

**Statement of  
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Deputy Secretary  
U.S. Department of Energy**

**Before the  
Subcommittee on Strategic Forces  
Armed Services Committee  
U.S. House of Representatives**

**September 13, 2012**

Chairman Turner, Ranking Member Sanchez, and members of the Subcommittee, thank you for the invitation to appear before you today to discuss the Department of Energy's oversight of the nuclear weapons complex and the recent security incident at the Y-12 National Security Complex (Y-12). We appreciate the interest and engagement of this Committee and recognize the important oversight role that you fulfill. We also share the Committee's commitment to assure that all of our offices and operations are delivering on our mission safely, securely, and in a fiscally responsible manner — from Washington, DC, to California, from every naval reactor to every warhead, from production to clean-up, from deterrence to nonproliferation.

**Introduction**

Dating back to its origins in the Manhattan Project during World War II, DOE and its predecessor organizations have consistently pursued the development of atomic energy for peaceful and defense purposes, while also safeguarding the health, safety, and security of the public. The Department remains committed to this goal and is deeply informed by its historical legacy, including decades defending the nation through our critical national security responsibilities to sustain a safe, secure, and effective deterrent while combating the proliferation of nuclear weapons to foes and terrorists. We are also committed to fulfill our obligation to clean up the legacy of the Cold War at Environmental Management sites across the country. Thus, nuclear safety and security have been integral to our vital and urgent mission from its inception. We continuously seek to improve our performance in those areas. As the recent incident at Y-12 demonstrates, the Department has at times fallen short of our own expectations and faces continuing challenges in our journey of continuous improvement. This recent incident, as the Secretary has made clear, is unacceptable, and we have taken and will continue to take steps not only to identify and correct issues at Y-12, but across the DOE complex. I will address this incident, and our response, in more detail later in this testimony.

Since its creation in 1999, the National Nuclear Security Administration (NNSA) has served as a separately-organized entity within the U.S. Department of Energy, entrusted with the execution of our national nuclear security missions. Living up to the challenging demands of executing our mission safely, securely, and in a fiscally responsible manner requires daily management through strong, effective, and efficient relationships with our Management and Operating (M&O) contractors. Congressional oversight, in conjunction with oversight by the DOE Office of Health Safety and Security (HSS), our internal, independent oversight body, as well as that of the DOE Inspector General, the Defense Nuclear Facilities Safety Board (DNFSB), and the Government Accountability Office (GAO), contribute to the safety and security of DOE facilities.

The protection of all Department of Energy (DOE) assets — our people, technology, and physical assets, including both nuclear and non-nuclear facilities and other resources — is of integral importance to our mission. The Secretary and I know that, and understand our responsibilities to that mission, in its entirety. Indeed, we have reflected our commitment through our Management Principles, which provide that:

- We will treat our people as our greatest asset;
- We will pursue our mission in a manner that is safe, secure, legally and ethically sound, and fiscally responsible; and
- We will succeed only through teamwork and continuous improvement.

The Secretary has expressed a consistent, unwavering commitment to maintain safe and secure work environments for all Federal and contractor employees. In that spirit, we are determined to assure that the Department's and contractors' operations do not adversely affect the health, safety, or security of workers, the surrounding communities, or the Nation.

DOE's mission includes diverse operations, involving a variety of nuclear materials and processes. We recognize our unique obligations as a self-regulated agency to establish and meet exacting standards for nuclear safety, to maintain robust nuclear safety performance, and to provide rigorous and trustworthy oversight and enforcement of those nuclear safety standards. We must also maintain a safety culture that values and supports those standards, and assures that individuals can freely step forward to voice their concerns related to our safe execution of our mission. Indeed, we encourage them to do so. Only through these actions can we provide adequate protection of our workers, the public, and the environment, while sustaining the public trust and confidence crucial to our ability to fulfill the mission.

To achieve our mission, DOE must strive to excel simultaneously as a self-regulator, as an owner, and as an operator of the facilities in our national security complex. Each of these roles is vital and must be executed with integrity.

### **Roles and Responsibilities for Nuclear Safety and Security within DOE**

The Secretary and I bear ultimate responsibility for nuclear safety and security at DOE facilities. Under our direction, line managers have the authority and the responsibility for establishing,

achieving, and maintaining stringent performance expectations and requirements among all Federal and contractor employees, at DOE labs and other facilities.

Line management is reinforced by the DOE Central Technical Authorities (CTAs), who are responsible for implementing nuclear safety requirements effectively and consistently, providing authoritative nuclear safety guidance, and establishing goals and expectations for subordinate personnel and contractors.

The Department's Office of Health, Safety and Security (HSS) has three discrete functions. First, HSS, in close collaboration with CTAs and line management, is responsible for the development of DOE nuclear safety policy, Federal Rules, Orders, and the associated standards and guidance, as well as for reviewing safety issues complex-wide. The second HSS function is to develop and assist in the implementation of safeguards and security programs that provide protection to national security and other vital national assets entrusted to DOE. The third function is to conduct independent oversight and regulatory enforcement that is independent from line management. On behalf of the Secretary, HSS independently and regularly evaluates contractor and Federal personnel safety and security performance and recommends needed improvements. HSS has broad enforcement authorities in the areas of nuclear safety, worker safety and information security, to include issuance of Notices of Violation and imposition of civil penalties, for contractor violations of Departmental regulations in those areas (for NNSA contractors, HSS recommends enforcement actions to the NNSA Administrator for action). The independence of HSS, which reports directly to the Office of the Secretary, affords HSS the autonomy to exercise its oversight and regulatory role without potential conflicts of interest with those line managers who are subject to its oversight.

By statute, the Defense Nuclear Facilities Safety Board also plays a pivotal role in providing recommendations as well as oversight of safety issues for the Department. The Board makes recommendations to the Secretary of Energy, and the Secretary takes the recommendations fully into account whenever making decisions regarding matters under the Board's jurisdiction.

### **Safety through Standards, Managing Risk, and Integrated Safety Management**

The Department's approach to nuclear safety is founded on a demanding set of standards that capture knowledge and experience in designing, constructing, operating, deactivating, decommissioning, and overseeing nuclear facilities and operations. DOE applies validated national and international standards to the maximum extent possible, because these standards reflect broad input from a large and diverse group of experts. As our management principles state: "We will apply validated standards and rigorous peer review."

Our management principles also require that we "manage risk in fulfilling our mission." This is essential to a robust safety culture, as demonstrated by the 2010 Deepwater Horizon oil spill, which vividly demonstrated the inadequacy of a mere "check-the-box" mentality when it comes to smart decision-making in a complex and hazardous operational environment. Since DOE expects scrupulous compliance with its requirements, managers and workers must recognize

and embrace their personal accountability to meet safety standards, while avoiding a tendency for rote compliance with requirements. In some cases, it may be necessary to raise a hand and ask if another approach could offer a smarter way to assure safety. This questioning attitude must be encouraged.

Integrated Safety Management (ISM) serves as the touchstone of our nuclear safety program. DOE policy requires the Department systematically to integrate safety into management and work practices at all levels so that missions are accomplished while protecting the public, the workers, and the environment.

### **Contract and Project Management**

The Secretary and I are also dedicated to strengthening contract and project management. Indeed, we cannot succeed in advancing our goals for the Department if we fall short in this effort. And, to be clear, safety and security are integral to effective contract management. Safety and security are key performance standards and elements of every contract and extensive oversight is required to ensure stewardship as well as legal and regulatory requirements are met. When we have a safety or security problem, we must fix it, which may lead to increased costs and delays. So building safety and security into the fabric of our programs and our projects from the start and continuously monitoring adherence to safety standards is not just the right thing to do from a moral perspective, and not just the necessary thing to according to our governing laws and regulations,, but it is also the smart thing to do, as stewards of our responsibilities to the Nation and its taxpayers. Our recent experience at the Hanford Waste Treatment Plant bears this view out, and shows that we must pay particular attention to ensure technical and safety issues are promptly reported and resolved, as contract mechanisms and project management actions there may have created circumstances where nuclear safety issues were not appropriately managed.

Pursuant to a request within the Conference Report accompanying Fiscal Year 2012 appropriations legislation, DOE has conducted reviews of five nuclear facility construction projects that each have estimated total project costs in excess of one billion dollars, to determine if they are being managed in a way that could pressure managers or contractors to meet project performance objectives at the expense of adherence to nuclear safety requirements. In that report, submitted in May 2012, we reviewed our acquisition policies and processes to determine if there are systemic issues that might hinder technical and safety issue resolution.

The review found that over the last four years the Department has taken important steps to improve its project management processes, fortifying the foundation for implementing a strong nuclear safety culture at hazardous projects. While the Department has already implemented a number of project management and safety integration improvements, we recognize the importance of proactively seeking additional improvements, such as continuing to strengthen the capability and technical expertise of our federal and contractor staff responsible for project

implementation and execution. We identified several other areas for further improvement, which are detailed in the report.

### **Y-12 Incursion Incident**

On Saturday, July 28, 2012 at 4:30AM three individuals trespassed onto the Y-12 National Security Complex and defaced a building at NNSA's Y-12 National Security Complex in Oak Ridge, Tennessee. The intruders traversed Y-12's Perimeter Intrusion Detection and Assessment System (PIDAS). The intruders' movement was detected, but initially went unchallenged. The Protective Force's delayed response allowed the intruders to vandalize the outer wall of the Highly Enriched Uranium Materials Facility (HEUMF). Following the initial delay, the Y-12 Protective Force detained the intruders. The intruders were later transported offsite.

This incursion and the poor response to it demonstrated a deeply flawed execution of security procedures at Y-12. In response to the incident, we acted swiftly to identify and address the problems it revealed.

These actions — either directly or through the contract for the site — included the following immediate steps to improve security:

- The former head of security from Pantex moved to Y-12 to lead the effort to reform the security culture at the site
- Security functions at the Y-12 site have been brought into the M&O contract to ensure continuity of operations, and moving toward an integrated model going forward;
- The Chief of Defense Nuclear Security for NNSA has been reassigned pending the outcome of a review;
- Six of the top contractor executives responsible for security at the Y-12 site have been removed — including the president and acting president of Wackenhut's Oak Ridge Division;
- The leadership of the guard force has been removed, and the guards involved in this incident have been removed or reassigned;
- The Plant Manager and Chief Operating Officer retired 12 days after the incident;

- Nuclear operations at the site were suspended until re-training and other modifications mentioned above were completed;
- The entire site workforce was required to undergo additional security training;
- Cameras have been repaired and tested, guard patrols increased, security policies have been strengthened, and all personnel have been retrained on security procedures;
- The number of false and nuisance alarms have been greatly reduced, to provide more confidence in the intrusion detection system;
- The Department's Chief of Health, Safety and Security was directed to deploy a team to Y-12 in support of NNSA's efforts;
- Site managers at all DOE facilities with nuclear material were directed to provide their written assurance that all nuclear facilities are in full compliance with Department security policies and directives, as well as internal policies established at the site level;
- A formal "Show Cause Letter" was issued to the contractor that covers the entire scope of operations at Y-12, including security. This is the first step toward potentially terminating the contracts for both the site contractor and its security subcontractor. Past performance, including deficiencies and terminations, will be considered in the awarding of future contracts;
- A senior federal official was deployed to ensure oversight over contractor security operations;
- An assessment was initiated led by Brigadier General Sandra Finan to review the oversight model and security organizational structure at NNSA headquarters;
- An independent HSS inspection of Y-12 was ordered; and
- HSS was directed to lead near-term assessments of all Category I sites to identify any systemic issues, enhancing Independent Oversight performance testing program to incorporate no-notice or short notice security testing, and conducting comprehensive Independent Oversight security inspections at all Category I sites over the next 12 months, using the enhanced program of performance testing.

The series of personnel and management changes I have just described were made to provide the highest level of security at the site and across the DOE complex. To manage this transition, we have brought some of the best security experts from our enterprise to Y-12 to act quickly to redress the security shortcomings at the site. We are also working to make the structural and cultural changes required to appropriately secure this facility. The Secretary and I intend to

send a clear message: lapses in security will not be tolerated. We will leave no stone unturned to find out what went wrong and will take the steps necessary to provide effective security at this site and across our enterprise.

The initial review of this event has resulted in the identification of multiple issues, collectively indicating that systemic failures and a security culture of complacency directly led to the series of events leading up to the protester incursion. Many of these problems and issues should have been known or corrected by officials at the site, NNSA, and according to the Inspector General, those responsible for approving and implementing the Contractor Assurance System. Chief among these problems include the following:

- Maintenance of critical security systems for the protection of Special Nuclear Materials (SNM) was not conducted as a priority to accomplish mission needs;
- The alarm response expectation of the on-duty Protective Force supervisor were inconsistent with written response plans and post/patrol instructions;
- Protection of SNM competed with other priorities; i.e., new construction projects;
- Appropriate communication protocols were not followed and the response to the intrusion detection alarms were poorly executed; and
- Management oversight of contractor's performance was inadequate.
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- HSS is revamping its testing protocols for security systems with regard to frequency and notice.

## **Conclusion**

In conclusion, the security of our Nation's nuclear material is a central responsibility of the Department. We must always remain vigilant against error and complacency and have zero tolerance for security breaches at our Nation's most sensitive nuclear facilities. The incident at Y-12 was unacceptable, and it served as an important wake-up call for our entire complex. As a result, NNSA will use this event to review the security at all of our NNSA sites. The Department is taking aggressive actions to ensure the reliability of our nuclear security programs, and will continue to do so.

Mr. Chairman and distinguished members of the Committee, safety and security are integral to the Department's mission. DOE embraces its obligation to protect the public, the workers, and the environment. We continuously strive to improve upon our safety and security standards and policies to guide our operations, and we hold line management — and ourselves — accountable. We seek to foster an open and supportive safety and security culture, where we

actively seek opportunities to enhance the safety and quality of our operations. We depend on our highly-trained workforce to identify errors and opportunities for improvement, and we strive to integrate safety and security at all levels within our organization. We support a vigorous and active advisory, oversight, and enforcement effort through organizations outside of line management, such as HSS and the Defense Nuclear Facilities Safety Board, to provide further assurance that we are protecting the public, the workers, and the environment.

We view these commitments as central to our core mission in support of the President and to the Nation. We feel the weight of the history of so many distinguished Americans whose stewardship of our nuclear enterprise contributed greatly to our success in deterring aggression throughout the Cold War, and continue to defend our freedoms and oppose our potential adversaries to this day.

I would be pleased to answer any questions from the members of the Subcommittee.