11:50:01 20 stored mixed low-level waste, low-level waste,
21 transuranic waste into disposition. And then the,
22 the two percent, the spent nuclear fuel
23 stabilization and disposition.

1 The next bullet, another 33 percent
2 supports remediation and DNV. And getting that
3 into disposition is comprised of the
4 decontamination and decommissioning, the 20 percent
11:50:29 5 and the 13 percent.

6 And so, again, a lot of the funding for
7 this Environmental Management Program goes into the
8 very sorts of activities that, again, this Office
9 of Regulatory Compliance is trying to give very
11:50:42 10 focused attention to to ensure that those resources
11 are well-used, and that by employing this portion
12 of our resources to those activities, that we can,
13 in fact, comply with our compliance commitments.

14 Next slide is just to give you a bit of
11:51:00 15 a purview. It doesn't show particularly well on
16 the, the slide, but there is a, a, a demarcation in
17 color.

18 The FY 2006 is slightly darker green
19 than the 2007 and forward. And that's just to give
11:51:17 20 you a sense that, you know, the backdrop for this
21 Office of Regulatory Compliance is one that
22 envisions that the highest-dollar years are likely
23 behind us.

1 The request that we have on the Hill
2 right now for 2007 is \$5.9 billion. And I draw
3 your attention to Fiscal Year 2008, that at this
4 point the target that's been given to this cleanup
11:51:45 5 program as part of a portfolio for the Federal
6 Government of what the entire discretionary funding
7 looks like is 5.2 billion, two billion below the
8 funding that we saw for this program just a couple
9 of years ago.

11:52:00 10 And so it makes it critically important,
11 just sort of the exclamation mark, when Jim Rispoli
12 talks about how critically important it is, that we
13 be able to deliver results and meet our
14 commitments. It is largely by trying to, to work
11:52:17 15 effectively and efficiently on our project
16 portfolio, because at this point it is not likely
17 that this is a program that will be receiving
18 additional dollars in the out years.

19 And so it, again, it's just an
11:52:34 20 exclamation mark that, that some of the solutions
21 that we had been afforded before, and which we had
22 the additional resources to come up with additional
23 solutions, is likely past us. And so it becomes

1 critically important that we manage our portfolio
2 extremely well and diligently to make sure that we
3 do disposition these wastes, and do so in
4 compliance with our regulatory commitments.

11:53:01 5 That's all I have to say.

6 THE CHAIR: Okay.

7 MS. GUEVARA: Thank you very much.

8 THE CHAIR: Karen, thank you very much.

9 And as we are at just about ten minutes
11:53:11 10 before the hour, we do have a, a break scheduled at
11 11:00 o'clock, and we could use the additional ten
12 minutes now, I suspect, for some questions.

13 I think there are some questions
14 probably amongst the Board. So, I, in order to
11:53:27 15 make the most efficient use of our time, I suspect
16 we should, we take a few questions now or have some
17 dialogue, and then take a break at 11:00 o'clock.

18 I do want to mention to the group
19 assembled that these presentations will be posted
11:53:40 20 on the, on the EM web site, and that we do aim for
21 open dialogue and transparency. And so I, all the
22 information that you receive today will be posted
23 up at EM.DOE.gov/EMAB.

1 And that web site is posted on the back
2 table. So, just to remind those that are present.
3 Okay. Dave, do you have a, a question
4 or a comment?

11:54:08 5 MR. SWINDLE: Both a comment and a
6 question, I guess.

7 Roy, appreciate the, your presentation.
8 Very in-depth.

9 And particularly wanted to applaud the,
11:54:15 10 I guess the initiation or the initiative that's
11 been under way on your SMIT for what it's trying to
12 achieve for integration, as well as particularly
13 addressing the topic of risk, risk management.

14 My, my question, looking at the
11:54:31 15 information and what you described, you, you
16 covered very effectively in that effort, call it
17 technical risk management, the scheduled risk
18 management. I did not see a reference from either
19 the Government's standpoint or from the
11:54:43 20 contractor's standpoint: Is that group addressing
21 financial risk management?

22 MR. SCHEPENS: Sit here?

23 MS. LAMB: Sure.

1 MR. SCHEPENS: Yes. In our technical
2 and programmatic risk, if you were to look at the
3 risks that we have there, we have risk identified
4 relative to if we don't get the funding, or if, if
11:55:13 5 our -- You know, our baseline assumes certain
6 funding per year.

7 And if that funding doesn't come about,
8 then we have risks identified associated with that.
9 We've in-, we've provided money in our technical
11:55:32 10 programatic risks for some of those risks.

11 It's hard to project those, what those
12 would be.

13 MR. SWINDLE: Well, you, you have the
14 comment regarding the lessons learned on
11:55:41 15 contingency, and, of course, --

16 MR. SCHEPENS: Right.

17 MR. SWINDLE: -- that's, that's the sort
18 of corollary for financial risk.

19 MS. GUEVARA: Right. Right.

11:55:45 20 And what we did on the, the contingency,
21 just to give you a feel for that, the original
22 estimate for the VIT plant when it was 5.8 billion
23 had about 500 million contingency and management

1 reserved in there. It had 500 million contingency,
2 and it had a hundred million for technical and
3 programmatic risks.

4 In our revised estimate that we're
11:56:08 5 coming up with we've got 1.3 billion in there for
6 management reserve, and we have about 1.2 billion
7 in there for technical and programmatic risks. So
8 we've increased those significantly.

9 We've taken advantage of these expert
11:56:24 10 panel review teams that we've had that have looked
11 at highly technically complex projects and told us
12 we should budget for what's called as unknown
13 unknowns based upon past performance. So that's
14 why you see these high numbers in there.

11:56:40 15 MR. SWINDLE: Okay. Thank you.

16 THE CHAIR: Steve. Steve Allred.

17 MR. ALLRED: Thank you, Mr. Chairman. I
18 have two risks that's -- And this is really not a
19 question.

11:56:54 20 It's a concern. Curious that I don't
21 see being addressed here or in the previous
22 discussions we have had, Savannah River or, or
23 other sites.

1 MS. SALISBURY: Steve, could you turn on
2 your mic?

3 MR. ALLRED: Thank you. I need a keeper
4 here.

11:57:13 5 The first one is: What if Yucca
6 Mountain doesn't open as planned? And I see every
7 site planning on a shipping, or a, a delivery
8 schedule to Yucca Mountain.

9 And, yeah, I recognize things can be
11:57:28 10 stored on site, but there are substantial mortgage
11 costs to that. And I, at least, am not aware of
12 any contingency planning that EM has done with
13 regard to that.

14 And I think it's a risk that needs to be
11:57:42 15 evaluated, and particularly with stakeholders. The
16 stakeholders need to understand that.

17 Now, I hope Yucca Mountain opens
18 quickly. I think it's very important to the
19 Nation, but I can foresee circumstances where it
11:57:57 20 will not, and that needs to be factored into these
21 site programs, I think, probably at the program
22 level.

23 The second one that I've, I've got a

1 concern about, and the reason that I had asked for
2 the regulatory presentation a meeting or two ago
3 was there are impediments to doing what the Sites
4 are planning on doing. And whether they're
11:58:22 5 regulatory or court-related, and to some extent,
6 beyond EM's control, just as Yucca Mountain, the
7 inability or the fact -- And I'm not arguing
8 whether anybody's right or wrong, or whatever.

9 But, those factors can substantially
11:58:43 10 impact the Sites', many Sites' plans to completing
11 this program. And that has huge financial
12 implications, as well as implications, I think, on
13 environmental management.

14 I think it's important that those be
11:59:02 15 identified as risks, and at least mitigation
16 measures thought about. I don't see that
17 happening.

18 It may be happening at the, at the, at
19 the General Counsel's level. It's not, certainly,
11:59:18 20 happening, at least as I've heard, at the program
21 level or at the, at the project level.

22 I think it needs to be. And it needs to
23 be -- Perhaps stakeholders need to understand what

1 those risks are, as well as the Department --

2 MS. GUEVARA: Um-hum.

3 MR. ALLRED: -- in other to find an
4 eventual resolution.

11:59:39 5 I do not believe it's going to ever be
6 resolved by the Courts. And although that will
7 certainly burn up lots of time and lots of money.

8 So, just couple of comments and, about
9 my concerns. Thank you.

11:59:52 10 THE CHAIR: Thanks, Steve.

11 Any dialogue on those comments in
12 particular?

13 MR. WINSTON: Good comments.

14 MS. SALISBURY: Yeah, we agree. We

12:00:04 15 agree.

16 MR. WINSTON: Significant risk.

17 MS. SALISBURY: Right. Right on.

18 THE CHAIR: Yeah.

19 Paul --

12:00:07 20 MR. DABBAR: I would --

21 THE CHAIR: -- Dabbar.

22 MR. DABBAR: I would comment that the
23 commercial power industry, who financially has to

1 worry about this issue significantly, has been
2 evaluating this issue and has developed contingency
3 plans both in terms of financial issues as well as
4 local regulatory issues in terms of approvals
12:00:27 5 necessary to take those contingencies.

6 So, they're something that the
7 commercial nuclear industry is, is doing very, very
8 proactively in order to keep their businesses
9 running.

12:00:39 10 THE CHAIR: Yeah. I, I can't help but
11 say that in a, in a commercial setting, the ones
12 that I'm more used to, what happens is that the,
13 the investment community often interjects itself as
14 a way of determining whether or not capital is
12:00:56 15 available for these kinds of risks.

16 And sometimes with these kinds of risks,
17 capital is not formed or developed or raised, and,
18 and, and ultimately is, is not invested, if risk
19 mitigants aren't, aren't here, aren't present. In
12:01:19 20 this kind of setting, funds are annually
21 appropriated and allocated for the purpose, so
22 programs continue to, to proceed; investments are
23 made.

1 So there isn't that process where
2 investors come to the table and determine whether
3 they'll put risk money against these kinds of
4 ventures. It's a very different setting, I
12:01:41 5 appreciate, but oftentimes the investment community
6 acts as a way to basically flesh out these risks.
7 And, of course, the legal process is,
8 is, is very present in that kind of setting as
9 well. But it's, it's an interesting problem where
12:01:57 10 it's a check and balance that we really don't have
11 in this kind of process.

12 That's the comment that I would offer,
13 based on what you and Paul indicated. So --

14 MS. GUEVARA: I, I would like to address
12:02:11 15 real briefly what the Department of Energy, what
16 Environmental Management does with respect to
17 uncertainties for Yucca Mountain opening is --
18 You're accurate, that, that we continue to focus on
19 the storage capability; that we would continue our
12:02:27 20 efforts to prepare all of our wastes and, and fuels
21 for Yucca Mountain disposal; and that what we would
22 forecast, then, is just an ongoing storage at the
23 end.

1 Again, one of the, the notes is that we
2 are still building much of the capability that we
3 will use to prepare our materials, our, our wastes
4 to go to a Yucca Mountain repository. And so
12:02:55 5 largely those are, for us, costs that just add on
6 to the end of the life cycle; that could
7 conceivably extend the number of years that we
8 would seek additional appropriations to cover those
9 storage costs, but that we don't foresee that there
12:03:12 10 is anything else that we would dramatically do
11 differently, other than ensuring that we build into
12 our future plans adequate storage capabilities;
13 that there's nothing dramatically different that we
14 would do, given that we are not yet at a point
12:03:27 15 where we are critical path.

16 We, we don't have everything ready to go
17 from our vantage point. We continue to pay
18 attention to Yucca Mountain.

19 We continue to make sure that we give
12:03:39 20 our, our siteguidance on what sorts of assumptions
21 they should be planning for. And the other thing I
22 wanted to indicate is you indicated that there is
23 always some legal liabilities and uncertainties,

1 uncertainties that, that we aren't necessarily in
2 control of.

3 It is one of the things that as are part
4 of our project management focus, we're trying to
12:04:04 5 get much more robust risk management plans in
6 place, but at least acknowledge that some of those
7 legal uncertainties can, in fact, come to pass, and
8 that, unfortunately, it largely does turn into the
9 need for us to, to request additional funds than we
12:04:21 10 had anticipated in order to make progress in light
11 of some of the obstacles.

12 THE CHAIR: Okay. Thank you.

13 I'm going to suggest that we take our
14 break right now and continue the discussion at
12:04:35 15 11:15. So, we'll take about 14-, 15-minute break
16 and reconvene.

17 We're now off the Record.

18 (Whereupon, at 11:04 a.m. PT, the
19 Members took a brief recess and returned at 11:20
12:04:41 20 a.m. PT, after which the following occurred:)

21 THE CHAIR: Please take your seats. We
22 would like to reconvene.

23 Okay, let's reconvene the meeting. And

1 we're now back on the Record.

2 I'd like to indicate that we're in our
3 Roundtable Discussion period, and we had some good
4 dialogue just before the break. I think we

23:21:36 5 intended to continue that with additional
6 questions.

7 Dennis, I believe you were next.

8 MR. FERRIGNO: Yeah, this is really --

9 Again, I want to reiterate what Dave said. And I
23:21:46 10 thought the briefing that Roy and his team prepared
11 for us was extremely detailed, and probably a lot
12 to digest.

13 And so I have a question, though. It
14 really has to do with the construction.

23:22:03 15 Concerning -- Actually it's three parts.
16 Concerned the workforce, for both feds and also the
17 workforce of the contractors, we've been reviewing
18 human capital plans, which, I don't want to take
19 the thunder away from that plan, but I think we're
23:22:21 20 seeing, at least on the fed side, a 40-percent
21 reduction in, or not reduction, but a 40-percent
22 retirement of some of the experienced workforce,
23 and so the needs that are in the Human Capital

1 Plan.

2 And it would be interesting to see what,
3 or ask Roy what his comment might be concerning hot
4 operations out in the 2015 period. And that's
23:22:50 5 plenty of time to educate, but what are the plans
6 concerning the risk of that operation?

7 The second thing -- in light of Human
8 Capital. The second thing, though, which really, I
9 don't really, I can't really read these schedules
23:23:05 10 too close, but it appears that if you are, Roy, and
11 this is a question:

12 If you are accelerating or staying on
13 track with the low-activity waste processing and
14 the analytical facility to support that
23:23:23 15 processing -- And I'm on Figure 20, Page 24 in your
16 presentation.

17 MR. SCHEPENS: Right.

18 MR. FERRIGNO: -- and you're going to,
19 because of the reasons currently on the WTP
23:23:35 20 high-level risk processing, and also on the
21 pretreatment, there may be a gap now.

22 And I think I'm seeing that there's a
23 certain period of time that you'll be completing

1 the operation of the LAW and the analytical
2 facility, and is it possible that you're actually
3 operating the LAW and analytical facility while
4 you're in cold or hot checkout of your WTP
23:24:05 5 high-level waste facility?
6 And if so, how are you dealing in your
7 plan with 1,000 construction workers, together with
8 whatever the number of operators there might be in
9 two different, very distinct modes of operation?
23:24:23 10 And those would be the questions that I have to
11 Roy.
12 And again I apologize. I can't read
13 that fast, and I can't get these lines.
14 THE CHAIR: That's fine. I think Roy's
23:24:33 15 point is, as well as Karen, -- Right? -- for some
16 of this.
17 So, Roy, why don't you --
18 MR. SCHEPENS: Okay.
19 THE CHAIR: -- flip on that microphone,
23:24:39 20 would you, please, just by pressing the center?
21 That's it.
22 MR. SCHEPENS: Okay, relative to your
23 first question, I'm Chairman of the Federal

1 Technical Capabilities Panel, like I mentioned
2 earlier. And what, what we do as a Federal
3 Technical Capabilities Panel is we have a workforce
4 analysis that's done every year by not only EM, but
23:25:01 5 by NNSA, NE.

6 They all provide their input into me,
7 and I evaluate that. And we have identified
8 exactly what you just identified.

9 And the actions that we are taking
23:25:12 10 relative to that, on the NNSA side they already
11 have what's called a Future Leaders Program. They
12 brought in 30 interns that are fresh college
13 graduates come out.

14 And, and they're going to continue
23:25:26 15 bringing in more interns. EM is looking likewise
16 at the doing the same thing.

17 In the Human Capital Initiative we've
18 identified that we're going to go after, I think
19 next year, about 30 interns to bring in. So we
23:25:40 20 recognize that we need to bring in a younger
21 workforce to replace us as we retire.

22 Now, relative to -- You know, DOE always
23 looks at, you know, who could retire. And that's

1 something good to look at.

2 But what we're experiencing, what I'm
3 experiencing in my organization is people don't
4 necessarily retire when they can retire. And I
23:26:01 5 attribute that to that we have a very interesting
6 project.

7 We, we have a -- And, and people want to
8 be where the action are (sic). And as long as they
9 want to be where the action -- I've got a guy, Lou
23:26:13 10 Miller (phonetic), who's my AV guy, and he could
11 retire today.

12 And he's committed to stay on for three
13 more years because he likes what he's doing. So we
14 try to provide interesting work to keep the people
23:26:25 15 as long as we can.

16 We do, we are looking at bringing in
17 younger people, as well as we'll bring in mid-level
18 experienced people. So we have identified, each
19 office, ORP, Savannah River Site, Richland, all
23:26:39 20 have work pl-, workforce restructuring plans, and
21 then we roll that up to department-wide.

22 I've met personally with Jerry Ponk
23 (phonetic), who is the Human Capital officer for

1 the Secretary of Energy. He's aware of the issue.

2 And the, the one thing we're embarking
3 upon, which I mentioned, which is the Scholars
4 Program, what's interesting about the Scholars
23:27:02 5 Program, if you look at the initiatives the
6 Department has had in the past with interns is we
7 bring them in but we don't keep them. They come
8 for a period of time and then they leave.

9 The thing about the Scholars Program
23:27:13 10 which is interesting is we try to hire from the
11 local community, like WSU, "U-DUB," because it's
12 hard to get somebody from, you know, North Carolina
13 State University or one of the East Coast schools
14 to come out, or vice versa.

23:27:27 15 So, we try to -- The Scholars Program is
16 going to target the local universities in the area,
17 Stanford and those, and bring them in, not, not
18 just when they are, have graduated, but bring them
19 in as summer interns so they can get a feel for
23:27:42 20 what our job is like, we can get a feel for them,
21 and then if there's a, a marriage there, I'll say,
22 if we both like what we see, then we'll hire that
23 person when they graduate.

1 into even currently, we're not even planning on
2 going into cold testing, because once you go into
3 cold testing you heat the melter up and then the
4 melter would have to sit there in idle mode while
23:29:07 5 you bring -- But the plan is is to be bring them up
6 sequentially when we do go into cold testing, but
7 they'll all be ready to come up sequentially.

8 We'll start with low-activity waste
9 first, cold testing, then go, the plan currently is
23:29:23 10 to go to HLW, then pretreatment, and once we
11 complete the cold testing, which will be timed
12 sequentially, then we'll bring in the Operational
13 Readiness Review Team that will do a review, and
14 then we'll bring in radioactive material into
23:29:37 15 pretreatment.

16 MR. FERRIGNO: Thank you.

17 MR. SCHEPENS: Okay?

18 THE CHAIR: I just had a follow-up
19 question to Dennis as, that was really the first
23:29:47 20 matter about workforce transition. My company and
21 a number of folks in the industry are, are planning
22 ahead for the next five years.

23 We will see a significant turnover.

1 Probably 40, 50 percent of the utility operations
2 folks that we have, and other companies like ours,
3 are going to be subject to retirement.

4 Whether they do actually retire, your
23:30:09 5 point, is another matter. So, does your federal
6 workforce, or task force that you mentioned, you
7 indicated that it, it, it's interacting with NRC,
8 but there are some significant industrial demands
9 that will be put on the workforce as well.

23:30:25 10 And you, do you, do you look, do you
11 look outside the federal government for that supply
12 and demand for, for this next phase of the
13 workforce that you might need as well?

14 MR. SCHEPENS: Yes.

23:30:36 15 THE CHAIR: So that, that's included in
16 that skill?

17 MR. SCHEPENS: Right. Um-hum.

18 THE CHAIR: Okay. Great.

19 MR. SCHEPENS: And, and I didn't answer
23:30:42 20 your question relative to the operators on the
21 contractor's side. We, we're actively engaged with
22 CH2MHill, because they do have an operating staff
23 for nuclear facilities in a tank farm.

1 So we're looking at that on how we're
2 going to be able to provide and ensure that we have
3 a qualified operational workforce.

4 THE CHAIR: Good. Thank you.

23:31:01 5 Jennifer, let's turn to you.

6 MS. SALISBURY: Thank you, Mr. Chairman.
7 I've got three quick comments I wanted to make, and
8 actually a question I have for Karen.

9 First, I want to just tell you I've had
23:31:18 10 hundreds of safety briefings in my career, and lots
11 of them from DOE employees. And I have to say to
12 you, Roy, and to Keith, that the safety briefings
13 we received yesterday didn't seem like they were,
14 like, check that box; we've got a safety briefing;
23:31:35 15 that the staff really were interested in having us
16 know what was out there as a hazard.

17 So, kudos to you all. Seems like, at
18 least from the perspective of a Board, it's been
19 integrated into your workforce.

23:31:48 20 The second thing is for, for Karen. I,
21 i, I really applaud -- And I wish Jim were here.

22 I really applaud the Assistant Secretary
23 for setting up an Office of Compliance, because I

1 think it's really needed. What, what I don't get,
2 though, is how exactly are you going to, I don't
3 want to say the word "force," but make sure that
4 the Sites are actually complying with these Orders?

23:32:11 5 Because ownership of the Agreement is
6 really out in the field. And so it's not clear to
7 me what that interface is going to be like.

8 And so maybe you could comment on that.

9 MS. GUEVARA: A lot of, a lot of it is
23:32:29 10 in the project management focus; again, of trying
11 to make sure that we have baselines externally
12 validated that establish that we have a reasonable
13 chance of implementing our plans on the timeframe
14 necessary to comply with milestones in our
23:32:47 15 compliance agreements.

16 You're correct that the Field really
17 does own these Compliance Agreements. Part of what
18 our focus is, though, is that some of the issues,
19 either because of litigation or NEPA or
23:33:04 20 interpretation of our own Orders, or relationships
21 with our regulators are key to establishing whether
22 we can, in fact, implement our existing baseline
23 path on the timeframe that's warranted, required

1 under a Compliance Agreement.

2 It's just having an entire organization
3 that is in part focused on trying to bring whatever
4 clarity and resources we can as soon as possible so
23:33:33 5 that when we begin to see that there's the
6 potential for a problem, the resources are coming
7 to bear sooner rather than later. We realize that
8 some of what happens just happens.

9 And we get into a point where we don't
23:33:50 10 envision that we can comply with a specific
11 timeframe. But a lot of what our office is trying
12 to do is ensure that we are at least as proactively
13 as possible addressing the issues as quickly as
14 possible to avoid as, as many of those
23:34:10 15 circumstances as we can.

16 MS. SALISBURY: If I can just follow up?
17 So, for example, last, or earlier this year, when
18 Idaho INEEL did not meet its deadline for getting
19 transuranic waste down to WIPP, it was in violation
23:34:28 20 with the Agreement with the State, how would your
21 office have avoided that? Or do you foresee that
22 you can avoid those problems in the future?

23 MS. GUEVARA: One of the reasons that

1 our kind of root-cause analysis determined for our
2 failure to meet that transuranic waste shipping
3 milestone was an acknowledgment that we had spread
4 out a lot of the corporate resources to sort of
23:34:51 5 broadly make a little bit of progress everywhere.

6 And so what we did, in fact, was decide
7 corporately that we would bring to focus more of
8 our corporate resources in the form of some of the
9 characteriza-, characterization capabilities, as
23:35:06 10 well as the transportation assets, to make sure
11 that we lined up and that we, although we met it
12 late, we met it very close.

13 And so that's the sort of thing that we
14 do. As soon as we could envision that we had some
23:35:20 15 of the control to come to, into compliance with the
16 Consent Order milestone, that, that's the sort of
17 thing that we did. It, it's an acknowledgement of
18 our office.

19 And again, the, the timing of this is
23:35:37 20 that we were missing that milestone prior to this
21 office really being established, and so it was a
22 bit of a, a lesson learned for us. And one of the
23 things that we're also mindful of is trying not to

1 just pour resources into one site.

2 In general, we do try to make progress
3 across the board. But in that instance, that's one
4 of the things that our office did, too.

23:36:04 5 MS. SALISBURY: Well, maybe at our next
6 meeting, Mr. Chairman, we could have Frank
7 Marcinowsky give us an update of how their, how the
8 interface is working, the compliance, and sort of
9 as a vision? Because, I mean, I think we all agree
23:36:13 10 that it was a great idea, but implementing this
11 will be a challenge.

12 And then the last thing I just wanted to
13 comment on very quickly is that the Assistant
14 Secretary asked us to look into the communications
23:36:23 15 role, and whether there should be one reporting to
16 him directly. And we're going to be reporting on
17 that tomorrow in our business meeting.

18 But I do want to say as part of our
19 look-see at this whole issue, I had a chance to
23:36:35 20 attend a, the Northern New Mexico Site Advisory
21 Board Meeting, and they met in, in Santa Fe about a
22 month ago. And one of their concerns -- And this
23 is for, really for Melissa, and also for Jim. --

1 is that the, the primary way that the, the Advisory
2 Board, as you all know, is that, that they
3 communicate with you is through recommendations
4 that are made.

23:36:55 5 But the concern that the Northern New
6 Mexico Site Advisory Board had is that the
7 recommendations are not acted on in a timely way.
8 And so although the, that the Los Alamos Office has
9 implemented a matrix to try to deal with that, and,
23:37:12 10 and, and actually timeframes to try to deal with
11 the recommendations, and actually get responses
12 back, it will be interesting to see if that
13 actually occurs.

14 So I don't know if that's a problem here
23:37:23 15 at Hanford. We're going to be meeting with or
16 talking to the Advisory Board tomorrow, I
17 understand, but it is a concern, and it is, if you
18 want to close that loop in communications, you
19 really do need to make sure that you, you get back
23:37:36 20 to the actual Boards or the advise-, outside groups
21 that have a reporting function or communications
22 function with you on a timely way.

23 Thank you.

1 THE CHAIR: We'll go to Tom Winston,
2 then Jim Barnes, and Paul Dabbar. And then we'll
3 --

4 MR. WINSTON: And I will address this to
23:37:56 5 Karen, while you're up there. And Jim's -- And
6 first I just wanted to thank this morning's
7 presenters for both informative and crisp
8 presentations.

9 A lot of information and, and very
23:38:10 10 efficiently presented. In Jim's presentation this
11 morning he mentioned that the Department's decided
12 that EM will be responsible for future liabilities.

13 And, you know, maybe I've been doing
14 this too long. You know, we were kind of in the
23:38:22 15 trenches ten years ago, Karen.

16 I think this makes sense, because
17 clearly that's what EM does. On the other hand,
18 you lose some of the incentive for a life-cycle
19 cost perspective on near-term decisions within
23:38:37 20 those other parts of, of DOE.

21 So, my question is, is how do you guard
22 against that? And, and to some extent there's
23 regulatory issues that I think would be within your

1 purview.

2 And I think some of it is just
3 interaction with the other departments. Has that
4 been discussed within Frank's operation as, as you
23:38:55 5 look out to the long term?

6 MS. GUEVARA: It has been discussed.
7 And one of the points that Assistant Secretary
8 Rispoli made is that while it has been determined
9 that the Environmental Management Program is the
23:39:05 10 center of expertise, if you will, this is the sort
11 of thing we do, and it should be a service that we
12 provide to other organizations within the
13 Department.

14 But he did also indicate that it is up
23:39:19 15 to those other program areas to identify when they
16 have a facility that they think needs to be
17 decommissioned, decontaminated the soonest, and it
18 is up to them to provide the funding for that. And
19 so a lot of what we're talking about here is, in
23:39:37 20 fact, not having the Environmental Management
21 Program just start getting a scope creep in which
22 we start taking on facilities that are beyond our
23 existing baselines without the funding to do so.

1 It is up to the Office of Science or
2 Nuclear Energy or NNSA to identify that they have
3 facilities that for them are critical to get out of
4 the way. NNSA, for example, has a lot of, kind of
23:40:06 5 rejuvenation; the Y-12 complex at Oak Ridge.

6 And for them, getting some of these
7 older facilities out of the way is critical to
8 their mission imperative of building a better
9 capability. But it's up to them to provide the
23:40:22 10 funding, and then we work it into our baseline to
11 actually accomplish it.

12 So the agreement is: We're the right
13 people to do the work, but it is not expected that
14 we simply accept this scope within our funding.

23:40:36 15 As, as I showed, our, our funding
16 profiles continue to decline, and so it's the
17 integration of trying to understand from those
18 programs when something becomes critical for them,
19 and then trying to work it into a baseline in which
23:40:53 20 they give us their appropriations and we execute it
21 in a timeframe that's critical for their missions.

22 MR. WINSTON: Since you have the
23 expertise, do you envision working interactively

1 with them? I'm wondering how they're going to
2 actually sort of make those near-term decisions
3 without working collaboratively with you.

4 And what I'm trying to guard against is
23:41:14 5 what happened in the '90s, which was, frankly, EM
6 got dumped on in terms of additional scope, and,
7 and without the resources. And sounds like the
8 resources are tied to it, but there still needs to
9 be a long, long-term cost perspective that goes
23:41:30 10 into near-term decision-making or else you're going
11 to be, you know, down the long run wasting taxpayer
12 money.

13 MS. GUEVARA: A, a lot of what we have
14 discerned in our discussions thus far with
23:41:38 15 leadership in the other programs is that while they
16 do have a long laundry list of, of like-to-haves,
17 when it really comes down to them determining to
18 spend appropriations, their mission dollars on
19 getting these facilities out of the way, it really
23:41:55 20 comes down to a, a handful of facilities.

21 And so it's not the magnitude of us
22 trying really stretch or contracts beyond, our
23 cleanup contracts beyond what they were

1 envisioning. And so these are the sorts of things
2 that I think we can easily put our hands around
3 within our existing EM Contracts.

4 And again, the idea is that we would be
23:42:16 5 executing this work. It's not a separate
6 contracting vehicle in which the Office of Science
7 goes off and tries to create it.

8 That's, in fact, what we were trying to
9 guard against in terms of effectiveness. But it is
23:42:29 10 only those facilities that warrant them spending
11 their mission dollars on it.

12 And it doesn't end up being our huge
13 slug of work that we anticipate coming into our EM
14 portfolio any time soon.

23:42:45 15 MR. WINSTON: Thank you.

16 THE CHAIR: Thanks very much.

17 Jim Barnes.

18 MR. BARNES: Karen, I have two questions
19 to you. And I guess I certainly would start off by
23:42:57 20 echoing the comments of other Board members about
21 just how valuable those presentations were
22 yesterday for us, at least in my case having worked
23 with a lot of, of paper study in past that you're

1 trying to get a sense of what's happening, seeing
2 those construction projects and operational
3 projects in, in, in the flesh, and, and hearing
4 about some of the day-to-day problems of, of making
23:43:21 5 them work, and I thought was just invaluable before
6 setting this up.

7 Two questions I had. What -- One, what
8 role, if any, does environmental auditing play in
9 the role, particularly of your office?

23:43:36 10 MS. GUEVARA: Environmental auditing --

11 MR. BARNES: Auditing in terms of where
12 you have kind of an independent perspective on, on
13 what are the, the compliance points and so on in
14 the organization, and how people are set up to
23:43:54 15 comply with them, or --

16 MS. GUEVARA: We do run out of our
17 office -- We, we lead a self-assessment program,
18 which is to really ensure that the Sites develop
19 capabilities of doing that internal assessment of
23:44:12 20 their compliance; that they look at a level below.

21 And this is more for the routine
22 environmental compliance; you know, compliance with
23 existing Permits; compliance with various DOE

1 why we are so emphasizing our project management
2 skills; putting in place the risk mitigation plans,
3 because we realize that with declining budgets, and
4 with Compliance Agreements in place establishing
23:45:59 5 timeframes, that the most critical thing that we
6 can do, then, is as effectively and efficiently as
7 possible, execute this work scope so as to do so
8 within the funding profiles and still meet the
9 compliance timeframes.

23:46:14 10 And so that is a huge challenge facing
11 the Environmental Management Program as we move
12 forward. The good thing is, as, as Assistant
13 Secretary Rispoli showed, we are, in fact, getting
14 a number of sites cleaned up, which means that we
23:46:31 15 are putting behind us some of this work scope.

16 And so as we go forward, we don't have
17 as much of a portfolio in the future as we do
18 today. And that's very helpful, but we do still
19 have a number of challenges as we move forward.

23:46:49 20 MR. BARNES: Okay. Thank you.

21 THE CHAIR: Paul Dabbar.

22 MR. DABBAR: I have some questions for
23 Roy, maybe Keith, around some, around the topic of

1 best practices. You know, the, the civilian
2 nuclear industry globally has had a big resurgence.
3 It's a very dynamic industry right now.
4 It's definitely on the up-swing.

23:47:16 5 It's going to have a lot of implications
6 on hiring and so on going forward. But in a large
7 part, what's been driving the success, the recent
8 success over the last ten years for the, for the
9 civilian nuclear industry has been, has, has, has
23:47:31 10 been be driven by increasing excellence,
11 consolidation, use of best practices across larger
12 organizations, which has, which has in large part
13 driven, you know, the success of what we have, what
14 we've been seeing.

23:47:48 15 You know, some examples were the, the
16 French, you know, combining a lot of their
17 government nuclear operations into a new
18 corporation to form AREVA. The big nuclear fleet
19 operators have realized that there is scale
23:48:03 20 advantages in terms of operating multiple
21 facilities, both in terms of what I would call top
22 line, in terms of increasing capacity, increasing
23 efficiency, to cost side in which -- And, and best

1 mean, a lot of the same things that we're generally
2 talking about here. I just wondered, could you,
3 could you comment to your liaising with, you know,
4 companies that have had to deal with, you know,
23:49:34 5 building, you know, somewhat similar facilities,
6 somewhat similar facilities, not only within, you
7 know, within our organization, within EM and at
8 other sites, but on a global basis?

9 MR. SCHEPENS: Yeah. Okay.

23:49:46 10 We have a very active program in that,
11 especially I do, on the waste treatment plant. But
12 let me tell you what we did when we first started
13 construction.

14 When we first started construction, we
23:49:59 15 adopted the philosophy that we used in the nuclear
16 business, and that was we brought operators in at
17 the beginning of the design to make sure that we
18 incorporate operations into the design up front.
19 That's something that DOD didn't do in the past,
23:50:13 20 but we did that.

21 We also, on the VIT plant, for example,
22 when we got ready to design the melters, we looked
23 at the, what worked right at West Valley, what

1 Nuclear Power Operations. Charlie Brooks is my
2 counterpart that I deal with.

3 We bring them into our site on the tank
4 farm side as well as on the VIT plant side to learn
23:51:41 5 lessons from them relative to safety and
6 performance. So, matter of fact, and, and we're
7 sharing with INPO what we're learning on the
8 construction side, because the nuclear industry
9 hasn't built anything since plant Vogle (phonetic).

23:51:57 10 I was at Plant Vogle back in 1989 when
11 we built that plant. So we're educating INPO about
12 the atrophy that we've seen in this country
13 relative to the nuclear engineering, nuclear
14 construction, and nuclear quality.

23:52:12 15 What we've experienced on this project
16 is it's, it's hard to get companies that have NQA-1
17 experience. It's hard to get companies that have
18 nuclear engineers that understand the rigorous
19 design.

23:52:25 20 So we're sharing that with INPO on a
21 real-time basis, having invited them to come out
22 and learn lessons from us. So, so we think that's
23 invaluable to do that.

1 And we, we try to do, have an active
2 program in that. Did that answer your question?

3 MR. DABBAR: Yeah, it did. I mean, at
4 least I know from, from, from what I see in an
23:52:46 5 industry, I mean, the, the French, for example, had
6 to deal with their own, you know, deal with the
7 Bechtel equivalent over in France, --

8 MR. SCHEPENS: Right.

9 MR. DABBAR: -- and had to build a lot
23:52:57 10 of, let's say not exactly same, but somewhat
11 similar facilities, and had to deal with
12 contractors and --

13 MR. SCHEPENS: Right.

14 MR. DABBAR: -- deal with how to process
23:53:04 15 and operate after the fact.

16 And they're -- And the British have also
17 had somewhat similar issues. Have you, have you
18 talked with anyone outside?

19 MR. SCHEPENS: Oh, yes. Well, we, I
23:53:15 20 have a, an engineer on my staff who I sent to
21 Celofil for a 60-day assignment.

22 We went over there, learned their best
23 practices. The Thorpe incident that they had over

1 there where they had the break in the Philip weld,
2 we went and learned about that to review our design
3 to make sure we don't have that.

4 So we have an active, ongoing sharing
23:53:39 5 process with Celofil, since they already have
6 vitrification plants up and running. And plus,
7 they have the black cell concept, which is what
8 we've adopted onto ours.

9 So we tried to learn from them on that.

23:53:51 10 MR. RISPOLI: I might add that I also
11 visited England recently and met with the head of
12 their Nuclear Decommissioning Authority. And from
13 a -- Roy is talking about many of the technical
14 lessons learned and shared, but it's interesting to
23:54:06 15 see what their management and procurement and
16 contracting process, which is quite different than
17 ours.

18 And they have approached us and asked us
19 to formalize a type of arrangement that Roy has
23:54:20 20 already taken advantage of by having someone go out
21 to visit with them. They would like to -- For
22 example, they proposed the possibility of, say, an
23 executive exchange, where we can take a British

1 person, executive, and send to them one of our
2 executives.

3 But their contracting approach is very
4 interesting. They would take a site like Hanford,
23:54:43 5 and they would have a site-licensed contractor, and
6 then the British Government would not interact with
7 the regulators at all.

8 They're, they're, they're to have the
9 contractor, who holds the License to operate the
23:54:58 10 site, then take on all the regulatory interface.
11 And that's a model that is, is very, very different
12 from our model, because, you know, I think all of
13 our Statutes and Regulations are set up where we,
14 as the owner, basically take on that
23:55:14 15 responsibility.

16 So we spent quite a bit of time talking
17 with the, with the people at the, in the UK about
18 their approach and our approach. I think it would
19 be very interesting to watch as they unfold their
23:55:28 20 contracting mechanism at the first location,
21 wherever that is, to see how well that works.

22 Now, they don't have different states.
23 Unlike us, they don't have, you know, the various

1 state regulatory entities to work with.

2 But what they do have are --

3 Thank you.

4 What they do have are several

23:55:47 5 governmental entities, you know, one that might
6 cover, for example, the nuclear industry, and
7 others that cover transportation on the roads, the
8 railroads, and things of that nature. But their
9 approach is a very different approach from the way
23:56:02 10 they would structure their management and
11 interaction with the regulatory agencies.

12 So, I think that, I think that they are
13 looking to learn from us, actually. They, they --
14 We are far beyond where the Brits are.

23:56:16 15 And they have people both -- They
16 already have people in France learning from the
17 French. And they're looking at taking advantage of
18 our lessons learned as well, because of the
19 complexity of the plants that, that we have, and
23:56:31 20 the nature of the work that we do.

21 By the way, they're just at the
22 beginning. They just set up this nuclear
23 decommissioning authority or agency about a year

1 and a-half ago.

2 And they're still in the staffing-up
3 mode. They're still hiring people today.

4 So, it's like they are forming an EM
23:56:48 5 organization, their version of an EM organization,
6 the take on their cleanup issues in the UK.

7 MR. DABBAR: I would just like to say I
8 think that's an excellent idea to have some sort of
9 exchange. It's something that I see, you know,
23:57:05 10 very regularly across, across different

11 organizations that have different cultures and
12 different things that have to learn.

13 And, you know, I would say, not knowing
14 all the different issues of, of many of the foreign
23:57:15 15 countries, but, but know a little bit, that, you
16 know, three countries that are out there that are
17 very active in the space, and thinking about
18 different things and dealing with issues that might
19 be mutual help is, is the British, the French, and
23:57:30 20 the Japanese, who all have something, something,
21 you know, have had to deal with waste issues, you
22 know, somewhat differently than us.

23 And, and maybe there's, there's mutual

1 things to be learned there. Thank you.

2 THE CHAIR: Okay. Thank you.

3 One of the things that we must do, and
4 we, we gladly do is receive public comment. We're
23:57:50 5 at that point in the agenda.

6 So, Lorraine, I'd like you to, ask you
7 to hold your question until the next period, and
8 like to invite public comment at this point in
9 time.

23:58:00 10 We did receive one advanced request from
11 a Mr. Martin Bensky. And I see him present.

12 So, if, if you and others who have an
13 interest in making a comment would step forward to
14 the microphone, state your name, and any
23:58:13 15 affiliation you have, and your question or comment.

16 MR. BENSKY: Martin Bensky, retired
17 Hanford engineer. Was here for 17 years.

18 Before that, southern California. I'll
19 just read my comment.

23:58:24 20 I know I won't make many friends with
21 this. Several years ago the Department of Energy
22 promoted an initiative for risk-based
23 decision-making.

1 that the Tri-Party Agreement goal of 99 percent
2 removal of waste from the tanks had been achieved.
3 The risk assessment models used for the EIS, EIS
4 analysis was undoubtedly imperfect, and every model
23:59:47 5 that's been used in the past or will be used the
6 future is or will be imperfect.

7 This, however, does, absolutely does not
8 mean that results are not credible. It was
9 apparent to me at the presentation I attended that
00:00:00 10 the analysts were not free to speculate on the
11 effects of a less ambitious TPA goal, but it's
12 obvious that 99-percent removal goes far beyond the
13 actual need.

14 With appropriate material additions,
00:00:15 15 it's likely a total insitu-, -mobe-, immobilization
16 would provide a zero-risk closure configuration,
17 particularly if the ridiculous linear no-threshold
18 hypothesize-, hypothesis is recognized as invalid,
19 and that's something to be discussed separately.

00:00:30 20 Thank you for allowing me this
21 opportunity to express my views. I hope you'll
22 consider the possibility of incorporating risk
23 assessment into the decision-making process at an

1 appropriate level of importance.

2 After all, what's the point of
3 characterizing and analyzing the system if you
4 don't intend to use the data acquired to define
00:00:50 5 your course of action. The expertise at Hanford
6 can make an enormous contribution to nuclear
7 technology in areas like the emerging global
8 nuclear energy partnership, and it should not be
9 wasted on unnecessary solutions to nonproblems.

00:01:02 10 Thank you.

11 THE CHAIR: Thank you very much.

12 In, in view of our time, I think we'd
13 like to take comments one after another, and if
14 there's time later we'll have some discussion. But
00:01:11 15 thank you.

16 And your name and affiliation?

17 MR. HOLDER: My name is Carl Holder.

18 I'm an individual, and been working on the, the
19 resurrection of the FFTF for a number of years.

00:01:23 20 We were encouraged with the President's
21 Nuclear Energy Initiative in February, and, which
22 came out of the Global Nuclear Energy Partnership
23 in March. There was testimony from the, taken in

1 Congress in April.

2 In particular, Dr. Neil Todreas,
3 professor of the MIT, spoke on the advanced burner
4 test reactor. And at that time we have received
00:01:58 5 information from Nobel Laureate, Dr. Burton
6 Richter, talking about the functional equivalent of
7 the FFTF with the, with the fast-burner reactor
8 that has been specified by the Department of Energy
9 in the Global Nuclear Energy Partnership.

00:02:16 10 And at that time the Department -- Is
11 there anyone from NE in the audience at all?

12 (Whereupon, no response was had.)

13 MR. HOLDER: At that time, the
14 Department of Energy Office of Nuclear Energy asked
00:02:28 15 for expressions of interest to come forward on
16 siting for the Global Nuclear Energy Partnership.
17 The 40-some respondents, six at least were offered
18 the Hanford area facilities as, as facilities of
19 interest for the Government.

00:02:48 20 One in particular in my package here
21 that I'll leave with you was from the Columbia
22 Basin Consulting Group that was the, had
23 expressions of interest earlier in the 2001

1 timeframe for production of medical isotopes.
2 There have been numerous recent community
3 resolutions, such as Franklin County Public Utility
4 District Number 1049 that was recently passed.

00:03:19 5 There was a, a, a recent meeting in
6 Washington, D.C., area on August the fourteenth.
7 It was an industry briefing on the advanced burner
8 reactor.

9 It was at that time that we discovered
00:03:33 10 that the advanced burner test reactor appears to be
11 missing from, from view. We wonder, after such
12 considerable difficulty with the Department of
13 Energy, and such considerable work by our teammates
14 and, and many, many others, including Dr. Todreas'
00:03:59 15 request in front of Congress, that the advanced
16 burner test reactor would be regulated to a, one
17 line in the background called "Nearly completed
18 preconceptual design documents."

19 I, I wonder if the 400 Area Complex, and
00:04:18 20 I'm sure many of you are familiar with the
21 complexity of the, of the 400 Area Complex, that it
22 would be relegated to such a statement.

23 At this time I wonder, is it possible

1 that the Department, Environmental Management has
2 relegated the, the 400 Area Complex to simply a, a
3 line item, a budgetary item, and is shielding these
4 incredible facilities from view from the rest of
00:04:46 5 the Department? I find that, that it's highly
6 unusual that such an incredible resource would be,
7 would not come forward at this time.

8 Thank you very much.

9 THE CHAIR: Thank you, Mr. Holder.

00:05:00 10 Next comment, please?

11 MR. POLLET: Pass these around. There
12 you go.

13 Thank you. Thank you for coming out to
14 Hanford and Washington State.

00:05:11 15 I'm Gerald Pollet. I'm Executive
16 Director of Heart America Northwest, which is the
17 region's leading Hanford cleanup advocacy group.

18 We were lobbying for the creation of the
19 Environmental Management Program before there was
00:05:26 20 one, and when the Department's entire cleanup
21 budget was less than a-quarter million, a-quarter
22 of a billion dollars per year for the entire
23 Nation. We need your help in this region.

1 We are at grave risk of having no
2 vitrification and no treatment capacity whatsoever
3 for Hanford's high-level tank wastes. There is no
4 reliable cost estimate right now for the treatment
00:06:00 5 plant.

6 There is no system, and no comprehensive
7 plan for treating all tank wastes, retrieving all
8 tank wastes, and ensuring that we clean up to
9 standards. Retrieval of single-shell tanks has
00:06:18 10 fallen off what I would call an ox-drawn wagon in
11 terms of pace, and it's fallen off that wagon.

12 It is not likely to get back onto track
13 before there are additional tank leakages, and
14 significant spread of contaminates. My
00:06:39 15 organization recently published a report available
16 on our web site that showed that between 1996 and
17 2002, we had significant additional 50-fold
18 increase in leakage in one tank farm, and
19 contaminant spread, and we have no plan to deal
00:06:59 20 with this right now.

21 With a \$7 billion cost overrun, Congress
22 and the public is asking: Can we afford
23 vitrification? With the decrease in EM target

1 budgets, the vitrification plant will consume ten
2 to 14 percent of the national EM budget.

3 At the same time, due to the delay, in
4 order to prevent the disaster, we may need new
00:07:30 5 double-shell tanks at Hanford. When I say we do
6 not have reliable cost estimate, you need to look
7 at the fact that the Department has resisted
8 tremendously the GAO and Army Corps recommendations
9 that we have 90-percent design, then independent
00:07:46 10 validation of costs for each element, and a
11 separate contract cost for each element.

12 This makes sense. It's what we would do
13 if you were contracting.

14 You have the expertise to ask and insist
00:07:58 15 that the Department follow through on such
16 recommendations. The real cost of contingency here
17 is tremendous.

18 You heard \$2.5 billion cost contingency.
19 Why do we have that cost?

00:08:14 20 What does it mean? When we have a \$2.5
21 billion contingency it's because we do not have
22 reliable cost estimate.

23 I'm a lawyer and economist. First law

1 of economics is that a contractor will propose a
2 cost in direct proportion to the degree of
3 independent validation.

4 The second law is that you can't
00:08:39 5 validate something that doesn't exist. We do not
6 have a reliable cost estimate because we do not
7 have a system plan, much less designs, much less a
8 valid cost.

9 We do not have -- An example discussed
00:08:59 10 in this group. -- an assessment -- We need an
11 economic, econometric assessment right now of what
12 will happen to the cost of labor when this facility
13 is competing from 2012 to 2019 with the Department
14 of Energy's plans for additional reactor capacities
00:09:18 15 to begin construction.

16 What will happen to the costs? The
17 Department as a whole should be asking for that
18 econometric analysis.

19 We need to commit to retrieve all the
00:09:30 20 tank leaks to their extent practicable, to commit
21 to retrieve all the tank wastes to the extent
22 practicable, and have a system in place that treats
23 those wastes. We heard today something shocking.

1 We can compete low-ac-, complete
2 low-activity waste treatment by 2012 for the plant,
3 and then have it sit idle. Or, you can ask why we
4 can't start that facility, why we can't add
00:10:01 5 additional capacity to it now.

6 What would the investment take to
7 increase its throughput so we can have a
8 significant opportunity to keep retrieving
9 single-shell tank wastes, and begin treatment? We
00:10:14 10 need a comprehensive plan.

11 We're in danger of losing everything due
12 to the resistance to having management safety
13 quality assurance oversight. We can't afford to
14 lose it all.

00:10:28 15 We can't afford to lose any of this
16 opportunity and the investment made to date.
17 Participation thus far has not been welcome.

18 You're going to hear tomorrow from the
19 Chair of the Hanford Advisory Board. The
00:10:43 20 Department has said, "We welcome your advice."

21 The Board has repeatedly focused on and
22 offered the avenue for ways to significantly
23 reducing costs, speed cleanup, and have a regional

1 consensus. Yet, the Department is starving that
2 Board to death and trying to destroy its
3 independence.

4 Transparency is something else we would
00:11:13 5 urge you to ask for. The Department has not even
6 made public the Army Corps of Engineers'
7 recommendations and findings regarding management
8 by Bechtel and the Department of Energy Office of
9 River Protection, nor even the guidance given to
00:11:28 10 the Army Corps for conducting its cost review.

11 That's not transparency. That's not how
12 you build confidence.

13 That is how you ensure that someone
14 says, "We don't have what it takes to keep funding
00:11:41 15 this plant," and we lose it all. We urge you,
16 therefore, to insist that you will remain involved
17 and ask hard questions at each of your meetings,
18 and ask for a comprehensive plan that covers these
19 es-, elements of a get-well plan.

00:12:01 20 Thank you very much.

21 THE CHAIR: Thank you, Mr. Pollet.

22 Any Other comments?

23 (Whereupon, no response was made.)

1 THE CHAIR: Okay. Hearing or seeing
2 none, we'll adjourn the meeting for lunch.

3 We'll reconvene at 1:00 o'clock in this
4 room. Thank you very much.

00:12:16 5 (Whereupon, at 12:12 p.m. PT, the
6 Members took a brief recess and returned at 1:06
7 p.m. PT, after which the following occurred:)

8 THE CHAIR: If you could take your
9 seats, please, we would like to reconvene.

01:06:00 10 Okay, welcome back. We're now back on
11 the Record, and we're reconvening the meeting for
12 the afternoon session.

13 One o'clock session is on EM Human
14 Capital Initiatives and Reorg. Update. Claudia
01:06:29 15 Gleicher is the Acting Director of Human Capital
16 Planning and Operations, and she will be
17 co-presenting this topic with Al Kliman of NAPA.

18 We welcome you, Claudia.

19 EM HUMAN CAPITAL INITIATIVES AND REORGANIZATION
01:06:42 20 UPDATE:

21 MS. GLEICHER: Thank you very much.

22 Good afternoon.

23 As, as James said, I'm Acting Director

1 of the Office of Human Capital Planning, and as
2 such I report to James Fiore, who is the Deputy
3 Assistant Secretary for Human Capital and Business
4 Services. I'm sorry.

01:07:02 5 Can you hear me now? Okay.

6 I'm not used to that. And I, as the
7 Acting Director I've been on this job
8 approximately, about five to six months now.

9 So, you heard from Karen earlier. She's
01:07:15 10 been here 14 years; I've been here about five, six
11 months.

12 So you have both, both ends of the
13 spectrum here. So, thank you.

14 I want to talk -- Sorry. As Mr. Rispoli
01:07:27 15 said this morning, our commitment is to become a
16 high-performing organization.

17 So, as such, we're looking at different
18 aspects of how we can get there. One of them, of
19 course, was the reorganization that was effective
01:07:40 20 May, May twenty-eighth of this year.

21 And then I'll go into some human capital
22 initiatives; what we're doing and looking at as far
23 as acquisition, training, and skills enhancements;

1 our newly established EM intern program; and then
2 our plans for a well-trained force, which is, we
3 want all of our employees to be just as
4 knowledgeable and capable as the contractor
01:08:06 5 workforce.

6 We want to have a balanced workforce
7 where we have the skills when and where needed, and
8 also a diverse workforce so we can get the talents
9 and the, the abilities of all types of people, and
01:08:21 10 provide them the opportunities they need to be
11 successful in our EM work environment.

12 Slide.

13 When Jim addressed the group in March,
14 he went over the EM Headquarters reorganization I
01:08:38 15 think in fairly, fairly detailed. One of the main
16 things as a result of the reorganization was the
17 focus on acquisition management, and, or, excuse
18 me, acquisition and project management.

19 And as such, there was a new Deputy
01:08:54 20 Assistant Secretary set up for Acquisition and
21 Project Management. And then below there you have
22 the other gassets for the other areas where we have
23 deputy, Deputy Assistant Secretaries now.

1 Just last month we finished our first
2 version of the Human Capital Management Plan. Even
3 though I say we'll update it annually, in fact,
4 we're going to be updating it continuously.

01:09:25 5 It's just a, sort of a -- Right now we
6 can see that we'll be making changes to it
7 continuously. And that's, that's the way it's
8 meant to be, so that we can adjust as we go along;
9 make changes to programs and, and people, and so
01:09:42 10 forth as we need them.

11 The Human Capital Plan goes into our
12 missions and objectives, our vision, our strategies
13 and initiatives. What it does, it implemates
14 (sic), implements a human capital system for the
01:09:59 15 Headquarters and for all our sites complex-wide so
16 we can look, look at everything from a macro view.

17 Some of the activities in our Human
18 Capital Plan include the short- and long-term
19 planning, assessments of skills, deficits and
01:10:15 20 surpluses, employee training and development, and
21 then enhancement and acquisition of new talent.
22 Our office, over the last year or so, has done a
23 few skills-gap analyses, and one of those involved

1 training and development for our employees so that
2 they can close those skills gaps. Another way that
3 we've used to close some of that is the
4 Consolidated Business Center also has what they
01:13:24 5 call a closure cadre.

6 It's a group of people with technical
7 backgrounds who are experienced in closure
8 activities. And we've used some of those folks to,
9 to fill some of these gaps.

01:13:35 10 And then also in other areas we've used
11 contractor support as one of the other options to
12 fill a gap. Mr. Rispoli, Mr. Rispoli mentioned
13 this morning the Project Management Career
14 Development Program.

01:13:55 15 We did have -- Excuse me. We needed to
16 meet the goal of certifying all the line-item FPDs
17 by May thirty-first.

18 We did do that. We accomplished that
19 one.

01:14:10 20 We also -- Mr. Rispoli had made a
21 commitment to the Deputy Secretary that we would
22 have one FPD for all cleanup projects by May
23 thirty-first, and we also met that one. So, but

1 now we have a lot more work to do because not only
2 do we still have folks we need to certify, but we
3 also maybe need to certify them at higher levels.

4 There's four levels, so maybe, even
01:14:36 5 though they're certified, maybe they're not
6 certified at the appropriate level. So we will be
7 -- There's probably about 30 people that we're
8 looking in the next fiscal year that we need to go
9 ahead, make sure that we're continuing that

01:14:48 10 pipeline of federal project directors that are
11 ready to take over, and then also recertify some
12 and make sure that they're also at the right level
13 of certification that they need to be.

14 One of the other things we're looking at
01:15:00 15 doing is making sure that there's a need out there
16 for, analysis show for a need for cost estimators.
17 So, next fiscal year we also want to initiate
18 certification of about six to eight federal
19 employees to be certified cost estimators.

01:15:22 20 Right now the Department is revising DOE
21 Manual 426.1 dash-1-A, the Federal Technical
22 Capability Manual. And they're basing it on
23 Institute of Nuclear Operations model.

1 is our Executive and Leadership Enhancement
2 Program, also. This is a program that Mr. Rispoli
3 also touched on briefly this morning, and I think
4 maybe Roy did, also.

01:16:54 5 It's an EM-developed course, and it
6 consists of, of three phases. The first is an EM
7 case study workshop, and it's based on the
8 case-study method of review and discussion.

9 And we had, oh, let's see. We had the
01:17:09 10 first class in March of this year.

11 About 20 people attended, and it went
12 over EM programmatic and acquisition type of case
13 studies so that they can learn how some of the --
14 Some, some factors go across all programs and
01:17:30 15 projects, and so that one was very successful.

16 We offered another course in that in
17 July. We've had about 40 people of our, our
18 executives in that one.

19 The second phase of that program is
01:17:46 20 based on the Defense Acquisition University
21 Acquisition 403 Program. It's a customized
22 version.

23 We had also one that we called the

1 DOE/DOD Case Study Forum. And it goes into DOD
2 case studies like the B-22 Osprey and expedite-,
3 expeditionary fighting vehicle, things that of
4 nature.

01:18:09 5 So the executives got to see, too, that
6 even though what the project is may be a different
7 type of, there's something different at the end,
8 that some of the same concepts are, are con-, are
9 continuous throughout, are consistent throughout.

01:18:28 10 And we've had -- We held that course in, in May at
11 the Defense Acquisition University at Fort Belvoir.

12 We had about 20 students at that one.
13 We'll be offering another course in December.

14 We also have an Executive Development
01:18:46 15 Program where we have coaches for any of our
16 executives if they would like to have a coach to
17 assist them with whatever type of executive or
18 leadership needs they might have. We also have a
19 number of our executives who have signed up to be
01:19:02 20 mentors to other employees on our staffs.

21 And we have mentors at both Headquarters
22 and, and the sites. One of the things we're also
23 working on right now -- At one of the sites we have

1 a pilot program.

2 It's a year-long supervisory development
3 program to see if we can assist our employ-
4 employees in bridging that gap between the

01:19:27 5 technical and the managerial and the leadership.

6 And so far it's looking good, so we may, we may
7 have that at other sites, also.

8 We'll, may go ahead and replicate that
9 in other areas. This is a number of other training

01:19:47 10 programs that we have right now: Quality Assurance
11 Program Plan; Cost Estimation.

12 We held four training courses. We had
13 one at Headquarters, Savannah River, Richland, and
14 the CDC.

01:20:03 15 And then as a result that, too, then we
16 determined we would, we would go ahead and try to
17 get the cost estimator certification going also.

18 And we continue our training for the Project

19 Management Career Development Program, as I said

01:20:19 20 earlier, to keep that pipelined, keep it, keep it

21 going, so that when we lose some of our folks to
22 retirement or if they move to other agencies, we'll
23 still have a pipeline of people that can take over.

1 And we do strongly encourage training of
2 all of our folks, whether they're in the technical
3 areas, or clerical or administrative, or whatever.
4 But there is an emphasis on the training.

01:20:49 5 One thing we're proud of is our new EM
6 Corporate Intern Program. And as you can see,
7 we're going to be beginning next month to start our
8 recruitment.

9 Probably go through around next
01:21:05 10 February. The first class is going to be 15 in
11 Fiscal Year '07.

12 And right now we're estimating 30 people
13 the following fiscal year. We'd like to get a
14 smaller group to start with to make sure we have
01:21:21 15 the program set up well, and then we'll continue,
16 you know, continue to broaden it as we go along and
17 continue the program.

18 So it would also be not just for
19 technical skills, but also provide them with
01:21:36 20 leadership skills. It's a two-year program, except
21 at service appointments.

22 The appointments are made at the five,
23 GS-5, -7, or -9 level. At the end of this period,

1 them be a class so that we want to give them a lot
2 of training together so that they have each other
3 to, they can look at each other, too, for support
4 as part of this program. So we're going to have a
01:23:19 5 two-week orientation program for them at the
6 Headquarters.

7 Then we're going to give them other
8 training together, like on the basics of federal
9 and, and DOE procurement, project management,
01:23:33 10 safety training, base training, things like that to
11 try to get them to be a cohesive group. And
12 hopefully we can keep them.

13 They'll build the bonds where they can
14 have each other for support. Okay.

01:23:49 15 One of the things we'd also talked,
16 heard earlier is we did have nine summer interns,
17 which doesn't seem like a lot. But it's the
18 beginning, and it's a good way to get students
19 accustomed to what DOE does, and where it's another
01:24:05 20 recruiting tool for us to try to show the students
21 what we have and what we have to offer.

22 So we're going to ramp that up next
23 year, also, so we can try to bring in more

1 students. Okay.

2 And we've been undergoing a relationship
3 with NAPA here for the last few months and it's
4 been wonderful. They've given us a lot of good
01:24:33 5 suggestions and ideas so far.

6 And we appreciate that. And I think
7 that I'll just turn it over to Al Kliman, then,
8 from the National Academy of Public Administration,
9 and let him tell you about the, what he's been
01:24:47 10 doing.

11 MR. KLIMAN: There we go. I asked Terri
12 to pass around to everybody a little piece of paper
13 that sort of describes very briefly what we're
14 doing.

01:25:07 15 And there's copies of this on the
16 handout table so that anybody in the audience that
17 wants to see it can, can take it. We call it a
18 one-pager, but it's a two-sided one-pager because
19 on the back of it it has the names of our panel
01:25:24 20 members.

21 Those of you who may not be familiar
22 with the operation of the Academy, the Academy is a
23 membership institution. Mem-, Fellows are elected

1 to the Academy based on their achievement in
2 academia, government, whatever.

3 And whenever we have a project, a panel
4 of Fellows is established to oversee the project,
01:25:48 5 and the project becomes theirs. On the back you'll
6 see a couple of names that are not indicated as
7 Fellows of the Academy.

8 We in the Academy are quite proud of our
9 knowledge of things in public administration and
01:26:06 10 budgeting and HR and all that good stuff, but we
11 really don't know much about the scientific aspect
12 of things. Therefore, we have supplemented our,
13 our panel with a couple of people.

14 We asked Jim Rispoli to nominate some
01:26:23 15 people. We have Pete Marshall here with us, who
16 has been working on the National Research Council
17 for the National Academy of Science -- Some of you
18 know him already. -- to help us out on the more
19 technical aspects of, of this project.

01:26:41 20 The project was mandated by the
21 Congress. Again, National Academy of Public
22 Administration is a nonprivate, nonprofit
23 organization which was chartered by the Congress

1 several decades ago.

2 And, in short, our Charter is to improve
3 government. We receive a large proportion of our
4 projects from the Congress, where they will direct
01:27:08 5 an Agency to have, to initiate a Contract with the
6 Academy to do whatever it is they, they, they want
7 done.

8 In this case, the House and Senate
9 Appropriations Subcommittees that oversee DOE sent
01:27:25 10 a letter to Secretary Bodman, Assistant Secretary
11 Rispoli, and to the Academy, saying, "Hey, we've
12 seen some of your prior work," -- We had done some
13 prior work at DOE. -- "and we would like you to go
14 and take a look at the Office of Environmental
01:27:43 15 Management."

16 And they told us to do two things. They
17 said, "Hey, this office has just reorganized, and
18 you guys know something about organization, so take
19 a look at the organization that they have come up
01:27:57 20 with and see if it is a good one for effectiveness
21 and will get the job done."

22 They also, in their letter, gave us a, a
23 list of ailments that the GAO and the Inspector

1 General at DOE had cited in basic, in past
2 Contracts: cost overruns, things taking longer
3 than they ought to, and said, "We want you to take
4 a look at this whole acquisition and private
01:28:32 5 management situation as well."

6 When we sat down with Jim Rispoli, he
7 said, "Fine. Do all of that, but I want you to do
8 one more thing."

9 In his opinion his problems in
01:28:45 10 acquisition and project management were, in effect,
11 a human capital problem, and so, therefore, he
12 asked us to take a look at his entire human
13 resources and human capital structure. Big job.

14 We're going to try to take 18 months to
01:29:04 15 do it. We've assembled a team.

16 We, we have subcontracted with a place
17 called Jefferson Solutions that we work with all
18 the time on contract matters. It's headed up by a
19 former federal procurement administrator from OMB,
01:29:23 20 a guy named Al Burman, who's sitting in the
21 audience right now.

22 Sev-, couple of my team are here. And
23 so we will, we will be doing that.

1 he also gets the opportunity to talk to the Panel a
2 lot.

3 And we try to have discussions between
4 him and the Panel on, on all these subjects. The
01:30:53 5 -- What we, what we will do, or what, in this
6 project, is issue a number of unpublished
7 documents, work papers to assist Jim during the
8 course of the project.

9 It's an 18-month project, but it's not
01:31:14 10 going wait until the eighteenth month to give our
11 recommendations on it, or give the Panel's
12 recommendations. Instead, we will be continuously
13 providing our input to him, and having his input
14 back.

01:31:28 15 I've already sat down with Jim on a
16 number of issues that we will be bringing to the
17 Panel very shortly, getting his reaction and input
18 on it. And we will be having a Panel meeting in,
19 early in September to go through some things.

01:31:48 20 Our timeline essentially is this: We
21 will have a Panel meeting on September eleventh.
22 That was purely by accident.

23 We didn't mean to set it on September

1 eleventh, but that's the only time I could get all
2 my panel members together. And our plan is that
3 our, our first set of, of suggestions to EM will be
4 primarily on his Headquarters reorganization.

01:32:22 5 We will be talking also at, at that time
6 about some very important acquisition issues,
7 especially his organization acquisition. And we
8 will be raising a number of issues, some of which
9 Claudia has already mentioned, dealing with human
01:32:40 10 capital.

11 Come January, we will meet again, and
12 deal primarily with acquisition and project
13 management issues. But we will have updates
14 further on organization, as well as human capital.

01:33:00 15 Just because we're going to talk about
16 organization right now doesn't mean that we're
17 going to be finished with it, because we've only
18 been at this a few months and there's lots of
19 things that we still need to do. For instance,
01:33:13 20 while the Committee was interested in the
21 Headquarters organization, Jim Rispoli has asked us
22 specifically also to take a look at the field
23 organization, especially the field structure where

1 EM is working on sites which are not owned by EM.

2 We've already visited one such site.

3 And we, we see there are lots of, not just

4 organizational questions, but accountability

01:33:43 5 questions and actual project operation questions

6 which rise because of the unique structure of the

7 Department of Energy.

8 I say "unique structure." I, I am a

9 graduate of two other federal departments,

01:34:01 10 Agriculture and HUD, and I've been in a number of

11 other departments as part of the, the, the work we

12 do at the Academy, and I must say I've never seen

13 any other structure like DOE.

14 So, so it's, it's something to deal

01:34:16 15 with. I'm glad I had the opportunity in a prior

16 project so that the shock wasn't too great.

17 The -- As I said, in January we'll be

18 dealing with, primarily with acquisition, but with

19 updates on human capital and, and organization. We

01:34:33 20 will have another set of unpublished

21 recommendations to EM.

22 By the way, anything I give to EM is

23 also given to the Hill, because they're the ones

1 who said, "Do it." And we will at that time focus
2 primarily on human capital, but there'll be even
3 more updates on organization and, and acquisition.

4 Can't get it all done at once. Our
01:35:06 5 final report will be, if everything goes well, in
6 October of '07, in the eighteenth month of the
7 project.

8 At that time I expect that the report
9 will be very tiny, very thin, because it will
01:35:23 10 summarize what we've talked about with EM before.

11 They, there'll be a lot, a lot of stuff that won't
12 show up in the, in the final report, but which will
13 be referred to in the final report.

14 And there will be a, a lot of paper that
01:35:40 15 has gone back and forth, and a lot of discussion
16 that has, that has gone back and forth. So, so
17 there we are.

18 That's sort of the, the overall outlines
19 of the thing. We will be spending a, a lot of time
01:35:56 20 in, in, in this on pro-, in this project on project
21 management.

22 We have a number of panel members who
23 are very, very anxious that we review the entire

1 project management situation and come up with any
2 appropriate recommendations that we have.

3 How much more time do I have?

4 THE CHAIR: You have a little bit more
01:36:23 5 time. We want to save some time for you and
6 Claudia to take some questions, if you could.

7 MR. KLIMAN: Okay, so I could stop at
8 this point.

9 THE CHAIR: Okay.

01:36:32 10 MR. KLIMAN: So, as, as you please.

11 THE CHAIR: I think we have the drift,
12 drift of it, so that's a good thing.

13 And, and, Claudia, maybe you can join us
14 so we can chat a little bit? I'd like to open it
01:36:43 15 up, open it up for discussion.

16 Lorraine had a question before we went
17 to lunch. I don't know whether it's germane to
18 this particular Panel, or would you like to wait on
19 that?

01:36:53 20 MS. ANDERSON: I can wait on that.

21 THE CHAIR: Okay. It's up to you, to
22 you.

23 MS. ANDERSON: It's not germane to the

1 issue.

2 THE CHAIR: Okay. So let's -- I'd like
3 to just refer back to maybe 18 or 24 months ago,
4 when, when the topic of human capital management
01:37:06 5 was identified by this group as a real, I should
6 say felt need in terms of putting a system in
7 place.

8 And so I think, without speaking for
9 all, I would indicate that I, I'm certainly very
01:37:18 10 pleased that this is an area of, of sort of a deep
11 dive that the Department is doing, including all
12 the programs that Claudia had reviewed. And we've,
13 I think most of us received the, the last couple of
14 versions of the Human Capital Management Plan, and,
01:37:35 15 and it's a, a tremendous difference from where it
16 was a while back.

17 So, kudos to you. So, with that said,
18 let me just open it up for comments or, or
19 questions, or interaction with Claudia and, and,
01:37:47 20 and Al, for that, for that matter.

21 So --

22 ROUNDTABLE DISCUSSION:

23 MR. FERRIGNO: Okay. Jim, as, as you

1 know, tomorrow Paul and I are going to be
2 presenting our status report on this subject.

3 You had referred to the March meeting.

4 And I think Claudia and you have those notes, and
01:38:13 5 so does Jim Fiore, and you've been working on it.

6 And the results that we have from the
7 Human Capital Plan in spades addresses many of
8 those things. I assume that the Human Capital Plan
9 is public information?

01:38:28 10 Is that a correct statement? Okay, so
11 it would be on the DOE web site and then for --

12 MS. LAMB: It's on our portal.

13 MR. FERRIGNO: Okay. And for folks who
14 are here, if they wanted to refer to that.

01:38:35 15 MS. LAMB: Right.

16 MR. FERRIGNO: Yeah. I think it's an
17 excellent document.

18 Just for the recall of the Committee,
19 EMAB, and also those who are present here, the
01:38:46 20 March meeting recommended that EMAB pursue a review
21 of the human capital issues, as well as discuss
22 this at our next meeting. And I think some of the
23 things that were reiterated were the fact that --

1 And I think Al spoke to that, and you spoke to
2 that, and that is: We're not going to wait for a
3 NAPA review at the end of October in '07.

4 There are issues, and you've surely
01:39:14 5 taken the initiative with the first of issuing a
6 Human Capital Plan. But we would try to improve as
7 we go in our performance, both in the human
8 capital, the project management, acquisition, et
9 cetera.

01:39:29 10 Areas that I would emphasize that aren't
11 really -- And we'll speak to this again tomorrow,
12 but just if it's observations that the rest of the
13 Board has, or just something if we want to wait for
14 tomorrow, areas that you had said were, or you had
01:39:45 15 noted as being addressed, were in the areas of the
16 planning, training, certification, some of the
17 staffing.

18 Now, the report has some real good
19 charts, and it shows the issues of staffing, and
01:40:01 20 leads the reader into how critical those issues
21 are. Like, 40 percent of our workforce is going to
22 probably be leaving us in short order or over a
23 period of time.

1 What it doesn't address, and what I
2 didn't hear today, and I know we've talked to this
3 off-line, but for the Record, it doesn't address
4 the competing industries. And the competing
01:40:28 5 industries would be not just industry, but
6 agencies.

7 We know that the Nuclear Regulatory
8 Commission, our good friends of the NRC, are in a
9 staffing-up mode for the next wave, potentially
01:40:43 10 next wave of the Construction Operating Licenses,
11 and the License Applications of the, the commercial
12 power industry. EM people who know nuclear and
13 have good operations, they might be able to still,
14 you know, support the industry in other areas.

01:41:03 15 You know, are -- Is that an option for
16 some of our people, and does that leave us open?
17 And not pick on just the NRC, but there's States
18 that are involved.

19 There's other things that are competing.
01:41:17 20 And I don't believe the --

21 And, Paul, correct me if I'm wrong.
22 When we read the Human Capital Plan, I didn't
23 believe that the Plan itself addressed some of

1 those competing industries that could be drawn from
2 that staff, and that 40 percent was pretty much
3 just the folks that are currently working for DOE
4 that are in, going into retirement, possibly.

01:41:41 5 MR. BARNES: Paul, --

6 MR. AJELLO: Jim.

7 MR. BARNES: Jim. Excuse me.

8 I said Paul. Here I am looking at Jim.

9 I said Paul.

01:41:44 10 MR. AJELLO: That's okay.

11 MR. BARNES: I don't know. No, I, I
12 thought you -- I mean, first of all I need to, to
13 commend Dennis, who I, and we'll, you'll be seeing
14 the work product tomorrow, I think did, took the

01:41:57 15 first cut at a really excellent assessment of the
16 Plan.

17 And I think the, one of the things that
18 really jumped out is that it was, it looked very
19 good from kind of a within-DOE take on this, but,

01:42:11 20 but that looking at the, the context in which DOE
21 is going to be competing for people, new entrants,
22 but it's going to be competing to keep existing
23 employees as, as is mentioned, other agencies ramp

1 up, as the private sector may be looking for people
2 that have some relevant experience that, that may
3 be on the waste side as well as the, or
4 waste-handling side as well as the, the operational
01:42:42 5 side.

6 So, it becomes -- It's going to make it
7 even, probably even more of a challenge to have
8 the, the critical skills and so on in, in, in
9 place. So that, that was one area that, that
01:42:59 10 perhaps some additional --

11 MR. FERRIGNO: Some focus. Right.

12 MR. BARNES: -- attention would be
13 desirable.

14 And, I mean, I think out of that, I
01:43:12 15 mean, I guess that you have to look at that kind of
16 as you are; not only new entrants, but lateral
17 hires, and also the training or retraining of your
18 existing workforce, because trying, trying to
19 identify people that, that are likely candidates to
01:43:25 20 come and work with the Government and may stay is,
21 it's, it's going to be a, to be a challenge.

22 MR. FERRIGNO: The other area that we
23 have identified in the March meeting and, was

1 morale and workplace senses. And I know it's
2 addressed a little bit in the Plan.

3 And we gen- -- Deputy Assistant
4 Secretary Fiore and I have had a conversation on
01:43:57 5 this. That's an area that I think some, obviously
6 you don't want to be talking about it in the, in
7 the hallways and everything, but you do want to get
8 a sense of sort of where the morale is.

9 And I think that could maybe take a
01:44:11 10 little bit more attention to that. The mentoring
11 -- And I'll report this tomorrow, but the DOE
12 mentoring program, the assessment I, I, I've taken
13 back, Jim, and I know we've shared this back and
14 forth, e-mails and talked, but the interviews that
01:44:32 15 I've had with some of the folks there, that's an
16 area that may not be subscribed to as well as we
17 think it's subscribed to.

18 And I'll just leave it at that. But you
19 may want to really review that.

01:44:45 20 And after tomorrow's discussion, we can
21 probably have some private workshop space on that.
22 But that's an area, too, that the mentoring of --
23 It, it's good to do planning, and it's good to do

1 training, and it's good to do certification, but in
2 the application side of building the leaders like
3 Roy had identified, there's targets of leadership
4 that you're trying to draw through that are going
01:45:09 5 to be your future legacy of your managers and your
6 executives.

7 And that mentoring and that
8 identification is probably something that's
9 extremely important in career growth and in
01:45:20 10 investment in our future. You know.

11 So some of these areas that I, I had
12 observations with. But I don't want to steal the
13 whole group.

14 Go ahead, Jim.

01:45:29 15 MR. BARNES: No, and I, I, I certainly,
16 I would, would, would join in your, your comments
17 there. The other area that, that jumped out at me
18 a little bit from reading the, the Plan, although,
19 was, was the area of internships and recruiting out
01:45:45 20 of school.

21 Although I took -- And some of it, it
22 seemed like that that was treated, it wasn't as
23 ro-, the discussion there wasn't as robust as maybe

1 some of the other areas. And that may have just
2 been kind of where you were and the, the, the
3 planning and development process.

4 I, I noted with some interest when Roy
01:46:02 5 was speaking earlier about how he was going about
6 the kind of new-hire and internship recruitment for
7 the facility here, and took, took some heart from
8 his indication that he basically was focusing on,
9 on local schools where there were programs and
01:46:25 10 people that would have an interest in remaining in
11 this area and trying to have a program that would
12 pull them in and, and, and, and keep them for some
13 time with DOE.

14 So it's not something that just, it
01:46:42 15 provides summer employment for somebody and then
16 they go off in another direction, but that you've
17 got some prospect of really drawing them in and
18 keeping them in the organization. And a few
19 minutes ago when you mentioned your EM CIP Program,
01:47:00 20 I mean, the, the parallel that comes to my mind is
21 the old, it, it's prog-, PMI program that has, now
22 has different moniker.

23 But experience at EPA was that that

1 really was an excellent source of the long-term
2 managerial and, and leadership ranks. And, and I,
3 I very much applaud the idea of trying to have
4 people feel that they're a part of a, of a
01:47:27 5 not-insignificant-sized cohort of people that have
6 been identified as potential comers in the
7 organization that are given exposure to the whole
8 organization so they come in and they don't see
9 just a piece of the element, but, but get, get some
01:47:44 10 exposure to the different kinds of functions and
11 different kinds of career areas in, in the
12 organization.

13 So, again, I'd, I'd applaud you for what
14 at least you've, you've described you're trying to
01:47:54 15 do there.

16 MR. KLIMAN: Could I add a couple of
17 things on, on the Human Capital Program? I forgot
18 to take my name tag off here anyway.

19 THE CHAIR: Well, and you're still
01:48:02 20 speaking.

21 MR. KLIMAN: We've, we have reviewed a
22 private version of the Human Capital Plan, and
23 Claudia's going give us the, the, the latest

1 updated version. But the, the problem that we have
2 is that we are not sure that EM has the capability
3 to implement the Human Capital Plan.

4 Got lots of good stuff in it, but the
01:48:31 5 question is: Can EM actually implement it? And
6 we're concerned.

7 We're concerned that the Human Capital
8 Office is a little thin. We're concerned that in
9 the last reorganization, that the Human Capital
01:48:49 10 Office lost some of its very experienced people in
11 human capital to other parts of EM.

12 So we're a little worried from the
13 practicality of the whole thing, rather than the
14 theory of the thing.

01:49:08 15 MR. BARNES: Um-hum. Yeah.

16 It looked to me like a number of the
17 elements really have kind of best, best practices
18 ideas in it, but, but then if you're, if you're
19 going to do skills assessments and put, put things
01:49:22 20 together, you really do need to have the, invest
21 the resources to make that plan function, in fact,
22 the way it's designed to.

23 MR. FERRIGNO: Paul. Not you, but Paul.

1 MR. DABBAR: I'd like to commend you on,
2 actually the, the intern program as someone who
3 went through a big, who works in a large
4 organization who was hired through an intern
01:49:46 5 program and went through some very similar
6 structures that you set out. I think it would be
7 very helpful.

8 One thing to comment to, I'm not certain
9 about how you, you plan to do national job fairs
01:49:56 10 and do recruiting. But one thing that can be
11 helpful to try to build some momentum is to, for,
12 if you are going directly to Universities is to
13 find people who are interested within your
14 organization, been around for a while, who've gone
01:50:10 15 to those particular schools, you know, those
16 universities, who can be a champion to try to help,
17 help find right people and, and can have the right
18 face forward of, you know, someone who's been
19 successful and enjoys their job and, and so on.

01:50:27 20 So just as a, as a comment around a
21 rather detailed possible implementation. I had a,
22 I had a, a question somewhat similar to, around the
23 topic of the rotation that, that, that, that you

1 were talking about.

2 You know, in addition to junior people,
3 you know, rotating and kind of seeing the
4 organization and, and building culture and so on,
01:50:48 5 which I, I, I definitely agree is the right thing
6 to do, I was wondering if you could comment to
7 middle manage-, middle management and senior
8 management rotation, and, and, and, and what I'll
9 call succession planning. You know, with some of
01:51:06 10 these issues around opportunities, you know, and a,
11 and a growing energy environment, especially in
12 nuclear and waste and so on.

13 People have opportunities to move on.
14 You know, there, you know, there's, there's always
01:51:19 15 a possible concern around, you know, the loss of
16 knowledge if people move on. And I've seen some
17 organizations use, use some rotation to support
18 succession planning.

19 And also going back to the best-practice
01:51:35 20 concept of, you know, kind of learning what other
21 people are doing so that as they, they, they do
22 their own job, they can kind of see how it all kind
23 of fits in. So I was wondering if you could

1 comment to that.

2 MS. GUEVARA: We have discussed that.

3 You know, to no -- We haven't implemented anything,

4 but, yes, we have discussed doing that because we

01:51:57 5 see the benefits of doing it also.

6 We haven't really come up with a

7 concrete framework for it yet, but that is one of

8 the things, yes; that we want to go ahead and do

9 rotations, not just for the interns, but for, you

01:52:07 10 know, the senior-level managers, also. So I can't

11 give you anything concrete right now, but, yes,

12 that, we are in the planning stages of that.

13 MR. FERRIGNO: Dave?

14 MR. SWINDLE: Yes. Claudia, again just

01:52:23 15 echoing the great progress made on the whole human

16 resource, human capital topic.

17 I do want to go back, and I'll be

18 reporting some tomorrow where, going, on behalf of

19 the, the Board to the Phase II of the Acquisition

01:52:39 20 Advanced Program where, that was held with the

21 National Defense University. And we'll have more

22 specifics about that.

23 But I would encourage that in the course

1 of further development, whether they be the senior
2 executives, or particularly contract
3 administrators, ACOs and the like, that would be
4 the equivalent for the Department of Energy, that
01:53:01 5 there be a, included in there a (sic) introduction
6 to capital and equity markets, and how they
7 evaluate risk.

8 And that's important for two reasons.
9 Number one, what we're seeing and have seen
01:53:14 10 historically from the development Contracts within
11 the Department, that with the exception of the
12 M&Os, that they have to go to the capital market in
13 order to essentially finance their operations going
14 forward.

01:53:26 15 And without that understanding of the
16 risk, we're finding mismatch, is what my own
17 personal experience has been between how the
18 capital markets view the risk, versus how,
19 formulating the contract risk. So, they could, can
01:53:38 20 improve going forward, particularly where more and
21 more of the construction, the lump-sum-type
22 contracts that are such a key part on the future EM
23 programs.

1 I think on the senior executive work
2 sort of level of the, to having that exposure to
3 the fundamentals of how risk is measured from the
4 financial markets also will increase the, let's
01:53:59 5 call it the effectiveness of the overall senior
6 leadership within the Department that oversees and
7 administers the contracts at the end of the day to
8 put themselves in the shoes of, essentially, the,
9 you know, the, the, the contractor performing the
01:54:13 10 work, it will help for a much more balanced
11 outcome.

12 MR. FERRIGNO: Jim.

13 THE CHAIR: Yeah. I -- It's really
14 great to see things come full circle.

01:54:26 15 When we discussed this topic a while
16 back, we, we said that there was a screaming need
17 for this. And it looks like it's being attached
18 from a serious perspective.

19 When I read the Plan I saw no regrets in
01:54:36 20 there. All the strategies, all the things that
21 were being proposed really have no-regrets
22 approach, but would echo what Al said.

23 My experience has been that when you

1 really get your hands around this, and when it
2 becomes a cultural, culturally embedded in your
3 organization, it, it's going to take a fair amount
4 of administration. And I think we're trying to
01:54:56 5 help you here.

6 Take it from that perspective. There's,
7 there's a lot of systems work, --

8 MS. GUEVARA: Yes.

9 THE CHAIR: -- people, dynamics, IT
01:55:05 10 support.

11 There's just a lot of things that wind
12 up, you know, being required to make, make this
13 work, and for, for the employees from the grass
14 roots to believe in it, to really want to
01:55:16 15 participate in it, to be, felt like they're being
16 treated fairly, that there are good opportunities.
17 There are requirements about the job postings and
18 internships and evaluation and development plans.

19 And, and, and really sitting around --
01:55:31 20 One of the, one of the leadership, you know, one of
21 the requirements of leadership is that you evaluate
22 your people on a fairly regular basis. And so what
23 you need, I suspect, is not for this report to sit

1 on the shelf, but it, for it to be a living
2 document amongst your senior-most people who
3 embrace the idea and will stand shoulder to
4 shoulder with you.

01:55:49 5 This is not just your job. This is the
6 job of everybody else who's senior in the program,
7 is to really get with you and, and inculcate this
8 in your organization; to constantly update who you
9 think your rising stars are; to, to identify them
01:56:03 10 for succession purposes, for backup purposes, for
11 development purposes.

12 It becomes, you know, the life blood of
13 the organization. And, you know, I, I, I think
14 that what you've laid out here is a, is a very good
01:56:16 15 skeleton, but it'll, it'll just need to get beefed
16 up over, over time.

17 And so -- And there's a lot of these
18 programs out there. This is definitely an area
19 where you don't need to reinvent the wheel.

01:56:27 20 Every mature organization who has a, you
21 know, both a, a, a past, and, and wants a future,
22 does this very well. And, you know, there's
23 literature all over the place.

1 There are programs. There are, there
2 are -- You know, major universities, you know, have
3 all these great ideas.

4 So, I, I just want to keep the fire
01:56:47 5 burning under this and indicate it's a, it's a very
6 good start. And I think we as a body ought to keep
7 tabs on this, again, in the most constructive way
8 to assist you to, to keep asking the right
9 questions and putting that, you know, subtle
01:57:03 10 pressure behind this to, to keep this going.

11 Because I've seen examples, too, where
12 these things get launched and then they fall down
13 because they're hard to do.

14 MR. BARNES: Absolutely.

01:57:16 15 THE CHAIR: They're very difficult.
16 They're very labor intensive.

17 But, once again, the key is to get
18 leadership to own this with you as the function, if
19 you will, that you represent, to get leadership to
01:57:28 20 own this with you. It's everybody's job to mentor,
21 recruit, retain, and develop the key employees.

22 MR. BARNES: Right.

23 THE CHAIR: Or, as importantly, to

1 dispose of those who are not doing a good job, or
2 find other opportunities for those that are not
3 well-suited in their current post, et cetera.

4 So, so, it's just, it's, it's a very,
01:57:51 5 very important thing; among the most important
6 things I think the Program can do. And we, we just
7 don't have a lot of dialogue about it, and, and
8 keep, you know, providing input to this.

9 So -- But it's a great start, in, in
01:58:04 10 essence.

11 Dennis?

12 MR. FERRIGNO: Just, just for
13 clarification, Assistant Secretary Rispoli has put
14 architecture in the organization at, at the very
01:58:15 15 level reporting directly to him, with putting a
16 Deputy Assistant Secretary of Human Capital.

17 THE CHAIR: Right.

18 MR. FERRIGNO: And I think that has been
19 a huge step in, you know, trying to deliver the
01:58:29 20 goals, and treating this like a project. You know,
21 but --

22 Tom?

23 MR. WINSTON: In the vein of providing

1 some information of sort of at ground level, when I
2 was on the tour yesterday, I took the opportunity
3 of asking several key managers what their major
4 skill deficit was that they were having trouble
01:58:52 5 filling. And surprisingly, in a sense, it, it was
6 in the project management field, but not basic
7 project management.

8 Where they were having trouble was on
9 larger projects, getting project managers to work
01:59:04 10 shoulder to shoulder in an integrated team. It
11 wasn't so much basic project management skills, but
12 it was understanding laterally the impact of, of,
13 of their specific project on the overall goal and
14 mission, and, and the team effort.

01:59:18 15 So I thought I would mention that. I
16 don't know how that can be in-, can be, you know,
17 sort of integrated into your planning in that
18 regard, but I heard that several times; especially
19 at WTP.

01:59:33 20 MR. FERRIGNO: Dave?

21 MR. SWINDLE: Yeah. Something that
22 struck me, just listening to some of the
23 conversations, Claudia, and I guess it's something

1 -- I was just trying to look here.

2 Unless I've missed it, I don't see
3 addressed in the report, let's call it the
4 challenges of competing in a global marketplace
01:59:51 5 from a salary standpoint. And, and I guess one of
6 the things that relates to it from the core of my
7 business, which is Department of Defense work.

8 You take personnel with security
9 clearances. I mean, it's an incredibly competitive
02:00:05 10 market.

11 And what's happening, and this is one of
12 the con-, again I sort of put it in context here,
13 is that while there is a good supply, there's a
14 limited supply. And when this sort of era of less
02:00:17 15 than, say, corporate loyalty, whether it's to the
16 Government or to an industry or to a company,
17 people are shopping themselves around.

18 And consequently, you get in a limited
19 market. What that does is cause inflationary
02:00:31 20 increase.

21 And I'm not suggesting that's good or
22 bad. It's just the realities of the marketplace.

23 The Government as a whole, through OPM

1 and others, put restrictions upon federal salaries,
2 in this case, the federal market, and even on the,
3 the industry market, in order to be competitive,
4 you've got to have those balances. On one hand,
02:00:50 5 the FAR allows, for example, particularly you get
6 to the senior leadership of organizations, they put
7 caps.

8 But they're, they're in terms of what's
9 reimbursable and covered. It's a fixed-price
02:01:02 10 contract.

11 It's sort of irrelevant. It's whatever
12 the market can bear.

13 So I think in your evaluation of the
14 overall element, the question of competitiveness in
02:01:12 15 the marketplace cannot be ignored. And I think
16 because that, you know, it, just as was indicated
17 earlier by Paul, the commercial nuclear industry is
18 expected to see a major demand.

19 We're already seeing it starting in the
02:01:24 20 RAD tech area with some of the things I'm
21 associated with, where there's not enough trained
22 resource in the RAD tech, and as the industry
23 continues to stretch out operating periods, those

1 demands become higher and higher, and the cost to
2 maintain those, you know, become more of a
3 challenge.

4 And, and don't know that there is a
02:01:41 5 solution other than to anticipate it and build in
6 provisions. I mean, industry does things to
7 compete.

8 You know, from, again, these are signing
9 bonuses to -- I mean, there's whole number of
02:01:53 10 issues. And people don't just work for the
11 financial resource.

12 So I think the total solution is
13 important to be addressed.

14 MR. FERRIGNO: One of the items that I'm
02:02:02 15 going to speak to when Deputy Assistant Surash, or
16 Secretary Surash speaks is the area of human
17 capital, and how, in the acquisition and oversee
18 that contractors, how human capital will play with
19 the partners that we depend on for the actual
02:02:22 20 execution.

21 Because when you look at a five- or
22 plus-year operating program, I think our, our
23 contractors who are doing the operation and

1 to do next. Those are kind of sim-, simplistic.

2 So, in the course, perhaps, of your
3 looking around, I'm wondering if you, you, you, you
4 encountered any policy changes, whether it would
02:03:44 5 have to do with compensation, or whether it would
6 have to do with other programs that, that you feel
7 like you really would like to do but for some Rules
8 that would, on the surface, apparently stop you.

9 Thank you. Just a question.

02:04:01 10 MS. GLEICHER: Um-hum. One of the areas
11 that would have been helpful is in retention
12 incentives.

13 THE CHAIR: Sure.

14 MS. GLEICHER: Right now the, the law
02:04:09 15 was changed, but OPM has not issued implementing
16 regulations yet to where if one of our employees
17 receives an offer from another federal agency, they
18 cannot receive a retention incentive for that.
19 Now, if they receive an offer from private
02:04:28 20 industry, we can offer retention incentive.

21 My understanding is that OPM is going to
22 change that this year sometime, and we're waiting
23 for that because we think that will be important,

1 also. One of the things that I -- I should have
2 mentioned it before, and I didn't.

3 But when -- As far as the interns, and
4 recruitment of that package, we're looking at

02:04:47 5 student loan repayment program --

6 THE CHAIR: Yep.

7 MS. GLEICHER: -- and recruitment out
8 bonuses for them.

9 THE CHAIR: Yep.

02:04:51 10 MS. GLEICHER: And we also have

11 accelerated promotions. So, rather than waiting
12 for one year to go from a -5 to a -7, or -7 to a
13 -9, it's accelerated every six months.

14 So we want to try to use all of these
02:05:04 15 things that we can to attract and then keep them.

16 And if we can get OPM to act on retention, too,
17 that will be helpful.

18 We want to be able to use relocation
19 incentives whenever we can, things like that to --

02:05:15 20 As we know, it's --

21 THE CHAIR: Yep.

22 Dave?

23 MR. SWINDLE: Let me ask sort of --

1 THE CHAIR: Go ahead.

2 MR. SWINDLE: -- question. That's --
3 And I understand you're, you're talking about like
4 a DOE to Interior, Treasury, whatever.

02:05:29 5 MS. GLEICHER: Yeah. Uh-huh.

6 MR. SWINDLE: What about intra-DOE? I
7 mean, you've got EM; you've got NNSA; you've got
8 NE. You've got internally, that, there's another
9 --

02:05:43 10 MS. GLEICHER: Uh-huh. Yeah. That
11 happens a lot.

12 MR. SWINDLE: -- you know, I guess,
13 because, because EM's needs are different than,
14 say, double Es, or whatever, or N-, or NE, okay, as
02:05:45 15 well as the skill sets.

16 But at the same time, you know, they've
17 got, you know, changing programs and dynamics. And
18 I guess, you know, is there a, internal to the
19 Department any coordination?

02:05:59 20 I mean, you know, there's not a
21 one-size-shoe-fits-all here, I guess. Nothing
22 else?

23 MS. GLEICHER: Well, that -- Not that

1 I'm aware of right now. Yeah.

2 MR. SWINDLE: Okay.

3 MR. FERRIGNO: Jim, you, you had
4 mentioned something about risk. Were you -- In, in
02:06:17 5 the Plan right now there's not a risk management
6 analysis that we would typically look at scenarios
7 in a Project Plan, look at the risks, and see what
8 the outcomes would be, and see where, where we have
9 certain kinds of high risk, and, and, in certain
02:06:35 10 issues, and what mitigations we might take.

11 Are you proposing that in the Plan we
12 would ask, or reflect on the fact that possibly
13 DOE, on their Human Capital Plan, consider risk
14 analysis?

02:06:48 15 THE CHAIR: I, I, I think, I happen to
16 think that risk analysis, just the way of thinking
17 of, of, of, of, of doing problem solving by risk --

18 MR. FERRIGNO: Or strategic planning.

19 THE CHAIR: -- or planning is, is, is
02:07:03 20 good for any business or any enterprise. So, I do
21 think that scenario planning is great.

22 I think Steve had a great question this
23 morning about Yucca Mountain.

1 MR. FERRIGNO: Uh-hum.

2 THE CHAIR: If ever there's a scenario
3 planning required for an enterprise like this, you
4 would think it's around a, kind of a linch-pin
02:07:20 5 issue like that. But it's more than, than, than
6 the big issues.

7 It's a way of thinking and problem
8 solving. It's a way of estimating, you know,
9 revised budgets.

02:07:29 10 It's, it's a way of thinking that in
11 this program, for example, if, if this repository
12 isn't ready or this technology doesn't work as we'd
13 expected, you know, what's our Plan B? What do we
14 do?

02:07:42 15 And then, you know, being able to, if
16 not pull them off the shelves, at least having
17 thought through that means that when you do face
18 those issues in reality, the whole system isn't in
19 shock. You know, it would move to an alternative
02:07:55 20 approach.

21 And so I think unlike the, the private
22 sector, it's a different kind of risk management
23 approach. But nonetheless I think it's, it's, it's

1 very relevant here in training.

2 I mean, this, this, this is a risk
3 mitigation program.

4 MR. FERRIGNO: Yeah. If you look at the
02:08:16 5 Plan, it has outcomes; it has goals; it has
6 objectives.

7 THE CHAIR: Right.

8 MR. FERRIGNO: It has timelines. So, I
9 think from what you've articulated, and we probably
02:08:28 10 could go to the next level of: What are the risks
11 related to each of those outcomes, and what
12 mitigations would you do if the outcomes were not
13 going to be on plan, similar to what possibly Al
14 was speaking to through the NAPA study and
02:08:38 15 delivery.

16 So that might be something we can talk
17 about later.

18 THE CHAIR: To me, Dennis, it's, it's
19 all integrated. You know, what happens if our
02:08:47 20 procurement at Site X gets delayed by six months or
21 12 months?

22 What, you know, what do we do? And what
23 about the outcomes there?

1 So, I, I think to some extent these
2 things are all interrelated and should be treated
3 that way.

4 MR. FERRIGNO: Okay. Tom?

02:09:03 5 MR. WINSTON: Just that I'd build on
6 that in the sense that, that once you have some of
7 that, whether you call it planning or contingency,
8 I think it's a wonderful tool to speak with your
9 partners or your stakeholders or whatever you want
02:09:15 10 to call them. Because there's a lot of people
11 watching, as opposed to a private enterprise where
12 you still have some interaction.

13 Department of Energy, and especially
14 this program, deals with, you know, every other
02:09:28 15 level of government: local, state and tribal.
16 Also with, you know, residents in the community.

17 And they're just as concerned about that
18 contingency. And, you know, if, if, if, if the, if
19 the central assumption does not play out, then they
02:09:47 20 sort of want to be at the table in terms of
21 discussing some of those options as well.

22 And with that planned, you, you have at
23 least something to, to build that discussion

1 around. So, I think some of this will probably
2 come up again when we discuss communication
3 tomorrow, because I think it's part and parcel with
4 that.

02:10:05 5 But I think that gives you another tool
6 to address that with all of the players that, that,
7 you know, care deeply about the work that the
8 Department does.

9 THE CHAIR: Sure. Please.

02:10:18 10 MS. GLEICHER: I did want to make a
11 comment when we were talking about recruitment
12 incentives and so forth. There is such a thing as
13 the group retention incentive.

14 And that's one of the things that we're
02:10:27 15 looking at. If we had a, have a set of skills that
16 are critical and there's a need, we can offer
17 retention incentives in those instances.

18 And we do have an instance at Richland
19 of that. And that's one of the things we're
02:10:40 20 looking for, is for a particular set of skills.

21 If we foresee that there's going to be
22 a, a gap somewhere, we could, we're seeing about
23 going and putting a package together to get group

1 retention incentives so that everyone in that group
2 then could receive an incentive. So, I just wanted
3 to bring that up, that that is an option.

4 MR. WATSON: Could you give a for,
02:11:02 5 for-instance how that -- When you say "a group," is
6 that a discipline, or is that --

7 MS. GLEICHER: Yes. I'm sorry.

8 Um-hum. It would be like, maybe
9 facility reps or something of that nature.
02:11:10 10 If you had -- or engineers, particular

11 group of engineers or something like that. And you
12 can set it up that way.

13 So that's one of the things that we're
14 looking at, too.

02:11:19 15 MR. FERRIGNO: Okay.

16 Paul?

17 MR. DABBAR: One of the things that,
18 that, that I've seen around recruiting is, you
19 know, it starts off with identification of, at the
02:11:28 20 kind of the deck-plate level, how many people you
21 need, you would like to have incoming, and then you
22 kind of back-solve into what you need to do to kind
23 of get to that level.

1 So, if you want to make certain that a
2 year from now you've decided, after surveying your
3 organization, you've decided that you would like to
4 get, you know, 30 new, you know, 20 new engineers
02:11:53 5 broadly across the organization and want to start
6 getting them through their training program and so
7 on, as you laid out, and then you kind of estimate,
8 well, in order to get that, if I want to get full,
9 20 full-time people, you know, and if I want to
02:12:08 10 make certain that most of it comes from a, an
11 intern program, how many offers do I need to make?

12 What's my expected yield, both in terms
13 of how many offers I make, and then of the people
14 who are actually come and do an interim, how many
02:12:23 15 of those people decide to stay?

16 And at least from, at least from, from
17 my experience I've seen a lot of statistical
18 analysis. It's updated every year, right?

19 Because it depends on the dynamics of
02:12:33 20 competition, of other alternative career paths, and
21 so on. And, and that actually drives at the end of
22 the day the decisions of our target of the number
23 of people we want to make offers to is 30, because

1 scientific people, so I know that will make it even
2 more difficult. As far as putting all the
3 statistical analysis behind it like you're
4 suggesting, we haven't, we haven't done that yet.

02:13:57 5 THE CHAIR: Okay. Okay, just to build
6 on that, -- I know Jennifer has a question.

7 But, and then -- But, you know, for
8 example, my organization does an annual wage look,
9 right? It, it sort of goes into the market, and
02:14:06 10 let's say our Claudia would go and talk to seven
11 other Claudias.

12 That's one of the things you can do
13 without breaking the rules, so to speak, and find
14 out what, generally speaking, you know, wages might
02:14:22 15 be this year for new mechanical engineers, or, you
16 know, pick whatever skill you want. They're, you
17 know, coming out of college and, you know, you have
18 a sense of what the market is, is, is going to
19 bear, both for performance compensation as well as
02:14:37 20 in those salaries.

21 Now, I don't know what, what
22 flexibilities you have in the system, but you, you
23 want to, you want to get that, that sort of inputs.

1 And that's another reason why I said earlier, this
2 is tough, because it's a, a lot of work, you know,
3 associated with doing things like that.

4 So, is that what you're talking about?

02:14:55 5 MR. DABBAR: Yes. I mean, absolutely.
6 I mean, I think that there's a lot of different
7 data points, you know, trying to take a look at
8 what is it going to take to get to your target.

9 That's why personally I've always seen
02:15:10 10 that recruiting is always a high turn-over job
11 itself because it's year after year. It's, it's a,
12 that's a fight every year to, to kind of step
13 through these items.

14 MR. FERRIGNO: Why don't we leave to it
02:15:20 15 two additions? Three?

16 We, we want to allow some time for
17 public -- Three. Just leave it up.

18 THE CHAIR: And, Dennis, we're actually
19 in, in good time.

02:15:30 20 MR. FERRIGNO: Oh, we are?

21 THE CHAIR: Our next agenda item is to
22 break at 2:30.

23 MR. FERRIGNO: Right.

1 THE CHAIR: It is now 2:12, by my hand,
2 and so it's --

3 MR. FERRIGNO: Oh, you're not going to
4 leave it to open -- Oh, okay. After the break.

02:15:42 5 I apologize.

6 THE CHAIR: Next public comment is 4:30.

7 MR. FERRIGNO: Next break is -- Okay.

8 THE CHAIR: We take a break at 2:30.

9 And we need to be prompt and return at 2:45 because
02:15:52 10 Jack Surash is joining us by phone.

11 MR. FERRIGNO: Right.

12 THE CHAIR: And I did also want to give
13 Al Kliman another opportunity, because I'm sure
14 some of these topics are of interest.

02:16:04 15 MR. KLIMAN: Well, yeah. And I, I, I
16 thought I'd like to add a little bit more on human
17 capital, especially since you were talking about
18 dependancies and what-if situations.

19 And I need to stress that EM is not
02:16:15 20 totally an independent operator in this entire
21 human capital game. EM is massively dependent on
22 the Human Resources Office at the Department of
23 Energy level.

1 MS. SALISBURY: Right.

2 MR. KLIMAN: When -- If, if Claudia
3 wants to go and hire people in Headquarters,
4 Claudia can't go and do it. Claudia has to depend
02:16:40 5 on a different organization which is marching to a
6 different drummer.

7 And it's --

8 MS. SALISBURY: Slower.

9 MR. KLIMAN: One of, one of the
02:16:50 10 limitations in our study --

11 THE CHAIR: Slower. A waltz.

12 MR. KLIMAN: -- is that we are not
13 chartered to deal with the entire superstructure of
14 the Department of Energy. And we're going to have
02:17:00 15 to make that very clear in our report.

16 But they can't do it alone without the
17 cooperation of the Department. They may want to
18 consider what another organization in DOE has done.

19 The Office of Energy Efficiency and
02:17:16 20 Renewable Energy has located a lot of its
21 recruitment activity in Golden, Colorado. And
22 they, they, they, they work it fairly well there.

23 And so that sort of raises another, a

1 question on another little thing that we're looking
2 at, which is the future of the Consolidated
3 Business Center in Cincinnati, and whether or not
4 that Consolidated Business Center could be expanded
02:17:44 5 and used for this purpose as well. But just
6 thought I'd mention that.

7 MR. FERRIGNO: Thank you, Al.

8 Tomorrow I'll report, but I think you
9 have currently for DOE-wide, 50 senior-executive
02:18:03 10 service openings for EM. Is that correct?

11 That's what I was told. Fifty openings
12 in DOE.

13 MS. GLEICHER: Oh, across the complex?

14 MR. FERRIGNO: Across the DOE complex;
02:18:13 15 not just EM. So, if that's wrong, then I
16 apologize, and --

17 MS. GLEICHER: I'll double-check --

18 MR. FERRIGNO: -- strike it from the
19 Record, but that's what I've been told.

02:18:18 20 MS. GLEICHER: I'll double-check that.

21 MR. FERRIGNO: Would you, --

22 MS. GLEICHER: Yeah.

23 MR. FERRIGNO: -- please? Because I

1 wouldn't want to embarrass myself like I did today
2 tomorrow.

3 MS. GLEICHER: I'll double-check that.

4 MR. FERRIGNO: Jennifer?

02:18:29 5 MS. SALISBURY: This isn't rocket
6 science, and people talked around a little bit, but
7 speed at hiring and speed at providing incentives
8 is really important to getting the right person and
9 keeping the right person. So, I mean, there may be
02:18:44 10 data that you can keep of how well you're doing.

11 There may be processes that you at EM
12 can work on and change. Again, Al made a really
13 good point that you operate within a system, and so
14 you're stuck by the entities outside your group.

02:18:58 15 But, there may be things that you can do
16 internally to really speed things up and, and help
17 that along.

18 MR. FERRIGNO: All right.

19 Lorraine?

02:19:15 20 MS. ANDERSON: Well, I think that you
21 need to be able to build pride in the organization.
22 Everybody offers incentives.

23 Everybody can, can play the game of

1 outbidding somebody else. I think there has to be
2 sort of a core culture within DOE that says: This
3 is the best place to work.

4 And I think you saw it this morning on
02:19:41 5 the television about the pride that people had in
6 their jobs. And so I think that's one thing that
7 you shouldn't forget; that you have to build that
8 culture of pride and, "We're the best team."

9 MR. FERRIGNO: Steve?

02:20:06 10 MR. ALLRED: Just a, a, a comment about
11 information on competitive conditions. Your, your
12 contractors have that through surveys that are done
13 all the time amongst themselves and others.

14 My last position we used it pretty
02:20:20 15 effectively, so you don't have to go out and
16 reinvent that wheel. It's there.

17 It's done on a quarterly or an annual
18 basis, for the same, for the skills you're looking
19 for.

02:20:36 20 MR. FERRIGNO: Anybody else?

21 I have a question to Al, and that is:
22 The NAPA results. Did I understand correctly where
23 you said the September, the January, and the

1 October reports, when you have those Draft Reports
2 and then the Final Report, that they will go to
3 Congress additionally as they, they --

4 MR. KLIMAN: They, they, they will go to
02:21:03 5 the subcommittees on DOE appropriations because
6 those subcommittees chartered the study.

7 MR. FERRIGNO: Okay. Is that material
8 that is public information?

9 MR. ALLRED: No, it is not public
02:21:16 10 information.

11 MR. FERRIGNO: Okay. Okay.

12 MR. KLIMAN: If -- Jim Rispoli will
13 have, will, will have it. If he wants to share it
14 with you guys, he may.

02:21:24 15 But we're, we're, we're limited in, in,
16 in, in what we can make available.

17 MR. FERRIGNO: Okay. Thank you.

18 THE CHAIR: So, Al, just to -- Your
19 client is the subcommittee.

02:21:37 20 MR. KLIMAN: I have two clients. We
21 have the Subcommittee as a client, and we have EM
22 as a client.

23 We, we have this in virtually every

1 project we deal with. It's a fine line, but we,
2 we, --

3 THE CHAIR: Yeah.

4 MR. KLIMAN: -- we, we make due.

02:21:54 5 And, and our goal, incidentally, as we
6 work with EM, is not to find fault, incidentally.
7 A lot of people say, "What's the difference between
8 you guys and GAO?"

9 Well, GAO's out there saying, "You did
02:22:10 10 this wrong and you did that wrong, and, and you
11 better fix it."

12 That's not our approach at all. Our
13 approach is to work with the client and see if we
14 see something that needs fixing, here's how we
02:22:22 15 suggest you do it, and work with them to the extent
16 that we can.

17 THE CHAIR: And the rationale for not
18 disclosing, is it, is it a temporal matter --

19 MR. KLIMAN: Well, --

02:22:28 20 THE CHAIR: -- or, in other words, --

21 MR. KLIMAN: -- what, --

22 THE CHAIR: -- do you release it --

23 MR. KLIMAN: -- what we want to do is --

1 While, while we try to come to agreement on, on
2 many issues, even before anything gets even down on
3 paper, there are things that we might disagree on.

4 And we don't want to limit EM's ability
02:22:49 5 to, to, to, to implement. We also have to
6 recognize that, like we've been in this project now
7 for three or four months.

8 And I, I, I will tell you, I, I spent,
9 oh, I don't know, 30-odd years in government, 15
02:23:10 10 years here and 15 years there, and I still didn't
11 know everything about the places I was in. So I, I
12 do have to recognize that I don't know everything
13 about EM at this point in time.

14 I probably won't know everything about
02:23:26 15 EM after the project is over. We do find that
16 suggestions that we make at one point in time, we
17 say two months later, "Well, you know, you guys
18 were right," you know, because we learned some more
19 things.

02:23:45 20 So we don't want to make things overly
21 complicated for the client and, and have somebody,
22 some newspaper someplace say, "You know, National
23 Academy of Public Administration recommends

1 whatever." Wouldn't, wouldn't be good for the
2 organization.

3 MR. FERRIGNO: Do we have time?

4 MS. SALISBURY: Do we have time?

02:24:10 5 THE CHAIR: Sure does.

6 MR. BARNES: Since there are a few
7 minutes, I, I wanted Claudia to reinforce one of
8 the suggestions you had, and that is looking at
9 loan forgiveness programs. Because, I mean, one of
02:24:25 10 the things that's very clear from the university
11 perspective is the debt loads that increasing
12 number of students are carrying even out of their
13 undergraduate years.

14 And that puts a pressure either to find
02:24:41 15 a high-paying job with an investment bank coming
16 out of school, or, to, to find their way into a job
17 where they may get some help being able to pay off
18 that obligation that they have. And, I mean, I
19 guess the other thing from my, I suppose, EPA

02:24:58 20 experience, would be that looking at the, and also
21 watching what's happened at the Crane Naval Base in
22 southern Indiana is that the children of, of folks
23 that have been long-time employees, or, or families

1 that have some tradition of public service,
2 military and otherwise, may be good target
3 audiences for, for potential employees; better than
4 just taking a, a, a shotgun at the population as a
02:25:36 5 whole.

6 And if you can work with some subsets
7 where people may have either particular loyalty or
8 good feeling about the Government or the Agency it
9 would be helpful.

02:25:45 10 MS. SALISBURY: This is a
11 for-what-it's-worth. One of my former employees
12 just got a job at -- I won't say where at EM, but
13 just got a job at EM. So, I got a call from, for a
14 security clearance, and I wasn't home at the time
02:26:02 15 so my husband took the call for me.

16 And the security clearances have been
17 outsourced. We all have our own outsourcing
18 examples, right?

19 But the security clearances have been
02:26:16 20 outsourced to India. And so my husband told this
21 person that I wasn't home, but he knew the person
22 who was potentially going to be hired.

23 And the question that was asked of

1 him -- The person didn't understand that it wasn't
2 me taking the call. -- wanted to know if the person
3 worked with me.

4 And so my husband, in an effort to try
02:26:39 5 to be nice, said, "Well, yes, he did, but, and it's
6 a matter of public record. You can go look that
7 up."

8 And the person, the security-clearance
9 person said, "Well, is, is there a phone number
02:26:52 10 that I can call the Public Record?"

11 And so my husband, not wanting to, to
12 mess around with this person's chances of actually
13 getting on board, because he knew how long it takes
14 to get on board at DOE, didn't want to argue with
02:27:05 15 the person, just said, "Look, you know, yes, he
16 worked for her.

17 "He was there. Don't worry about it."

18 And that was the end of the
19 conversation. So, that's an anecdote for what it's
02:27:16 20 worth.

21 And we have laughed about that a lot
22 since then. So --.

23 THE CHAIR: Okay. Paul?

1 I guess Paul had one more.

2 MS. SALISBURY: Not a nice thing.

3 MR. DABBAR: I, I just wanted to add
4 one, kind of one minor point. You think about
02:27:34 5 resources and recruiting.

6 I, I just want to say that I agree very
7 much. And I think it's really important to think
8 about where your target is.

9 And I think someone talked about, you
02:27:42 10 know, going over recruiting at, at U-Dub for here,
11 and so on. Recruiting can be a never-ending battle
12 in terms of resources.

13 You can go everywhere. You can go to
14 every university.

02:27:53 15 You know, you can hit people from many
16 different backgrounds in terms of degrees. You
17 don't have time for that.

18 No big, no matter how big your
19 organization, you can't cover every place. And so
02:28:03 20 I, I would encourage you as you think through that,
21 and you talk about target schools and target
22 degrees, you find, you know, once again, working
23 backwards from what you want is obviously a driver,

1 but going to the places in which you're going,

2 going to have a higher probability hit rate.

3 And whether it's someplace local or

4 someplace, you know, around D.C. But if it's an HQ

02:28:26 5 job you're primarily looking at, but whatever it

6 is, you're trying to screen where you think the

7 best is.

8 And then this is an ongoing issue. It's

9 like the next year you look at your acceptance rate

02:28:36 10 for a particular university or a particular group,

11 and see how your, you're story, your opportunity

12 fits, and then adjust as necessary I, I think is a

13 key aspect at manage your resources as you go

14 through that.

02:28:50 15 THE CHAIR: Okay. Well, we're at the

16 end of this session, proving that Parkinson's

17 principle does apply.

18 We, we had 20 minutes of extra time, and

19 now we have three. So, so, -- But I do think the,

02:29:04 20 in all seriousness, we did fill the hour with some

21 very good, first of all, presentations, and

22 secondly presentations that stimulated what was

23 excellent conversation and discussion around,

1 around this very important topic.

2 So we're now at a point where we can
3 take a break. And we have 18 minutes to be back,
4 and so 2:45.

02:29:32 5 And Jack Surash would be -- I'd like you
6 to be prompt because Jack is going to be on the
7 phone at the end of a very long day for him. So,
8 to respect him, we should be prompt.

9 (Whereupon, at 2:29 p.m. PT, the Members
02:29:41 10 took a brief recess and returned at 2:46 p.m. PT,
11 after which the following occurred:)

12 THE CHAIR: Okay, let's reconvene. The
13 time is now 2:45, and we're at that point in the
14 agenda where we're hearing from Jack Surash.

02:47:19 15 And he's the Deputy Assistant Secretary
16 for Acquisition and Project Management.

17 And, Jack, it's Jim Ajello. Good
18 afternoon. Or good evening, I guess, where you
19 are.

02:47:33 20 MR. SURASH: Yes. Good, good day, sir.

21 THE CHAIR: Yeah, right. Okay.

22 We're all assembled and we're back on
23 the Record. And we have your presentation before

1 us, and for the Board's benefit your background and
2 the presentation slides are behind Tab 6.

3 And we are ready to go, Jack.

4 ACQUISITION AND PROJECT MANAGEMENT PRESENTATION:

02:47:49 5 MR. SURASH: Oh, okay. Thank you.

6 Well, I appreciate the opportunity to,
7 to brief the EM, and apologize that I, I could not
8 be there in person, but I'm, I'm attending an
9 Executive Leadership Training course back here

02:48:04 10 that's something very interesting.

11 What I propose is I'll, I'll walk
12 through each slide and, and, and pause if I, if I
13 can hear somebody, or I'll pause at the end of a
14 slide to see if there are any, any comments. I, I

02:48:21 15 think I can pick up the sounds pretty well.

16 Outline of I'm going to cover is, this
17 is, is my first opportunity to brief the Advisory
18 Board, and what I would intend to do is talk about,
19 little bit about organization of this new part of,

02:48:42 20 of the environmental management organization at
21 Headquarters: function, staffing and, and, and
22 initiatives underway.

23 I'm going to go to Page 2. I just

1 wanted to, to point out, you know, where we, where
2 we sit. You know, I'm the, the Deputy Assistant
3 Secretary for Acquisition and Project Management,
4 the box on the right-hand side.

02:49:07 5 My code is EM-50, so if, if I start
6 talking in that kind of lingo, I'm talking about
7 the Acquisition and Project Management
8 organization. This is a new deputy assistant
9 secretary position that was established as a part
02:49:27 10 of the recent organization.

11 I work for the Principal Deputy
12 Assistant Secretary, Charlie Anderson directly.
13 And, you know, my job is to support the, the Chief
14 Operating Officer, Dr. Triey (phonetic), and, and
02:49:39 15 of course, the site managers.

16 That's where the, the rubber really
17 meets the road. I'd point out at the Department,
18 my major interfaces are with the, the Office of
19 Management and two offices within the Office of
02:49:52 20 Management, the Procurement Office and the Office
21 of Engineering and Construction Management, as well
22 as a fair amount of interface with the, the, the
23 General Counsel Office for the, the project and,

1 in, prior to the reorganization. And then lastly
2 the Office of Project Management Oversight headed
3 by Jay Roderick (phonetic).

4 And, and again, that, I think that
02:51:38 5 function existed. It was probably split in a
6 couple of places.

7 So, this org-, this reorganization has
8 unified of all, essentially all the project
9 management items that, that exist at Headquarters
02:51:53 10 are within, you know, this particular office.

11 Go on to Slide 4. What I've listed here
12 are the actual bullets from our, our Mission and
13 Functions charter that, that describe my particular
14 position and, and kind of my interpretation is, is,
02:52:20 15 is my function really, you know, is to, is to lead,
16 manage, and integrate the, the project works, the
17 projects that we're executing by, by Contracts.

18 And I see this as a, as, as essentially
19 a, a, a horizontal business line function that
02:52:35 20 supports all of EM. And, and, and I, I view it as
21 an end-to-end, from the start of a project, from
22 when, when a project is first conceived until, you
23 know, all the way through the, you know, the

1 various critical decisions, the, you know, the, the
2 procurements that support it, ending up with a, you
3 know, a completed EM cleanup project.

4 Slide 5: What I have that, or obviously
02:53:06 5 is a set of, of three slides per office.

6 And, and I'll talk about the functions
7 and, and, and some comments about where I think,
8 where I think we are on implementing those
9 functions, the, the staffing, and then initiatives
02:53:23 10 that are under, underway for, for each office.

11 So, start with the EM-51 Procurement
12 Planning Office. This is the new office.

13 It's, it's essentially focused on, on
14 the preaward activities and what, when you, when
02:53:42 15 you're looking at an acquisition. Once -- You
16 know, what we need to do is, is, is get this office
17 focused on, on really the, you know, the strategic,
18 the long view of, of what, what procurements are
19 needed to support the entire EM program.

02:54:01 20 And that's what a couple of the first
21 bullets are really talking about. You know, this
22 office is the one that would design, you know,
23 particular contracting approaches, whether it would

1 be, you know, potentially a fixed-price approach,
2 a, a, a cost-plus approach and then, and then what
3 particular variety of cost plus.

4 Are we going to use an award fee? An
02:54:26 5 incentive fee?

6 And then, and then, you know, the
7 details of those, you know, incentive arrangements,
8 you know, way up front. This is the Office that
9 would decide -- It may seem like a simple thing,
02:54:41 10 but this office would decide when we need a new
11 Contract to support a project or to support a
12 procurement, or, you know, other circumstances.

13 You know, this Office needs to, to
14 understand how the various incentives that we have
02:54:53 15 in place now are working, you know, so that as we,
16 as we change or put new incentives in place, that
17 we're, you know, we're moving in the, you know, in
18 the right direction. Other things like developing
19 the standard contract language, properly
02:55:10 20 implementing, you know, the, you know, the policies
21 with respect to contractor pensions and benefits.

22 The, the biggest, you know, near-term
23 focus here is, is, you know, setting up a, a, an

1 organization to focus on the, the procuring
2 contracting officer function; to actually look at,
3 at centralizing large procurements at, you know,
4 have this office lead those large procurements to
02:55:43 5 include the, you know, the source selection
6 process, you know, for, for those large
7 procurements.

8 Then last bullet I'd point out, this
9 office is assigned the lead for cost estimating at
02:55:57 10 Headquarters. That for sure really has not come
11 together.

12 But that, you know, in our, in our
13 design there's a, there's a, you know, a
14 requirement to do that.

02:56:10 15 And move on to Slide 6. Looking at
16 staffing, at the time of the -- Well, prior to the
17 reorganization going into effect, the, the, this
18 office was identified to have 11 personnel in it.

19 We've, actually prior to the
02:56:35 20 reorganization, we've already identified a need
21 for, you know, additional personnel. And those,
22 those are shown on the, the bottom there.

23 Those additional 12 would, would form

1 the core of, of, you know, the, the additional help
2 that, that's going to be needed, and, and the
3 specific expertise of, of Contract Specialist, you
4 know, the Series 1102 that would form the, the core
02:57:01 5 of, of the, of the, of the Procuring Contracting
6 Officer organization.

7 You know, going back up to the top, if
8 you were to look at the, the makeup of, of existing
9 personnel that, that ended up being slotted, you
02:57:16 10 know, in this particular office, we have
11 Acquisition Strategy Specialists, you know, Series
12 1101, you know, management analysts, some general
13 engineers, Performance Assessment Specialists, and
14 Environmental Protection Specialists.

02:57:34 15 You, you know, we've, we've, we've
16 definitely identified the need for some -- You
17 know, if we are to fulfill the functions that,
18 that, you know, we're tasked to, we need, you know,
19 we definitely need to add some expertise or, from
02:57:46 20 those contract specialists that we've, that we've
21 identified on the bottom of the chart.

22 Going on to Slide 7, at, at the end of
23 the day, the, the, the fixes and the new procedures

1 that we can, we're going to put in place really
2 boil down to, to, to two, to a focus on people or
3 process, or informational technologies. That's,
4 that's kind of the way we're thinking.

02:58:20 5 Probably our biggest challenge right now
6 is, is recruiting the, the, you know, the
7 acquisition staff, the, you know, that, noted on
8 the, on the prior page. We, we think it's a doable
9 thing, but until it's, until, you know, we get
02:58:37 10 there, you know, we're not there.

11 We're, we're -- We also need to -- The
12 words I used on the second bullet might be a little
13 bit too strong. Maybe "instilling discipline"
14 aren't the right words, but basically we need to,
02:58:53 15 to manage the, the preaward timeline, you know,
16 for, for large procurements.

17 We, we need to, to decide how long
18 things are going to take. There's a lot of, you
19 know, it's a, it's a real integrated team effort.

02:59:12 20 I'm involving the field, Headquarters,
21 and various parts of Headquarters. But it, you
22 know, at, at the end of the day we need to have a
23 schedule, you know, that everybody agrees to and

1 everybody drives to to, you know, to be successful.

2 This, this group also needs to be the
3 one that, that helps drive small-business
4 contracting. And while the, the next office is, is
02:59:41 5 kind of leading that effort at this point, really,
6 the, the Procurement Planning Office is the one
7 that, that, that's really going to have to run with
8 this goal.

9 If we don't, we don't have this office
02:59:53 10 leading the way, then, then we're, we're just not
11 going to produce the, the small-business, you know,
12 the results that, that we're, that we're being
13 tasked to do.

14 The last thing I would say is, is, you
03:00:04 15 know, as we implement the change, the, you know,
16 various changes and, and, and, I, you know, I get
17 the, the right staffing on board, a challenge will
18 be to, to get buy-in to change various processes or
19 related to, to the way that, that we're, we're
03:00:22 20 approaching procurements.

21 I, I see us being able to do that.
22 It's, but it, but it, you know, it's, it's an issue
23 that we will have to pay attention to.

1 Okay, going on to Page 8, this is the
2 second office, Contract and Project Execution.
3 This office is, is essentially focused on the
4 post-award portion of, of our, of our work.

03:00:50 5 So, once a, a contract is awarded, most
6 of this office's efforts are, are on the phase
7 after a Contract is, is awarded. So often
8 interface -- It, it really is with the first
9 office, also.

03:01:06 10 Once interface here, well, but maybe
11 more so with personnel at, at the site. The -- You
12 know, probably a, a, a lot of the workload here has
13 to do with the modifications, you know, cross-req
14 adjustment, things like that that are beyond the
03:01:27 15 warrant authority of a site contracting officer.

16 So that involves, in preparation of it,
17 you have prenegotiation position that, that has to
18 come back to Headquarters for business clearance
19 review. And, and that can be, it could be, you
03:01:45 20 know, adding scope, reducing scope, you know, cost
21 differences.

22 It could be changing the schedule. If
23 it's a, if -- And most our Contracts are, but to

1 the extent that it's a cost-plus-fee type of
2 Contract it could also involve changes to the fee
3 structure, et cetera.

4 So, there's, there's, you know, lots of
03:02:10 5 work on those sorts of modifications that, that
6 this group would, would be looking at from a
7 programmatic standpoint, from a standard-approach
8 standpoint, you know, things like that. As I
9 mentioned before, the, the person, and it's, and
03:02:27 10 it's Kay Rash (phonetic) essentially that's leading
11 our, our, you know, our small business advocacy
12 within EM, and she's a, a member of, of this
13 particular office.

14 I'd say besides the changes and, and
03:02:43 15 request for equitable adjustment and things like
16 that, the, the government-furnished items that GFSI
17 are, are a large concern of this office. There's
18 a -- In a lot of our Contracts there might be
19 materials.

03:02:59 20 There might be -- We might have, you
21 know, Contractor A that is decon-, or de-, doing
22 decontamination, maybe decommissioning of a
23 structure. And, and maybe we might have a, have it

1 set up so that a different contractor would then
2 need to take custody of something and, and actually
3 finish the work.

4 So, you know, we need to do our best to
03:03:24 5 ensure that things that the Government says they're
6 going to provide are, in fact, provided, and
7 provided on time so that we're not impacting, you
8 know, the, the, the, the work in progress. And the
9 last function I would point out, we are one of the
03:03:41 10 few agencies that has a (sic) incumbent contractor
11 workforce.

12 And, and with that, things such as, you
13 know, any changes in policies, or any kind of
14 workforce restructuring kinds of activities
03:03:56 15 generate a, a, you know, a requirement for, for
16 notification and, and briefings and things like
17 that. So, this, this -- You know, we see that as
18 a, as a post-award function, and, and this
19 particular office, you know, has the lead for
03:04:13 20 coordinating and, and tracking, you know, those
21 sorts of matters.

22 Going on to Page 9, EM-52 staffing is,
23 we've got ten billets there. Nine, nine are, are

1 currently filled.

2 You can see the sort of makeup of, of,
3 of the people there.

4 MR. SWINDLE: Humm.

03:04:42 5 MR. SURASH: I, it would be my intent
6 as, as we get vacancies, like we have one right
7 now, I would want to add a little bit of expertise
8 again from the Contract Specialists, you know,
9 professional series to, to just round out the, the
03:04:55 10 expertise that currently exists, you know, in this
11 organization.

12 And looking at initiatives on Page 10,
13 I'd point out that we've, we've started a, a
14 monthly call to, to the sites. It takes about a
03:05:19 15 whole day.

16 This is both the M-51 and the, and the
17 EM-52 group. I think we're on, on about our fourth
18 around of this, and we're essentially looking at,
19 you know, the status of, of both preaward and
03:05:35 20 post-award items, identifying, you know, where
21 things are at, and, and especially trying to find
22 out if there are items that the, the Sites are, are
23 looking for action or guidance, et cetera, from

1 Headquarters.

2 I'm making sure that those, those
3 actions are properly coordinated, and that, and
4 that action is, is, is happening. I, I'd also --
03:06:04 5 Related to the, you know, to our, our view that,
6 that, you know, the, the Procurement Planning Group
7 will focus on the procuring contracting officer
8 issues, and, and this office would focus on the,
9 you know, the post-award issues, we've got a
03:06:21 10 proposal to, to single up the, the head of
11 contracting activity designation.

12 Currently there's, there's four or five
13 HDAs within EM, and we're proposing to, to single
14 that, that authority up, and it would actually be
03:06:41 15 two, two, EM-50 and myself. That, that is in
16 progress.

17 I, I'd say the, you know, there, there
18 have been -- There, there's a number of issues, you
19 know, and actions underway. I'd point out just a
03:07:01 20 couple of the larger ones.

21 In a couple of case we've identified a,
22 a, a backlog of, of some modifications or requests
23 for adjustments at one or more of our sites. And

1 so Barry Smith's group is, is assisting in, in, you
2 know, getting us caught up.

3 You know, as we go forward we want to
4 ensure that any, any kinds of changes, requests
03:07:28 5 from our contractors are acted on in a very timely
6 manner. I mean, that's, that's the, a fair,
7 professional thing to do.

8 We also have the effort going on here,
9 and essentially we're, we're being directed by the,
03:07:40 10 the Congress to take a look at the concept of
11 guaranteed fixed priced remediation. In fact, we
12 have a, a re-, a report to the Congress that is in
13 draft at Headquarters for concurrence.

14 It will be, it will be out next month.
03:07:58 15 And, and essentially what this is about is it's a,
16 it's a fixed-priced effort that, that would involve
17 the Contractor also obtaining a (sic) insurance
18 policy to, you know, to cover the, you know, any,
19 any changes or, or uncertainties related to a, to
03:08:20 20 a, a project.

21 We think this makes sense. We, we're
22 starting off in a, in a small measured way at the,
23 at, at several of our sites.

1 We're, we're also working with the
2 Department of Defense, actually. The, the
3 Department of Air Force has a, has a worldwide
4 contracting vehicle that includes this sort of
03:08:47 5 scope as, as one of its contracting tools.

6 So, besides the Department of Energy
7 using its own contracting ability, we're applicable
8 once this Air Force Contract is underway, we, we,
9 we have already talked with Air Force and we plan
03:09:03 10 on using their contracting vehicle to, to go out
11 and execute this work.

12 So, over the next year we'll, we'll see
13 how it goes. Again, we're going to start off slow
14 with just a, a couple of projects.

03:09:16 15 I don't ever see this getting really,
16 necessarily really big, but I, I think there is a
17 niche in, in, at some locations, you know, for
18 this, this sort, of, of procurement approach. And
19 with that we'll go to Slide 11.

03:09:30 20 That's our, the third office, EM-53,
21 Project Management Oversight. And, you know, as I
22 mentioned before, the, this is, is a very mature
23 function here at, at Headquarters.

1 The, the function was divided over a
2 couple offices before, but, but now we've got the,
3 you know, all the, all of the functions related to,
4 to project management that make sense all in one
03:09:59 5 office headed up, you know, by Dave Roderick, as I
6 mentioned before. So, this office is focused on
7 assisting environmental, the, the, or, or the
8 sites, execute projects in accordance with the, the
9 DOE Order 413, called the "Project Management
03:10:23 10 Acquisition of Capital Assets."

11 This, this Order is probably six or
12 seven years old. It was just recently updated.

13 In fact, I think there's a copy of the
14 updated Order in, in the back of your, of your
03:10:36 15 binders. So, the, the, the sorts of, I mean, the
16 sorts of things this office does is they're
17 involved on a, the project management said from the
18 initiation of the, of the idea that we need a
19 project through all the critical decisions.

03:10:49 20 They work very closely with the Office
21 of Engineering and Construction Management here at,
22 here at DOE Headquarters. I point out the last
23 bullet.

1 This is a, a, a work underway. It's the
2 environmental management integrated schedule.

3 Essentially what we're attempting to do
4 here is to tie all of the schedules for all of our
03:11:16 5 projects at all of our sites, tie them together to
6 the extent that they're related. This, this, this
7 effort's been going on about six months.

8 We just last week published kind of a
9 beta edition of this schedule. It's, it's
03:11:37 10 obviously a very large, you know, prima vera
11 undertaking.

12 It's a lot of work. It's, you know,
13 requires standardization of, of software, of
14 milestones, of approaches.

03:11:48 15 I think this will turn out to be a very
16 valuable endeavor. The sorts of things it will do
17 is it will, will be able to identify just how
18 important from a critical path and a relationship
19 standpoint, let's say, accelerating work at Site A
03:12:07 20 is, versus not accelerating that work and, and
21 using those resources somewhere else to do
22 something different.

23 And so we're real excited about that,

1 and, you know, potentially in a future briefing, I
2 can, I can, you know, you know, show you some more
3 detail about that.

4 Moving on to Slide 12, this office, you
03:12:28 5 know, consists of 18 personnel. We have -- You
6 know, it's, again, pretty well-established.

7 We have one vacancy that we're in the
8 midst of filling right now. Spent a lot of focus
9 on getting our, our project director certified over
03:12:46 10 the last year or two.

11 It's my intent to have the personnel in
12 this office, you know, to become certified to at
13 least Level I, you know, if not higher. And, and
14 we'll be working on that over the next year.

03:13:00 15 You can see the makeup. Great series
16 of, of these folks.

17 These are typically pretty technical
18 backgrounds. Lot of, lot of engineer and
19 scientist-type of backgrounds.

03:13:14 20 Going on to Page 13, Initiatives, at, at
21 the top line, with, with what EM-53 is all about
22 is, is really helping, helping us convert to, to
23 the concept of managing projects. Advice, managing

1 contracts or overseeing contracts.

2 It may sound simple, but, but just that
3 whole simple approach, you know, is very, very
4 powerful. And, and, and -53 is, is help-, helping
03:13:47 5 us to lead the way on that.

6 This office has, has helped with, with
7 external independent assessments. They actually do
8 the prereviews prior to OCM going out and doing a
9 (sic) external independent review for, for, for our
03:14:08 10 projects.

11 Again, we'll -- Since we're very
12 interested in managing projects, that means we have
13 quarterly reviews where we review, where we, where
14 we brief, where we, where our, where our federal
03:14:25 15 project directors from our sites come in and, and
16 actually brief the status of, of all of our
17 projects.

18 I think it was the week before last we
19 just completed, I think it was the fourth, you
03:14:38 20 know, quarterly progress review for our projects.
21 This office also, you know, oversees the, the flow
22 of critical decisions within the Office of
23 Environmental Management.

1 You know, for some of our critical
2 decisions, our Assistant Secretary, Jim Rispoli, is
3 the acquisition executive for, for, for some of
4 the, the, the really large projects. You know,
03:15:01 5 this processing takes us, you know, out of our
6 office and, and up to the Undersecretary or Deputy
7 Secretary for, for approval to, you know, to
8 proceed.

9 So this, this office is, you know,
03:15:15 10 helps, you know, helps, helps with that, with that
11 effort. We have a, in draft a, the, there's a
12 manual that goes with the, with the 413 Order that
13 I, that I mentioned, and this office has developed
14 a, a draft for the, for the Manual.

03:15:36 15 We're going to, to be the first chapter
16 to get published in that, in that Manual. And I,
17 I, again, the last bullet there, and I, I mentioned
18 on the last page the, the integrated schedule
19 effort.

03:15:50 20 And, and again, real excited about that.
21 I think that will be a great, you know, I think,
22 payoff.

23 So, let me take you to the last page

1 now, Page 14. And just point out again, looking
2 at, at things, at the top line from our people,
3 process, information technology standpoint, kind of
4 a near-term issue is, is the, you know, the new
03:16:14 5 positions and getting them filled.

6 Continued focus on, on getting or
7 keeping our, our federal project directors, you
8 know, certified to the extent that they're, they're
9 changing jobs or we get new, new personnel in the
03:16:32 10 system, or, or getting them to the right
11 certification level.

12 We have -- Now, I think Claudia may have
13 briefed you already on some of the executive
14 acquisition training that, that has been held.
03:16:48 15 We've gone through two sessions of that.

16 And the week before last we, we, we just
17 got a, a consultant on board. It's Acquisitions
18 Solutions, Incorporated.

19 We're real excited about that. They
03:17:00 20 have some, some fantastic expertise that, that,
21 that is really going to help us retool our EM
22 procurement process.

23 And so they'll, they'll, they'll be

1 living with us and directly working for me, but
2 supporting Mark Sunderling's (phonetic) group and,
3 and Barry Smith's group, you know, as we, as we
4 look at, you know, how we need to do things
03:17:21 5 different to, to be more efficient.

6 From the, from a, a top-line process
7 standpoint, I think, as Claudia mentioned, you
8 know, somebody that, that is passionate and lives
9 and breathes, you know, acquisition and project
03:17:43 10 management is now at the table with the other, you
11 know, Deputy Assistant Secretaries and Chief
12 Operating Officer and Mr. Anderson and, and the
13 Assistant Secretary.

14 So -- And my job is to, is to point out
03:17:53 15 things and help in any way I can to, you know, to
16 assist. The, you know, the upcoming realignment
17 of, of, of the, of the head contracting activity
18 and the focus on the procuring Contracting Officer
19 and the administering Contracting Officer, I mean,
03:18:16 20 there'll be alot of work with that, you know, as
21 we, as we put that in place.

22 And moving to Information Technology,
23 I'm, I'm a, I think there's a lot that can be done

1 here. You know, most definitely in looking at a,
2 at our preaward kinds of activities, and even our
3 post-award activities, I think there, there's some
4 help that, that some implementation of some smart,
03:18:47 5 you know, web-based sorts of, of applications, you
6 know, I, I'm sure that can help us.

7 I think a, a great example of, of
8 something that we're doing, you know, making use of
9 IT, is the, is the Environmental Management
03:19:02 10 Integrated Schedule, EMIS for, for short, the, you
11 know, the application that I, I mentioned a couple
12 of pages back that Jay Roberts' group is, you know,
13 is undertaking.

14 So, with that let me, let me stop.
03:19:17 15 That, that's, you know, quick and dirty where,
16 where my particular office is at at this point.

17 THE CHAIR: Okay. As, Jack, as is the
18 case with our other discussions today, we have two
19 of our Board members, Brian Estes and Dennis
03:19:42 20 Ferrigno will help us lead a discussion,
21 interactive discussion with you and ourselves
22 around these topics, so why don't we, why don't we
23 begin that?

1 ROUNDTABLE DISCUSSION:

2 MR. FERRIGNO: Brian, let me just first
3 start, and then you.

4 One of the things I do want to comment
03:19:55 5 about, Jack and I talked about this discussion, and
6 that is we would like to leave Jack as the marshal
7 of procurement-sensitive information, okay?

8 So, Jack, would you, if there's anything
9 that you want to cut off, you need to speak up real
03:20:12 10 quick. And I just wanted to say that as an
11 administrative item here.

12 Do you agree with that, Jack?

13 MR. SURASH: Yeah.

14 MR. FERRIGNO: Okay.

03:20:21 15 MR. SURASH: Yes. Yes, and I will be.
16 Thank you.

17 MR. FERRIGNO: Okay. By the way, we do
18 have a, a full room here, and I think a number of
19 people are very interested in this presentation,
03:20:31 20 and may be some of the follow-up.

21 I suspect we will have not just Board
22 discussion, but when we open it for public comment,
23 I, I'm aware of a few people who have already

1 approached us and addressed that they would want to
2 speak on some issues. So, Jack, if you -- Probably
3 we're going take up the whole time.

4 So, just for your timing. Why don't --

03:20:54 5 Oh, yes.

6 And our, our mutual boss is, is in the
7 room. Jim Rispoli is here, too, Jack.

8 MR. SURASH: Okay.

9 MR. FERRIGNO: Dave, you had a comment?

03:21:15 10 MR. SWINDLE: Do you want Brian?

11 MR. FERRIGNO: Oh, Brian, did you want
12 to do an opening?

13 MR. ESTES: No. Go ahead.

14 MR. FERRIGNO: Okay. Okay.

03:21:18 15 MR. ESTES: I've got some specific
16 things, but, no, go ahead.

17 MR. SWINDLE: Okay. Jack, Dave Swindle
18 here.

19 A couple of observations, and I guess
03:21:24 20 comments to get your reaction to. Was, was very
21 interested in the delineation of roles and
22 responsibilities as you were laying them out for
23 Headquarters and the, the, now the, the new three

1 subelements und-, under your tutelage.

2 I guess from a philosophical point, and
3 again coming back and knowing your military
4 background as well, is that from an industry
03:21:49 5 standpoint, you know, corporate headquarters or a
6 headquarters in general, typically, you, you know,
7 we try to keep those into two sort of general
8 functions, enabling those in the field to get their
9 job done, and then oversight, which you have many
03:22:04 10 of those aspects here.

11 It was not clear from what I could
12 delineate, and I realize your organization
13 continues to evolve, is the clear delineation of
14 roles and responsibilities between Headquarters and
03:22:16 15 the field. For example, lessons learned from the
16 past is when the field is closest to where the
17 action is, and therefore should have the closer,
18 let's call it point of control in terms of
19 decision-making or the actions, because they're
03:22:32 20 held accountable with the regulators or whatever in
21 this case.

22 But, you know, we've seen across DOE in
23 the past. There's inconsistent application of,

1 let's say, policy standards, for example;
2 allowability or unallowability of GNA and overhead
3 from corporate reach-back, you know, for the more
4 complex problems where there's uncertainty; for
03:22:57 5 provisions on salary caps where we were talking
6 about human capital earlier; the issue of, you
7 know, the recruiting a very competitive environment
8 for *cost assessments.

9 You know, there, there's a lot more
03:23:10 10 needs than there are skilled personnel; can be
11 those that have the certain sophistications like
12 the project management and the like, and how will
13 labor relations get done, and the precedence on one
14 site and how they apply.

03:23:24 15 So I guess as both of a point of a
16 comment and then the question: Is it your intent
17 and the intent through your leadership to again
18 look at, I guess, strengthening the, the rolls and
19 responsibilities so that there's clarity between
03:23:40 20 who's on first and who's the oversight and the
21 like?

22 Because I just didn't see it come
23 through. So, that's, let me stop there and I have

1 a second question to follow up.

2 MR. SURASH: Okay. And I, I think I, I
3 followed that.

4 Yes, I think a, a, you know, something
03:23:58 5 I'd say for the, you know, for, for my entire
6 function, you know, I'm, I'm, looking for
7 implementing a standard, standard approaches, and
8 we want to be different, you know, when we need to
9 be different.

03:24:15 10 I'm also very strong on, on knowing that
11 we're, you know, that the, the, most of the work
12 is, is getting done out in the field, so we need to
13 support the field. I would see us operating, you
14 know, as a, a, kind of an integrated, you know,
03:24:31 15 project team kind of concept.

16 There are difference at, at, you know,
17 I'm smart enough to know there are differences
18 between the sites. I, I'm going to, you know, rely
19 on the site manager to, you know, do, and respect
03:24:46 20 the site manager's, you know, opinion and, and, you
21 know, you know, as we move along.

22 MR. SWINDLE: Okay. The, the other part
23 of the question, and, and again it's, it's who owns

1 the acquisition schedule?

2 And, and I guess this is one coming from
3 an industry perspective. And it's not just limited
4 to Department of Energy.

03:25:06 5 It's Department of Defense and other
6 agencies, is that as the Federal Government relies
7 more and more upon the contracting community to be
8 its primary resource tool, and, of course, DOE is
9 the largest on percentage budget basis that

03:25:23 10 subcontracts out, is to invest.

11 And, and again excluding the M&O, which
12 has a little bit different characteristic, but to
13 invest in acquisitions is a precious reallocation
14 corporate strategy for anyone making decision to
03:25:38 15 bid of how much money they're going put out

16 relative to investing. But what's the
17 predictability of getting a Decision?

18 We've observed, and, and I know it was
19 Jim, who's sitting here, too, when, when you first
03:25:52 20 briefed the Board right after your confirmation,
21 there was a, a, quite a laundry list, I believe
22 eight, if I remember, at least if the schedules had
23 to be fully fulfilled, eight acquisitions that

1 would have had to been done in 2006.

2 And obviously resource-wise that was not
3 practical. It was narrowed down to a smaller
4 subset.

03:26:16 5 And industry has certainly been standing
6 up, you know, relative to prepare for that, not
7 just including here at the Hanford site, but
8 Savannah River, and Oak Ridge, and elsewhere. And
9 I guess the, the question that certainly concerns
03:26:29 10 me from a business standpoint is the concern on
11 reliability of the acquisition schedules.

12 You know, many, many -- And it's, again,
13 in an effort to be more generic here for giving the
14 specifics, being at the Hanford site, but it's hard
03:26:44 15 for industry to respond if it's not clear if
16 there's ownership of that schedule, and, and there
17 can be confidence that it will be followed through.
18 Because there's a lot of opportunities competing
19 for industries, again, resources in the
03:27:00 20 marketplace.

21 So, a comment and a question.

22 MR. SURASH: Oh, okay. I, I, I would
23 first of all say this is a, I absolutely agree this

1 is a, I mean, this is a critical area. I am
2 personally not happy with the, the, the status of,
3 of this whole subject.

4 It is, it is -- The schedule issue is
03:27:21 5 not solved yet. But I, I would, you know, intend
6 to, you know, take a very strong role and feel
7 ownership in our future, you know, schedules, again
8 working in an integrated team fashion with, with,
9 you know, the sites, with the Office of Procurement
03:27:47 10 at Headquarters, with General Counsel, and, and
11 others at Headquarters, you know, that, you know,
12 that are involved in the, you know, in the process.

13 I want to get to a point at some point
14 in the future where things are a whole lot more
03:28:04 15 visible with respect to our procurements. I would
16 want to be able to, you know, publish the, the
17 general timeframes of procurement so that
18 businesses will have a, an idea of what we're
19 looking at, you know, two, three, four, five, six
03:28:23 20 years from the future.

21 I mean, I, I spent some time in the
22 private sector so I, I know about, you know, I, I,
23 I know, okay, I've had some experience in, in, in

1 what it's like to be on the other side of the fence
2 and the, you know, the, the negotiations for
3 partnering and teaming and, and what overhead's all
4 about.

03:28:45 5 So I'm very sensitive to that. And I
6 want, I want to get to that point as, you know, as
7 quick as we can.

8 It's not going to be overnight, but
9 that, you know, that, that would be my intention,
03:29:00 10 you know, as we go forward.

11 MR. SWINDLE: Just in a closing remark
12 and turn it back over to Dennis and Brian is that
13 at least we get personal observations that, you
14 know, if it's, if there's a delay, the field can
03:29:15 15 blame it on Headquarters; Headquarters can blame it
16 on the Field.

17 Just encourage you and, and, and Jim to
18 take on clear delineation who has the ultimate
19 ownership, and then consequences if that ownership
03:29:28 20 does not get fulfilled.

21 MR. FERRIGNO: Thank you, Dave.

22 Brian?

23 MR. ESTES: Yeah.

1 Hi, Jack. This is Brian Estes.

2 MR. SURASH: Hello, sir.

3 MR. ESTES: I have a question for you.

4 What is the relationship that you have with the DOE
03:29:42 5 Office of Procurement?

6 Is, is there -- Do they have an
7 oversight function of your operation, or are there
8 some functions that, or decisions, whatever, that
9 must be passed on to them for final determination?

03:29:59 10 MR. SURASH: Tom, that office, the, the
11 senior procurement executive is, is the head of, of
12 that office. So the, you know, procurement
13 authority emanates from the Secretary and is, is
14 delegated to, to MA-60, and, and then to the, the,
03:30:20 15 the, you know, the heads of our contracting
16 activities, and to the, and to the contracting
17 officers.

18 That -- It's a -- There is a, you know,
19 essentially any transaction that is over the
03:30:36 20 delegated authority, the delegated, you know,
21 contracting officer authority, you know, has to
22 circle back, you know, to that office for, for
23 business clearance review. And that's prior to

1 the other people that have to process it includes
2 both the Office of Procurement and the Office of
3 General Counsel.

4 And, and part of what we're trying to
03:32:23 5 correct is to provide a, an advocate at EM
6 Headquarters for all of these procurements that are
7 all over the complex that has not heretofore
8 effectively existed. And so Jack has developed a
9 schedule that shows -- It's a, just a single-bar
03:32:40 10 schedule of, of schedule and then actual.

11 And it's an interesting concept for some
12 offices not used to this to see, "Okay, this is
13 supposed to come in to me on August thirtieth, and
14 I, I have two weeks to get it back to the next
03:32:55 15 office so that Jack can then manage it," because
16 where we are today, I think Jack said he is less
17 than satisfied, or used something like that, a, a
18 nice euphemism for it.

19 But the problem is, in the absence of a
03:33:10 20 schedule, well, no one feels any, no one feels any
21 compulsion to meet any specific date because
22 there's no scheduled date to meet. And so we're
23 just getting this off the ground.

1 Jack is in the process of getting buy-in
2 from both offices that are not internal to EM so
3 that we can be a more effective advocate at the
4 Headquarters for the field procurements. Now, the
03:33:34 5 ultra objective, as Jack indicated, we want to set
6 up this PCO organization, because, at a place like
7 Hanford, for example, it's been years since they've
8 done a major contract procurement here.

9 And so the expertise cannot be sustained
03:33:51 10 across all those years. And they can't keep up, or
11 they forget the Regulations that apply and the
12 policies and things that have to be embodied in the
13 RFP and in the actual Contract.

14 And so the idea is, and this was
03:34:05 15 actually suggested to me by the head of the Office
16 of Procurement Assistance Management, was to set up
17 a PCO organization, which, as you saw, Jack is
18 doing within this EM-51 organization. And by them
19 doing this more regularly, it will be part of their
03:34:24 20 primary job.

21 Then we expect to be able to build a
22 procurement machine that can, that can do this in a
23 better way. And our friends in, in, who are here

1 from the NAPA Committee know this well, that we're
2 working toward getting there.

3 So, we have heretofore not had a central
4 advocate. We've had no schedule, and we've had no
03:34:43 5 procurement machine.

6 And so it's very easy then to, you know,
7 who blames who when these things don't progress
8 along on schedule, because there were no dates to
9 work to. I visited yesterday in the basement of
03:34:56 10 the Federal Building with two teams that are
11 working on the procurements for the Hanford
12 Reservation.

13 And some of the members of the teams are
14 assigned full-time. In fact, one office has three
03:35:10 15 attorneys that are working on legal issues.

16 But for many of them, this is not their
17 full-time job. They have to go back out of the
18 basement to their real office, and deal with the
19 pressures of their everyday work.

03:35:23 20 And that happens at this large site,
21 such as Hanford. But imagine when it's a small
22 site, when the members of these teams are drawn
23 from all over the complex.

1 And all it takes is one or two key
2 members that can't get there, that cannot be there
3 present when it's time to do the function because
4 they have other work to do, and the whole schedule
03:35:43 5 falls apart. So it's, it's both internal to EM in
6 that we have to build the capability to do the job.

7 And it's also we have to build the
8 buy-in from MA, the Office of Procurement, and also
9 GC, that they have their slice of the schedule in
03:36:00 10 order to get to the end point. And I think Jack
11 has put all of the essential steps in place and
12 he's just modestly not really said that.

13 But, but that's where we're going with
14 this.

03:36:14 15 MR. ESTES: All right. Thank you.

16 I think certainly an advocate and a
17 schedule are, are essential to, to even begin to
18 approach what Dave was talking about, determining
19 who struck John and so forth with respect moving
03:36:27 20 procurement along.

21 The second thing I wanted to ask about,
22 Jack, is the EMAB. Who makes that up?

23 Is this DOE personnel?

1 MR. SURASH: Yes. That stands for the
2 Environmental Management Acquisition Advisory
3 Board.

4 And that, that is a, a, an, a, a (sic)
03:36:55 5 Advisory Board to the Acquisition Executive. So
6 let's, let's say we have a -- A Site comes forward
7 with a, a project, and they're, let's say they're
8 at the, the, the, the performance baseline, CD-2,
9 difficult decision.

03:37:19 10 This group so made up of, it's
11 essentially the, the Chief Operating Officer, all
12 the Deputy Assistant Secretaries. It also includes
13 the, a representative from PA&E at, at DOE
14 Headquarters, and a representative from the Office
03:37:42 15 of Engineering and Construction Management,
16 potentially General Counsel, and the Office of
17 Procurement.

18 Jay Roderick's office, EM-53, serves as
19 the secretariat, and essentially when, let's say
03:38:04 20 the Hanford site manager forwards a, a
21 critical-decision package into Headquarters, it
22 would end up with EM-53 for control and
23 configuration and, and handling. And they would

1 send it out for review; obtain comments.

2 When we're ready for a, get, on our way
3 to, to the Acquisition Executive Board Decision, we
4 would hold a, a, a, actually a, a, a crew meeting
03:38:44 5 with everybody, technically everybody in the room
6 except the acquisition executive, to, to give the
7 package to the Deputy Assistant Secretaries and the
8 Chief Operating Officer, others the chance to, you
9 know, to throw out any comments, recommendations,
03:39:00 10 changes, past history, lessons learned, things like
11 that.

12 Once it's through that stage it's
13 scheduled, a formal session is scheduled with the
14 acquisition executive. It could be the Assistant
03:39:13 15 Secretary; it, it could be with the, the Deputy
16 Secretary of Energy, Deputy Secretary Saul
17 (phonetic).

18 We just had a CD-0 and CD-1 session with
19 him about three or four weeks ago for a couple of
03:39:32 20 projects at Savannah River. But that's the
21 function of the, of the EMAB group that we've
22 established at, at, at Headquarters to, to oversee
23 the, the, you know, the critical decision, you

1 know, process for, for the, for all of the

2 environmental management projects.

3 MR. ESTES: Okay, thanks. That's all I

4 have.

03:39:56 5 Tom, did you have a question, comment?

6 MR. WINSTON: Certainly.

7 Jack, Tom Winston. I'm with the State

8 of Ohio.

9 And I, I think I've got a pretty good

03:40:07 10 idea of what EM-52 and EM-53 do. I'm a little less

11 clear on EM-51.

12 I'm going to probably follow up on, on

13 David, David's comment. And, and part of that is,

14 is, you know, it seems -- I'm not an expert on

03:40:24 15 contracting, certainly.

16 But I also know that it, it often is, is

17 either specific contracting, or contracts or

18 contracting in general are blamed for a myriad of

19 ills. And so I know it's very important.

03:40:42 20 But it would appear that, that the

21 blending of field knowledge and then just general

22 contracting expertise is really what's, what's

23 critical. So I just wonder if you might take, you

1 know, an example of a, of a future contract
2 opportunity, and, and sort of talk about how you
3 would work with the Field.

4 And I, and not to be parochial, but an
03:41:04 5 idea that comes to mind, or a, a specific example
6 might be a future D&D contract at Portsmouth, for
7 example, where clearly there's a lot of knowledge
8 from the field that goes into that, but limited
9 expertise in terms of contracting.

03:41:18 10 And I wonder if you might just use that
11 as an illustration to, to share sort of the, of
12 the, of the items on, on Page 5 of, of your
13 presentation, how you would that sort out, and, and
14 who would take the lead in certain areas.

03:41:34 15 MR. SURASH: Okay. Be happy to.

16 Let's say we've got a, we have a new D&D
17 project at, at a site. You know, first of all, you
18 know, in the integrated, you know, acquisition
19 project management kind of an outlook, you know,
03:41:54 20 this, this group would have its eye on this
21 project, you know, starting from the, you know, the
22 critical decision, zero, the, the, essential the
23 mission needs statement that this project does, in

1 fact, it's a requirement in that the Assistant
2 Secretary, or potentially the Deputy Secretary, you
3 know, approves us working on this project.

4 So, from a project management
03:42:20 5 standpoint, the next thing they would be doing is
6 trying to get it to fit into a preliminary
7 baseline, you know, Critical Decision 1. And one
8 of the, one of the many components of, of that is
9 a, is an acquisition strategy document.

03:42:36 10 So, again, you know, whether the, the,
11 the federal project director would be leading this
12 project management effort, I would, you know, EM-51
13 would now want to be working with, with the
14 integrated project team that, that IPT that the
03:42:55 15 site has, and providing guidance and approaches how
16 -- There's -- Yeah, there, you know, the range of,
17 of possibilities with respect to acquisition.

18 So now let's, let's go on to a, a CD-2/3
19 standpoint, where now the acquisition executive is,
03:43:19 20 is, is, is going to okay the actual execution of
21 this project. You know, the, there might have to
22 be a, an update of the acquisition strategy,
23 preparation of a plan.

1 This is off, my vi-, my vision is this
2 is an ITT kind of approach. And, and it continues
3 to be for the entire life of the, you know, the
4 procurement up to award.

03:43:51 5 I would say the lead, you know, once we
6 have EM-51 up and running, we would, would switch
7 to EM-51. Let me just give you an example.

8 I would say that the, the -- I'm
9 thinking probably acquisition at about the, not
03:44:11 10 later than approval of the acquisition plan. We
11 would have a, a, a group in EM-51.

12 If you notice down the staffing sheet, I
13 had some pretty high-graded personnel. You know,
14 I'm envisioning, you know, you know, getting a
03:44:30 15 handful of excepted service folks, you know, EJ,
16 EJ-4s with the right kind of background, and ask
17 them.

18 You know, that, that person that would,
19 you know, eventually lead the source evaluation,
03:44:47 20 the, you know, the preaward that Specialized
21 Contracting Officer, the, the cost-in-place kind of
22 expert, along with all the other talent needed; you
23 know, the, the technical talent which can come from

1 Mark Overton's group, as well as the Field.

2 We probably involved the, the, you know,
3 the field that, General Counsel, you know, folks
4 with that expertise. But, but anyway, that would,
03:45:21 5 for that, but that lead would shift to the, you
6 know, Source Evaluation Board that's now led out of
7 these folks that, that have done this before, and
8 kind of do it for a living that are part of EM-51.

9 I think that would result in a, in a, in
03:45:41 10 a, a, a far faster, potentially less troublesome,
11 less troublesome procurement, you know, timeline,
12 and, you know, getting to the point of, of awarding
13 that procurement. You know, then, then some of
14 our, our, our recent, you know, procurements, you
03:46:04 15 know, have done.

16 That -- So, so this team takes it up to
17 the, you know, the, the award of the effort.
18 Obviously you have a source selection official just
19 like, you know, you do now.

03:46:23 20 That award is made, and it is passed to
21 the Site to, to, you know, for, for execution.
22 And, and now, you know, in the terminology I'm
23 using, you're now in the administrating contracting

1 officer role.

2 And that's the -- And, and that would
3 be, you know, that's the focus of the talent that,
4 that we would have at, let's say, a Portsmouth
03:46:49 5 site. And, and they would go onward and, and
6 oversee the execution of the contract and my, EM-51
7 would, would continue to be involved with, with
8 respect to learning lessons and, and things like
9 that.

03:47:06 10 But in, in my particular Headquarters
11 organization, now, the, you know, the, the EM-52
12 group would, would, you know, would be, would be
13 working with the site manager and assisting and,
14 and things like that.

03:47:20 15 MR. WINSTON: Okay. Thank you.

16 Just one last comment. And, and I, one
17 of the things I did like that I heard you say is,
18 and I would envision it to be sort of a
19 coordinating role, where you may not necessarily
03:47:32 20 have certain specific technical expertise, but you
21 would identify a specific need.

22 And if that means going out, as you
23 mentioned, to Mark Gilbertson's group or something

1 like that, you would be in a, in a sense, the
2 expert in deciding procedurally what inputs you
3 need to the system, but not necessarily having to
4 have the answers.

03:47:55 5 MR. SURASH: Well, yes. Agree.

6 MR. WINSTON: Appreciate that. Thank
7 you, Jack.

8 MR. ESTES: Paul.

9 Lorraine? All right, go ahead.

03:48:06 10 MS. ANDERSON: Thank you.

11 Jack, I'm Lorraine Anderson. I'm a
12 local elected official.

13 Knowing that small businesses are quite
14 versed both in size and abilities, and how

03:48:21 15 important they are to the local community, both in,
16 in economic development and in other ways, could
17 you elaborate on your goals for small-business
18 procurement, and also how you would implement that?

19 MR. SURASH: Oh, okay. Be happy to.

03:48:47 20 Let me first of all say that I am a huge
21 proponent of small business. And I'm not just
22 blowing smoke.

23 I mean, my, my background coming from

1 the, you know, Department of Defense, I'm, I mean,
2 this is just something I'm used to. It's, it's
3 not, it's not new.

4 I've seen it work in a very successful
03:49:03 5 way. So I'm just, from a personal standpoint,
6 letting you know that I'm, I'm a, I'm, I'm a very
7 big supporter of this.

8 And so there's no, there's no learning
9 curve, no convincing that has to happen with me.
03:49:18 10 Where we're at right now is at, at the prime -- We,
11 we really have two levels at the Department of
12 Energy that we can focus small-business talents
13 and, and expertise at. That's the, that's at the
14 prime contracting level and the subcontracting
03:49:39 15 level.

16 At the prime contracting level, our,
17 like right now our goal in FY-2006 and 2007 is
18 award, I think it's 3.3, 3.35 percent of our total
19 procurement dollars directly to, to small-business
03:50:03 20 prime contractors. And we are going to meet that.

21 And that, that equates to, I think is
22 about \$185 million per year. So that's, you know,
23 substantial amount of work.

1 And that, and that's based on money that
2 is actually spent per year. So, if you award a
3 \$200 million contract, you, you only get credit for
4 the amount of money that you, you know, that is
03:50:28 5 spent, you know, per year.

6 As for -- And, and I would like to -- I
7 want to try to grow this. There are, to me there
8 are, are not hurdles, there aren't huge hurdles
9 from a procurement standpoint.

03:50:47 10 I think there are some hurdles, though.
11 And, and I, I think a lot of, a lot of people that,
12 that, that audit us and look at us are, you know,
13 you know, think our, our numbers are awful small.

14 But -- And there, there, there are some
03:51:02 15 differences. But I'm, you know, I want, again, I
16 want, I'm very supportive.

17 And I'm, I'm certainly not the roadblock
18 and I want to do as much as we can. But I would
19 have to say that a lot of our work is really
03:51:19 20 complex and technical, and needs to be, and, and,
21 and can only be safely done in a, to be safely done
22 it has to be done in a (sic) integrated manner.

23 The more con-, the more prime

1 contractors you have, the harder that gets. You
2 know, I've been at Navy bases in my fast career
3 where, where I, I don't even know how many
4 contractors we had.

03:51:44 5 Might have had 20, 25, 30 different
6 contractors at, at a, at a Department of Defense
7 base that was not that hard to, to integrate and,
8 and make happen. It's, it's, it's a different
9 matter, though, at a, at a, you know, environmental
03:52:03 10 management-type of site, you know, to, you know, to
11 do that level of integration.

12 But, but again, we, you know, I'm not,
13 I'm not, you know, standing in the, in, in the way
14 of that. The other -- Another difference is that
03:52:21 15 the Department of Energy is one of the few agencies
16 that -- NASA may be another, but I'm not, I'm not a
17 hundred-percent sure of that.

18 But I'm not aware of any other agency
19 that, that has the incumbent contractor workforce
03:52:38 20 that, that the Department of Energy has. And what,
21 what, what I'm implying here is at a Department of
22 Defense base, it, a contract, a new contractor can
23 come in and hire all the people.

1 -- You know, part of our role is to assist small
2 businesses, and, you know, I'll, I'll, I'll do
3 whatever I can.

4 I, I mean, I can't -- I'm not prom-,
03:54:29 5 promising a miracle overnight, but you can be
6 assured that, you know, I will, as well I can to,
7 you know, to do the right thing. I, I'll just give
8 you a case in example.

9 A, a decision had already been made out
03:54:44 10 at, at a project in Ohio. I believe it is at, at
11 Mound, the OU-1. Look -- It's probably in the
12 range of 30 to \$35 million job.

13 That particular procurement had been
14 briefed, and it actually went through all the
03:55:05 15 various offices at the Department of Energy and was
16 on its way to the, to the Office of Procurement as
17 a, as a, as not set asides. It was just going to
18 be open to anybody.

19 And I looked at it. I talked to the
03:55:19 20 site manager, and, and, and some of my folks, and
21 I, I just pulled the string on that.

22 I said, "You know, gosh. You know, can
23 this work be done by, by small business?"

1 And, and I, the answer I got back was,

2 "Yeah, we think it can."

3 So I said, "Okay. If, if you're, if

4 you're, you know, if you, if you think that there's

03:55:39 5 competition out there, let's, let's set this

6 aside."

7 I think that is a, an active procurement

8 right now that's, that's been set aside for small

9 business. We'll see what the bids are.

03:55:46 10 But it'll, you know, be in the 30s,

11 maybe 40 million, something like that. So that's,

12 you know, just a, kind of a tactical example to,

13 of, that kind of proves the point that, that, you

14 know, I'm a supporter of small business.

03:56:04 15 And we, we will see what we can do to,

16 to, you know, to, to push the business up and to

17 the right.

18 MR. WINSTON: Okay. Dennis, could I --

19 MR. ESTES: Anybody else for him?

03:56:23 20 MR. SWINDLE: I just wanted to add one

21 thing. I think the, you know, listening, Jack,

22 this is Dave again, that one of the difficulties

23 out there is with I would perceive, and it's a

1 departmental-wide issue, is what are the criteria
2 when a small business should be used versus when
3 they shouldn't.

4 Because if you look at the past EM
03:56:41 5 procurements in small businesses, and I, and I, I
6 guess I would disagree with you from one
7 standpoint, that most of the ability of a small
8 business to bid, to bid, depends upon partnering
9 with a large business which brings the technical
03:56:52 10 expertise and competency.

11 And to me, that's, that is not a small
12 business, I mean, at the end of the day, I mean,
13 that could bring a solution to the table. So, I
14 guess, you know, the, coming up with at least some
03:57:04 15 baseline criteria that would say, you know, and
16 again, it could be socio-economic, it could be any
17 number of criteria, is to when is it appropriate
18 for small business utilization versus when it's not
19 would certainly go a long ways towards helping both
03:57:21 20 small businesses be more successful and when they
21 make their limited B&P decisions, versus you know,
22 what, you know, say when -- Well, the whole
23 strategy of the small business I think just needs

1 some, some adult processes to it.

2 I guess I'll end on that.

3 MR. ESTES: Okay.

4 MR. FERRIGNO: I've got a few things,
03:57:40 5 Brian.

6 Jack, this is Dennis. You, in your
7 presentation, have the head of contracting
8 authority coming to a single point.

9 You call it singled-up in the EM-50. Is
03:57:52 10 there any timeline when that will be officially in
11 place?

12 MR. SURASH: I'd say our, a couple of
13 months. I want to make -- You know, I'm, I'm
14 personally ready to, to take it on.

03:58:14 15 I'd like to, to, to have to -- I think I
16 -- Our request is with the senior procurement
17 agency right now. I, I doubt -- I don't think
18 there are any major issues.

19 I, I think there were some, there's some
03:58:26 20 minor issues, you know, you know, that, that need
21 to be worked out. I've, maybe within 60 days.

22 I mean, this is not a, a, a -- I mean,
23 we want to do this at -- We, we, you know, we, we

1 need to take the time and make sure we do it right
2 and transition it. And, you, you know, as
3 appropriate.

4 I hope -- Hopefully my boss there is, is
03:58:54 5 okay with my answer on this.

6 MR. FERRIGNO: Sure, because he's not
7 here.

8 A MEMBER: You can say anything.

9 MR. FERRIGNO: You can say anything you
03:59:01 10 want. It will just get back to you later.

11 MR. SWINDLE: He just stepped out.

12 THE CHAIR: But it's our Transcript.

13 MR. FERRIGNO: The, the next question I
14 have is in the small business conference that Terri
03:59:17 15 and I had attended in June, we had reported that in
16 one of the discussions, John Bashesta, who is
17 Director of Office of Headquarters Procurement,
18 spoke to, stating that DOE's planning more
19 multiple-award type contract vehicles, IDIQ.

03:59:32 20 I suspect he was speaking to maybe some
21 of the other agencies since we have our IDIQs. But
22 it does raise the question: Are we anticipating
23 additional IDIQ vehicles, whether it be small

1 business in this case, or large, or what is the
2 status of our IDIQ contracts?

3 MR. SURASH: All right. In fact, going
4 back to the, the Mound set aside, that is set aside
03:59:58 5 to small businesses that are, you know, part of
6 the, the existing EM IDIQ, you know, Contract that
7 is in place.

8 So we're using the IDIQ. We're just
9 setting it aside for the small businesses that are,
04:00:14 10 that are, that are on that Contract.

11 Let me say that I, I'm going to, I want
12 to talk, I want to do what I can to make use of the
13 IDIQ Contract easier. It's a -- I mean, it's a
14 tool.

04:00:27 15 It's there. There's lots of capacity
16 left on it.

17 So I would, you know, I, I want to use
18 it, one, appropriately. It should, it, it should
19 typically result in a faster procurement so that
04:00:45 20 there's the, the talent that's out there.

21 You know, this, that -- I, I, I would
22 want to, you know, use an IDIQ, you know, where I,
23 you know, where I, I, I, where it made sense. And

1 with res-, to additional IDIQ, I don't have any
2 firm plans to, to put out another IDIQ in parallel
3 with the current one.

4 I've talked -- I don't know how long the
04:01:16 5 current Contract is in force, but we would
6 definitely be, be, you know, reprocurring a, an
7 IDIQ, you know, to replace the current one, you
8 know, when, when it's time to do that. And I would
9 probably be looking to, you know, either one IDIQ
04:01:35 10 or maybe multiple ones with maybe more
11 scopeability, you know, than, than the current one
12 has.

13 And, and maybe we add, would have to add
14 some, you know, just whole separate procurements
04:01:48 15 based on, on what we're looking for. But that,
16 that's the sort of thing that I, you know, we'll,
17 we'll need to be working with our site managers
18 with respect to, to, to what workload they see,
19 and, you know.

04:02:01 20 But it's a good example of kind of the
21 strategic packaging, you know, kinds of
22 considerations that as we move forward we want the,
23 the Procurement Planning Office to get their arms

1 around so that, you know, their job's going to be
2 to have the, a, an, an assortment of contracting
3 vehicles available that, that matches up with the,
4 kind of the workload, the, you know, the approach.

04:02:21 5 But we al-, you know, we want to, we
6 always want to have options, and it's something
7 available, you know, as we need it.

8 MR. FERRIGNO: Okay. Thanks, Jack.

9 Last March, when we were in our meetings
04:02:36 10 with Jim Rispoli giving his briefing, he spoke to
11 the separation at Savannah River of mission
12 critical and mission support-type contracts, with
13 the intent that specialty contractor at Savannah,
14 and possibly the same kind of approach is being
04:02:54 15 considered at Hanford and in Savannah River.

16 Six months has gone by. Any comment on
17 the, the discussion, the discussion we --

18 MR. SURASH: Yeah. I -- Well, I would
19 like to just pass on that.

04:03:18 20 I, I would -- I don't want to -- I don't
21 think it's appropriate to, to provide exact
22 details, other than there's a lot of hard work
23 going on behind the scenes. Great progress is

1 being made, and I would hope to be able to publish
2 a, you know, an official status and projection.

3 The, you know, the plan, the plans
4 underway follow the, the, the strategies that, that
04:03:49 5 everyone that's interested is aware of from the
6 last, from late last year with respect to, to
7 packaging and, and, and things like that. But, but
8 this has just gone slower than, than, than it, than
9 it should.

04:04:06 10 No excuses. It just has.

11 And, but more, more, you know, more to
12 follow on that. And for folks there, they would,
13 the place that this would be put out would be on
14 the, the, the appropriate web sites for the, the
04:04:23 15 Richland procurements and the Savannah River
16 procurements.

17 MR. FERRIGNO: Okay. Jack, we had
18 received from Claudia a presentation of human
19 capital, and it was a good presentation, and a lot
04:04:36 20 of good effort is being done at the human capital
21 level with Fiore's group.

22 One of the comments that was raised, and
23 actually it was my comment, was in the area of

1 human capital, in the future acquisitions. Is it
2 something that, with your contractors, is it
3 something that needs to be visited as far as their
4 human capital, retention of employees and their
04:05:03 5 workforce, and dedication and training and
6 certification, things that you're going through?
7 Is that an example? Is that something
8 in a partnership with your contractor incumbent
9 workforce, something that needs to be focused with
04:05:20 10 regards to plan and execution? It's just a
11 comment.

12 It's not something that I'm asking a
13 response for.

14 MR. SURASH: No, but, but dul-, duly
04:05:32 15 noted. I think that's a great observation.

16 And I, I, I, I don't know to the, the
17 level attention that it's, that it's received, but
18 that, it does require attention so that we have,
19 have the right talent as, you know, as we go
04:05:48 20 forward with our, the, the, with the incumbent
21 contractor workforce.

22 MR. FERRIGNO: Okay, I've got two more
23 questions. All right.

1 You want me to wait? I'll wait.

2 Go ahead, Jim.

3 THE CHAIR: Jack, it's, it's Jim Ajello.

4 I was just trying -- I was listening to
04:06:08 5 your presentation and reflecting upon how you were
6 organized. And, and, and it was revealing in its,
7 in its -- I think you were trying to indicate how
8 you were organized and what you were trying to get
9 done.

04:06:18 10 But what I was trying to get in my own
11 mind straight is what are your sort of metrics for
12 success? How will you know that this is going
13 well?

14 Because this is an area that has been
04:06:30 15 very difficult in the past, so just, just to try to
16 seek the kind of answers, not indicative
17 necessarily of what you may be thinking. But, for
18 example, would a metric of success be that, you
19 know, there is a (sic) X reduction in disputes
04:06:47 20 under contract, or a Y improvement in the cycle
21 time to design a procurement effort and make an
22 award?

23 Or is, you know, are there, are there

1 quantifiable metrics that you yourself have
2 designed for the group's performance that you could
3 share?

4 MR. SURASH: That, that's a, that's a
04:07:10 5 great, a great comment. In fact, I failed to
6 mention in any briefing that, yeah, you know, and I
7 think you're already briefed on this.

8 There's the, a National Academy's
9 assistance, the study of, of EM. And I'm going to
04:07:29 10 be, you know, looking for some, some, some of their
11 expert opinions as well as the, the, the consulting
12 assistance of, you know, Acquisition Solutions,
13 Incorporated, you know, already mentioned.

14 I don't have my arms around this to any
04:07:48 15 great extent yet, but, you know, in the big
16 picture, the, you know, some of the, some of the
17 measures of success would be, you know, are, are,
18 are the critical decisions supported, you know,
19 with what work that needs to be done in the field?

04:08:05 20 You know, are they timely? I also
21 before didn't, didn't mention the, the alignment
22 with, with the budget.

23 I mean, that's a, that's another thing

1 that I, you know, I think I can provide, provide a
2 lot of assistance on. Because once we get to a
3 baseline for a project, you know, I essentially can
4 watch how much -- Well, I'll know at that point,
04:08:33 5 how much funding, you know, is needed for the life
6 of that project.

7 And I can, and I can, you know, point
8 out when I don't think, you know, that the right
9 amount of money is there for the project. You
04:08:48 10 know, I, I can do things like that.

11 But I think in the big picture on the
12 procurement side it would be essentially a metric
13 tied around the, you know, the timeliness of, of,
14 of our acquisitions, you know, the cycle time,
04:09:02 15 absolute, absolutely. You know, once we lock in on
16 a schedule, then, you know, meeting that schedule.

17 And, you know, we need to set reasonable
18 schedules. You know, and I want to get, I want to
19 get to a point in our procurement schedules, you
04:09:20 20 know, based on the milestones, there's a (sic)
21 early, early award date; there's a late award date.

22 So I would, I would want to end up
23 putting those, you know, two dates once we, you

1 know, once we, you know, kind of baseline those
2 schedules. The, the typical kinds of metrics
3 post-award with respect to modifications or
4 requests for equitable adjustment, they, they're
04:09:41 5 over-vague.

6 Timing, you know, how, how many do you
7 have quickly? Are they dealt with?

8 And, and that's as to feedback as to
9 the, it could be a feedback into the quality of
04:09:56 10 your basic procurement vehicle. I mean, you could
11 get mod changes because just the -- It could be
12 driven by funding.

13 It could be driven by, by changed
14 conditions, regulatory issues, you know, et cetera.
04:10:10 15 Or it could be driven by, you know, you have the
16 wrong, the, you know, the, the scope wasn't
17 sufficiently nailed down.

18 The, the, you know, you really used
19 Procurement Vehicle A when you should have used a,
04:10:23 20 a different approach. The things like that.

21 But that's tough. And it's, I
22 appreciate you bringing that up.

23 And it's a that, that's the, you know,

1 definitely, you know, on our horizon to reasonably
2 be in place and, and start tracking those
3 accordingly.

4 THE CHAIR: Thanks, Jack. And it wasn't
04:10:44 5 clear to me in the conversation earlier about
6 small-business goals.

7 You know, it was roughly three point,
8 three and a-third percent, or around 200 million a
9 year with credit given for actual spent. I know
04:10:55 10 that there's a Small Business Office, per se, but
11 somehow do you own that goal as well, or is that
12 something that's more shared as to accountability?

13 MR. SURASH: Well, there's a, a call for
14 the -- The Department of Energy as a (sic) overall
04:11:12 15 goal?

16 THE CHAIR: Right.

17 MR. SURASH: And then each program is,
18 has, you know, has a subgoal. The EM goal is to,
19 you know, 3.35 percent.

04:11:19 20 It happens to be the same goal in '06 as
21 it is in '07. And that will actually be a stretch
22 to, to do that.

23 That's, while it's the same number, it,

1 it's, we're actually going to have to stretch to do
2 it because we've got some small business closure
3 contracts that were, that are really coming to
4 completion, so we're going to stop accruing, you
04:11:38 5 know, any, any credit to those.

6 Yeah, I feel that, you know, I'm in the
7 lead position. But again, I can't do this by
8 myself.

9 I need, you know, I need the other, you
04:11:48 10 know, Deputy Assistant Secretaries', you know,
11 advice and guidance. I need, you know, the site
12 managers' assistance to do this.

13 I mean, this is a team effort. But
14 that, that's kind of how it works.

04:12:04 15 So our goal has, has been set at this
16 point, and I, you know, I, I meet with our, our
17 Small Business Office on a regular basis to, to
18 discuss various matters. There's a lot of, there's
19 a lot of potential changes, you know, you know,
04:12:24 20 potentially in the works.

21 I mean, I think the latest one I heard
22 of is, is, is, I think, that Small Business
23 Administration may be considering not counting any

1 renaissance has been a collaborative nature around
2 how to kind of deal with nuclear issues and
3 problems. And, and frankly, it's more problems
4 than kind of learning about positives, is trying to
04:13:52 5 find out what, what went wrong someplace else and
6 what they would have done differently.

7 And, you know, organizations like INPO
8 and WANO and so on, they're kind of help a help
9 desk. And it's moved from a, a national to a
04:14:07 10 somewhat international basis, since there's not a
11 lot of examples sometimes even within certain
12 boundaries.

13 And, you know, there is, there is
14 certainly a lot of examples, both positives and
04:14:18 15 negatives over the last five to ten years. For
16 example, there is problems right now in Finland
17 about a delivery of a, of a reactor that Areva and
18 Siemens is working on.

19 And the Government of Finland is having
04:14:32 20 some real issues around how that contract is being
21 delivered and what they promised. And a positive
22 is that AECL of Canada delivered on, going back to
23 your fixed-price issue, actually delivered,

1 delivered on time a fixed-price nuclear reactor.

2 And so there, there's positives and
3 negatives that, that have been out there around
4 contracts, around timing, around delivery, you

04:14:54 5 know, within the nuclear sector. And I'm
6 wondering, is there any, you know, given that
7 there's, there, you, you certainly have within,
8 within EM, certain ability to, to look and see what
9 has been successful and what has been problems, and
04:15:10 10 certain of your, of your own internal reviews.

11 But, is there, is there any thought to
12 talking with other organizations that have, have
13 had positive and negative performance around
14 contract management procurement in the relatively

04:15:23 15 recent past?

16 MR. SURASH: Okay, I'll -- Let me try to
17 take that on, and I, and I might need some help.
18 I, I don't know what INPO is, since I'm at nuclear
19 evolution training here.

04:15:36 20 At, I, I was not aware of that
21 organization before. I think I'm, I mean, I'm, I,
22 I'm going to have to depend on, on, on probably a
23 couple of my, couple of the other deputy assistant

1 before, commending the Department to start looking
2 at fixed price with insurance guarantees on what
3 appropriate type cleanup projects and closure
4 projects there might be, recognizing that there are
04:17:04 5 some financial issues with regards to the actual
6 entity's balance sheet, and its ability to secure
7 that insurance are some of issues.

8 But I think as you start developing a, a
9 strategy there and look into those things, and see
04:17:18 10 what both DOD has been doing, and also what private
11 sector has been doing in that area, it's an area
12 that could possibly pay a lot of the fruit and
13 value to the Department.

14 MR. SURASH: Yeah. Let me just also add
04:17:32 15 that, and I, and I did not mention this during my
16 briefing, but we're, we're looking at this at a,
17 you know, to use a, a prime contracting level;
18 i.e., it would be a federal, you know, contract
19 based on a guaranteed fixed-price-remediation kind
04:17:46 20 of approach.

21 And we're also exploring, you know,
22 having this used at the subcontracting level by
23 some of the current, you know, contractors at our

1 various sites. So, you know, we'll, we'll, we'll
2 just have to see, you know, how, you know, how it
3 works out, but it looks very interesting.

4 MR. FERRIGNO: Okay. What I'd like to
04:18:07 5 do now --

6 And, Brian, I guess we have no other
7 components for the Board or discussion.

8 MR. ESTES: No, that's right.

9 MR. FERRIGNO: Why don't we open this up
04:18:13 10 to public comment?

11 MR. ESTES: Sure.

12 MR. FERRIGNO: And there are
13 microphones. And we have someone who's holding
14 mics, so as you come forward, would you just please
04:18:22 15 introduce who you are?

16 Speak loud so Jack can hear. I'm sure
17 he needs to know who's asking the question.

18 And could you please stand and just tell
19 us who you are and, and your affiliation.

04:18:31 20 PUBLIC COMMENT:

21 MS. LARSEN: A little harder to work
22 with my notes. Hi.

23 I'm Pam Larsen. I'm the executive

1 director of the Hanford Communities Organization.

2 And I really appreciate the opportunity
3 to speak briefly with you today on a, and
4 particularly to Mr. Surash. The Hanford

04:18:50 5 Communities is comprised of the four cities, the
6 county, and the Port District surrounding the
7 Hanford site.

8 Hanford Communities have communicated
9 with the Department of Energy over a period of time
04:19:04 10 on our concerns about contracting, and particularly
11 small-business contracting. We're also members of
12 the Energy Community Alliance, and council member
13 Rob, Bob Thompson from the City of Richland has
14 testified before Congress on this topic for the
04:19:21 15 energy communities.

16 We believe that the way to improve small
17 business opportunities within the Department of
18 Energy is through subcontracting goals in future
19 contracts. We've observed that DOE is a complex
04:19:31 20 entity for small companies to do business with.

21 The costs of competing on the FFTF
22 procurement, for example, was staggering for the
23 companies that bid on it, and ultimately no

1 contract was awarded. In contrast, the goal in the
2 River Corridor Contract that was just awarded about
3 a year ago to Washington Closure included
4 requirements for, I believe, over 50 percent of the
04:19:56 5 work to be subcontracted, and the company's doing
6 an excellent job of meeting that goal already.
7 They are ahead of schedule, under
8 budget, and subcontracting very well with, with
9 other companies.

04:20:07 10 Bechtel National, who is building our
11 vitrification plant also has been doing a very good
12 job of not only subcontracting, but teaching
13 companies how to work in a nuclear arena when we
14 had really lost that capability over the years in
04:20:23 15 not building any nuclear facilities in the United
16 States.

17 Our communities believe that you should
18 hire the brightest and best companies to clean up
19 Hanford. We have a self interest.

04:20:36 20 And we believe that the prime
21 contractors currently doing work at Hanford are
22 doing a good job, and should be allowed to bid on
23 future work. We hope that if, for the three

1 upcoming procurements, including mission support,
2 that the Department of Energy will hire
3 sophisticated companies with proven track records
4 to do the complicated work in a safe environment
04:20:58 5 which is fraught with uncertainty and risk.

6 Please don't put the effective cleanup
7 of Hanford at risk at our site to meet a
8 contracting goal. And so thank you again for the
9 opportunity to speak.

04:21:11 10 And with our three Contracts coming up
11 at the same time, it's, it's unsettling for our
12 community at best. And I think you had a chance to
13 see yesterday that tremendous work is being done at
14 Hanford.

04:21:24 15 We're on the right track. Let's keep on
16 it the right track.

17 Thank you.

18 MR. FERRIGNO: Thank you.

19 Anyone else?

04:21:32 20 THE CHAIR: I just want to say there's a
21 Mr. Isaacson (phonetic) who has previously
22 expressed his desire to speak. Is, is he here?

23 (Whereupon, no response was had.)

1 THE CHAIR: I gather not. Okay, let's
2 proceed then.

3 MS. OLIVER: My name is Marlene Oliver.
4 I think I'll wait a couple of minutes until those
04:21:51 5 are passed out.

6 I was asked to bring copies for every
7 member of the Board. I didn't have a whole lot of
8 notice to do this, but I said I would be here.

9 If you have any questions at any time,
04:22:01 10 you can stop me and ask me. I'm probably a little
11 different from most in that my experience is both
12 national and international.

13 So I've attended a number of nuclear
14 conferences around the world. My husband happens
04:22:15 15 to be a nuclear physicist, not that that that's
16 here or there. I don't like understand what he
17 does anyway.

18 But you can skip the first section. You
19 can read my affiliations at the top.

04:22:29 20 I'm used to speaking extemporaneously,
21 not from notes. But I was asked to prepare a
22 Statement, so if you skip Section 1, like I said,
23 you can read that your own.

1 And we'll go -- Except for the first
2 bullet, which says, "Please follow U.S. law."
3 We'll go to the second bullet, which says, "Please
4 base decisions on sound science, not politics."

04:22:56 5 And this has been a thorn in the side of
6 this and other communities for years, if not
7 decades. And I just gave a little example.

8 It might not directly affect
9 environmental management, but it has to do with
04:23:13 10 ALARA. Sound science shows that there are
11 countless studies showing that for certain types of
12 radiation, small doses of radiation actually
13 simulate the immune system.

14 I'm a research biologist by training,
04:23:28 15 and I taught this in Comparative Anatomy 101
16 decades ago. So, those laws, those rules and
17 Regulations, if you work with the NRC, hopefully
18 they will change to, to save the American taxpayer
19 billions of dollars.

04:23:45 20 That's Number 2. If you turn the page
21 and you go to Number 3, I attended a conference in
22 Moscow, Russia, in June of this year entitled
23 "Research Reactors in the Twenty-First Century."

1 There were between 200 and 300 reactor
2 scientists at this meeting. I was an attendee.

3 I did not present a paper. The need for
4 FFTF restart comes up at every single meeting that
04:24:12 5 I attend internationally.

6 These are meetings, everything from
7 spallation neutrons to advanced fuel cycles to you
8 name it. Anything having to do with nuclear that
9 impacts my husband, I usually go to the final
04:24:28 10 dinner.

11 And, and I talked to scientists at one
12 conference in Austria. I was asked to present a
13 paper on medical isotopes, which I did.

14 You have in the DOE record countless
04:24:41 15 letters from U.S. allies, Japan, France, Ukraine,
16 et cetera, from distinguished scientists, including
17 Nobel Laureates, and from many, many physicians who
18 are asking that environmental management supply
19 medical isotopes.

04:24:59 20 I'm not going to go the medical isotopes
21 route. I'm going the environmental management
22 route because that's why you're here today.

23 Waste transmutation. Everyone knows

1 what that means in this room.

2 FFTF is needed for waste transmutation.

3 You talk to any knowledgeable scientist in this
4 field around the world, and they will tell you that

04:25:23 5 FFTF is needed.

6 This was brought up at the conference in
7 Mosco in Russia. And for the umpteenth time I have
8 heard from scientists, "We don't understand why you
9 are working to destroy this reactor. We need it."

04:25:39 10 If you want to help clean up nuclear
11 waste for transmutation of nuclear fuel, you will
12 give the go-ahead to small business or large
13 business, with the funds coming forward to do this,
14 and the expertise to do this to help clean up our
04:25:56 15 environment from nuclear waste. The need for Yucca
16 Mountain will go down by a large factor for their
17 capacity.

18 I thank you for your time and your
19 understanding. And please remember that this is a
04:26:08 20 global problem.

21 These were scientists from Russia asking
22 for FFTF restart to help manage their nuclear
23 programs, not just from the United States. The

1 International Atomic Energy Agency was there, et
2 cetera, et cetera.

3 It makes good scientific sense to do
4 this. Please follow the law and listen to the good
04:26:33 5 science.

6 Thank you.

7 THE CHAIR: Marlene, thank you very
8 much.

9 Anyone else?

04:26:40 10 (Whereupon, no response was had.)

11 MR. FERRIGNO: Mr. Chairman, it does not
12 appear anyone else is coming forward.

13 THE CHAIR: Okay.

14 MR. FERRIGNO: So we'll turn this
04:26:46 15 segment over to you.

16 THE CHAIR: Right. Having no, obviously
17 no other further public comment, I'd like to ask
18 the Board if there's any other business it would
19 like to bring before us today?

04:27:00 20 MR. FERRIGNO: Oh, release Jack.

21 THE CHAIR: Oh, sorry? Oh, sorry, Jack.

22 We're very sorry. It's quite late where
23 you are, and I think it's probably 7:30 or so.

1 Professional Reporter, Certified Conference
2 Reporter, and Notary Public, do hereby certify that
3 the foregoing testimony was duly taken and reduced
4 to writing before me at the place and time therein
5 mentioned. I further certify that I am neither
6 related to any of the parties by blood or marriage,
7 nor do I have any interest in the outcome of the
8 above matter.

9 In witness whereof, I have hereunto set
10 my hand and affixed my official seal, at Lusk,
11 Wyoming, USA, this 27th day of August, 2006.

12

E-signature: D. I. Bunn

13

14

Notary Public

15 My Commission expires January 5, 2007.

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