U.S. DEPARTMENT OF ENERGY

Environmental Management Advisory Board
Public Meeting

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Assistant Secretary

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Henderson, Nevada

Leveraging strategic investments to meet compliance and maintain cleanup momentum

Environmental Management: A National Responsibility

- We reduce risks and protect our workers, our communities and the environment through cleanup
- Our work is urgent and essential to the health and economic vitality of our communities and the nation and positions our Sites for future missions and use
- Our mission is not discretionary - it is a congressional mandate to D&D the gaseous diffusion plant under the U.S. Energy Policy Act of 1992 and a federal obligation to address the cold war environmental legacy cleanup and honor our regulatory commitments
- Time is not on our side – costs and risks increase over time
- We have demonstrated value for the American Taxpayer by delivering significant progress in the past several years in reducing risks and the overall liability - but our work is not done
- The Environmental Management portfolio is one of our nation's largest liabilities - we have a responsibility to relieve future generations of this environmental and financial liability

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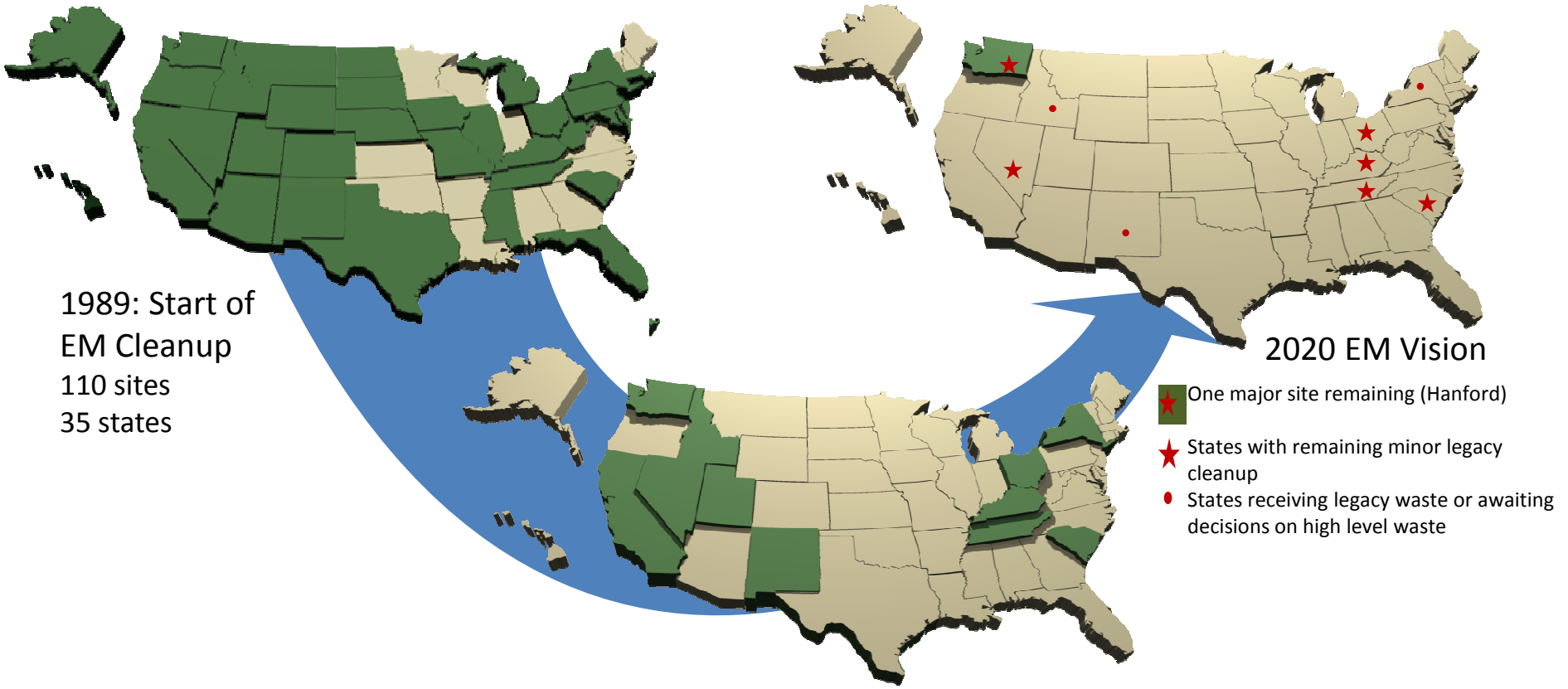
30 Years of Progress



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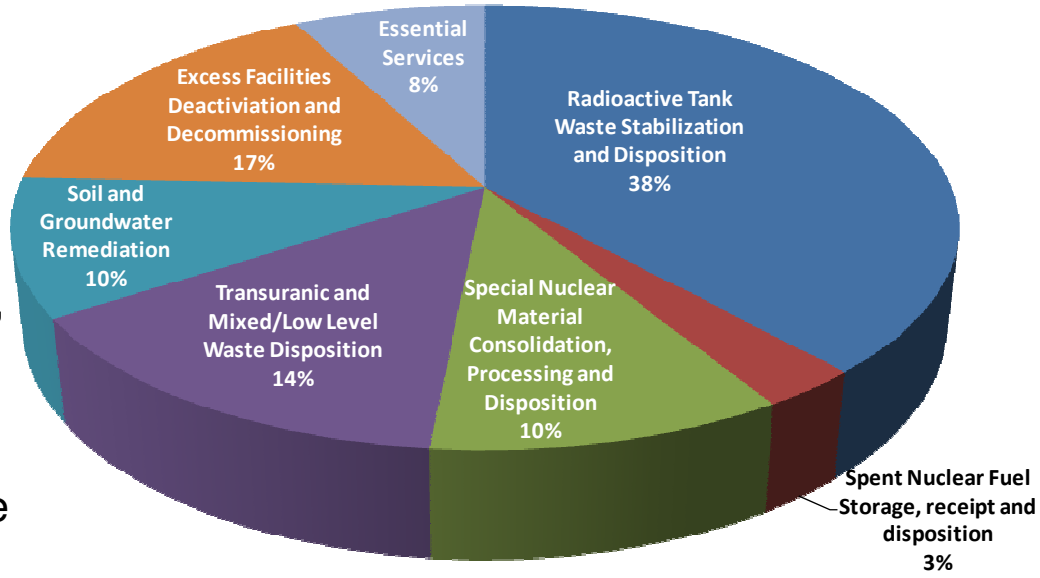
Program Priorities

- Essential activities to maintain a safe, secure, and compliant posture in the EM complex
- Radioactive tank waste stabilization, treatment, and disposal
- Spent (used) nuclear fuel storage, receipt, and disposition
- Special nuclear material consolidation, processing, and disposition
- High priority groundwater remediation
- Transuranic and mixed/low-level waste disposition
- Soil and groundwater remediation
- Excess facilities deactivation and decommissioning (D&D)

FY 2012 Budget Request



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Economic Benefits from EM Cleanup Mission

- Received $6 Billion in Recovery Act funds
- 9,362 jobs created/saved with Recovery Act funds
- $3.7B of Recovery Act funding paid to date
- $1.8B in Recovery Act prime and subcontracts awarded to small business*
- $1.7B out of $6.1B in Base prime and subcontracts awarded to small businesses in FY 2010
- $7B in future savings and cost avoidances

**As of 9/30/2010*

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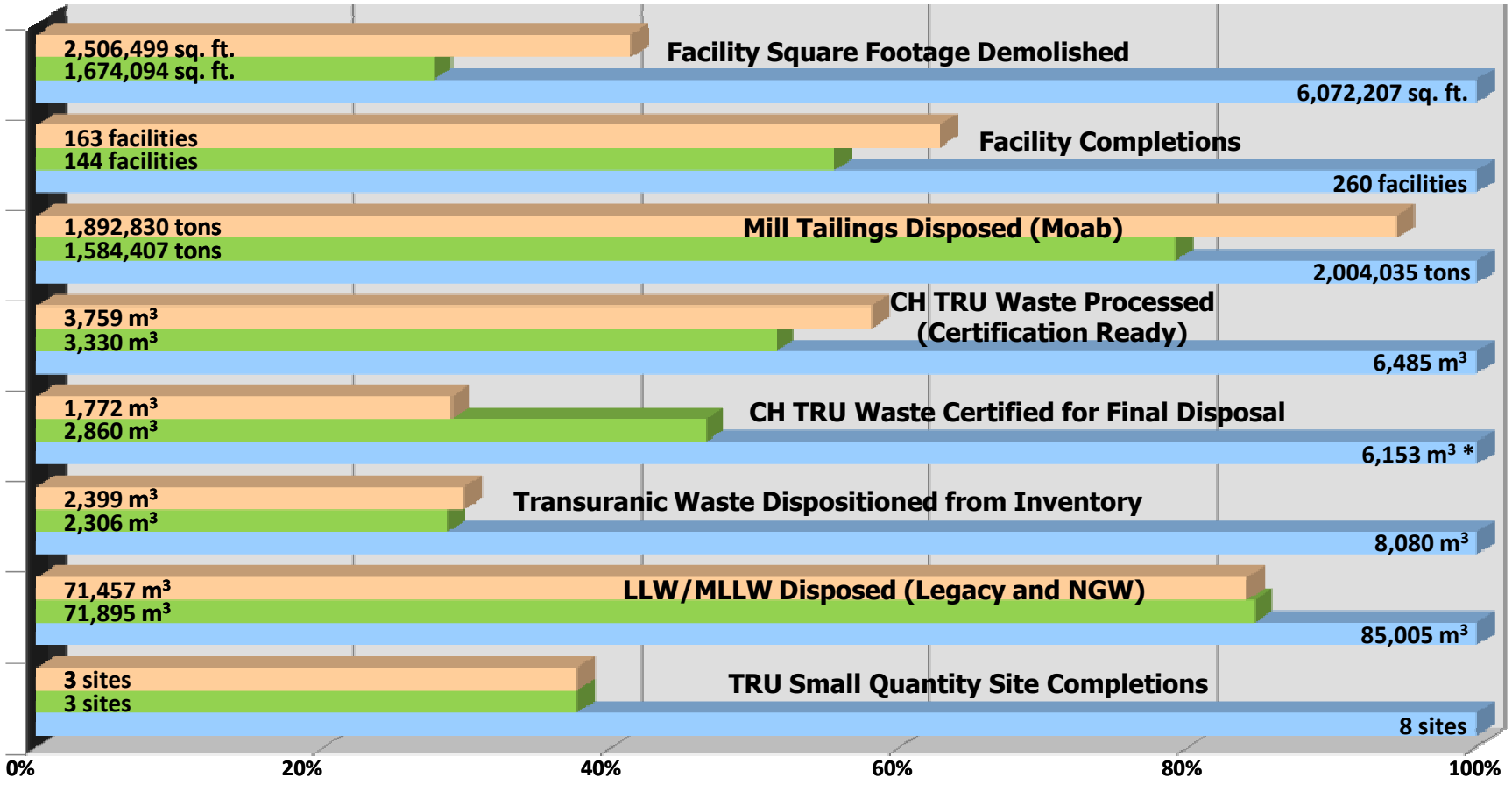
EM Recovery Act Key Performance Metrics



Actual to Date (1/31/11)
Target to Date (1/31/11)
ARRA Total

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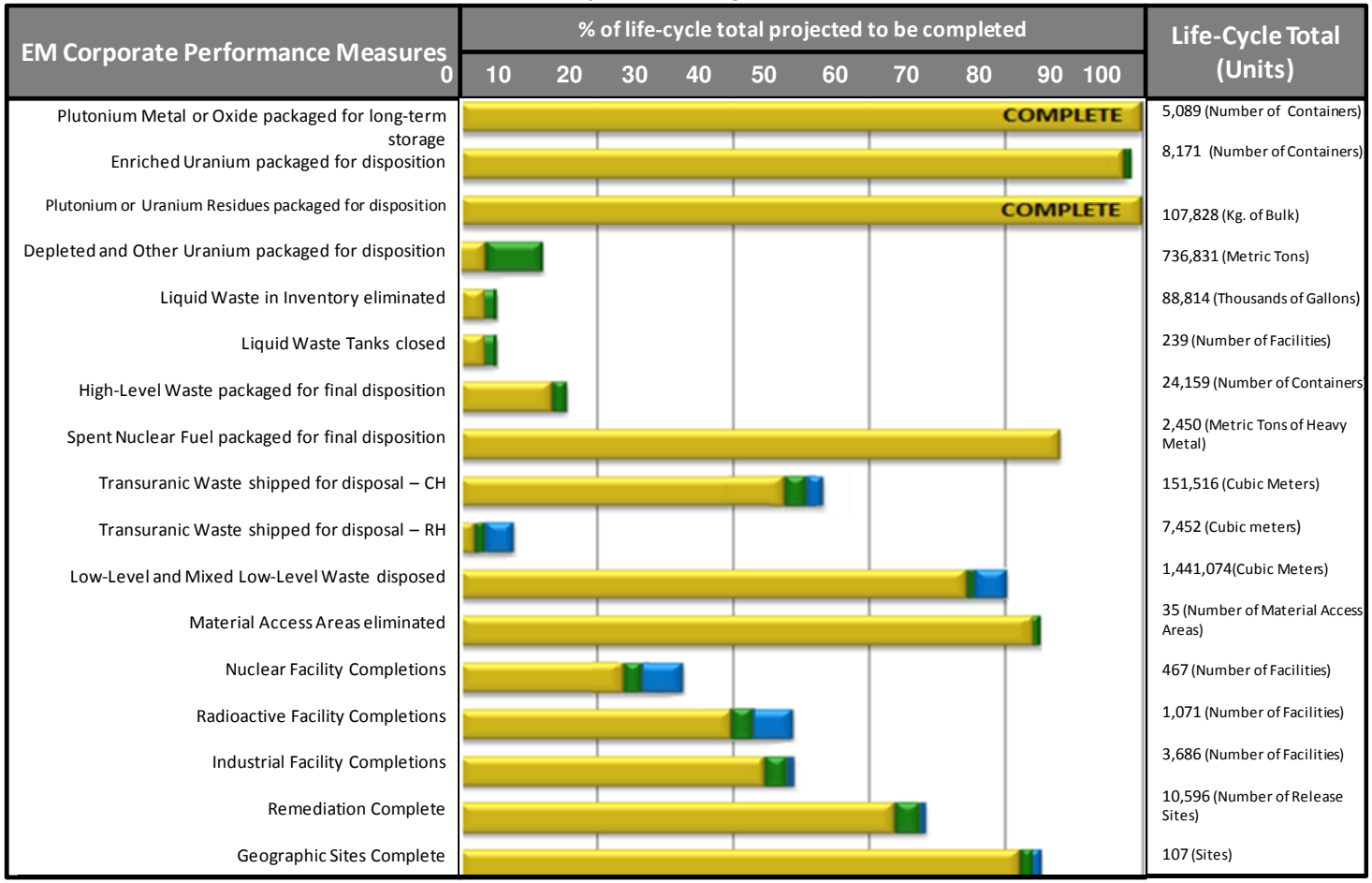
Corporate Performance Metric Life-Cycle Chart

Completions through FY 2012



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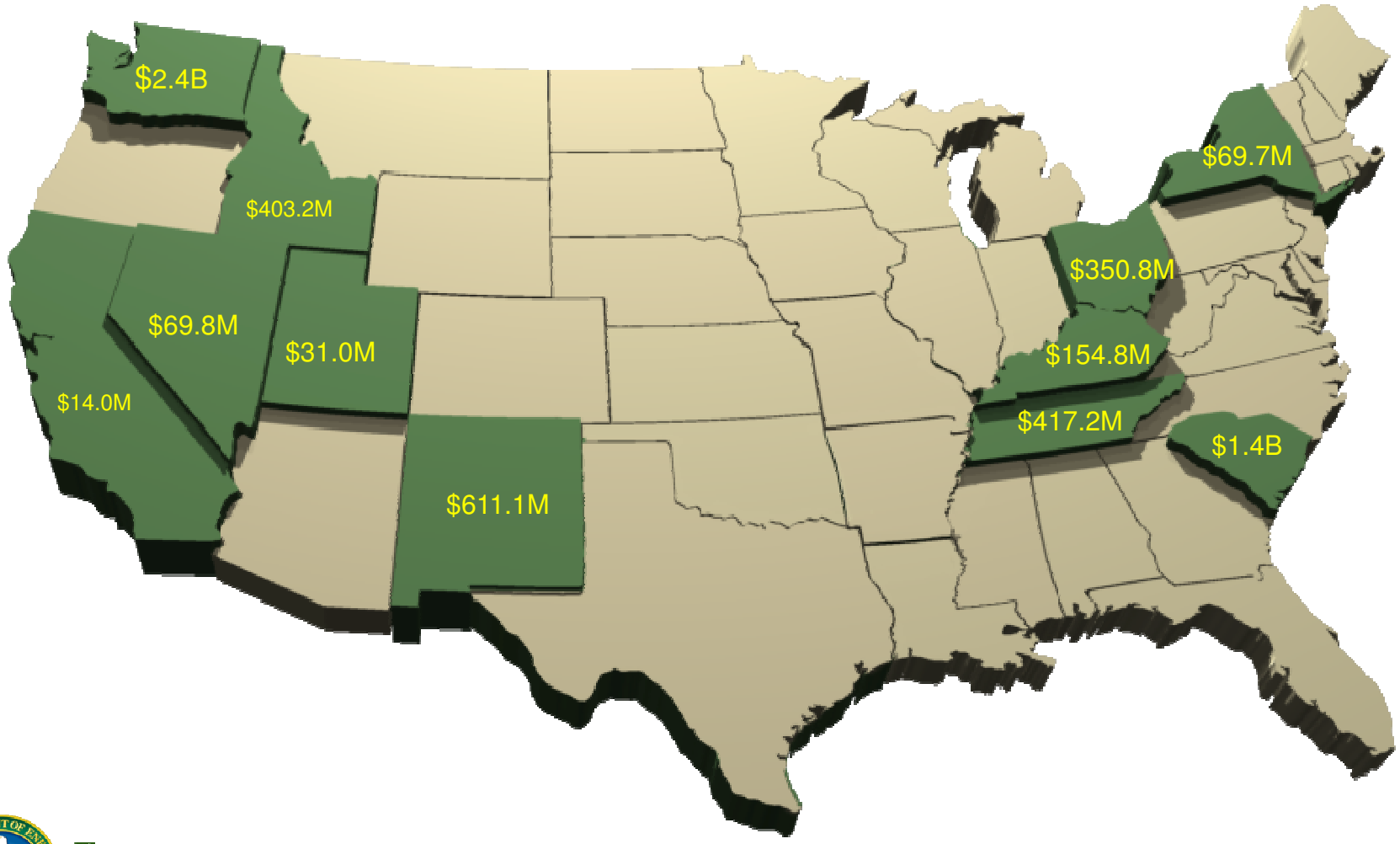
Funding by State (FY 2012 Congressional Request)



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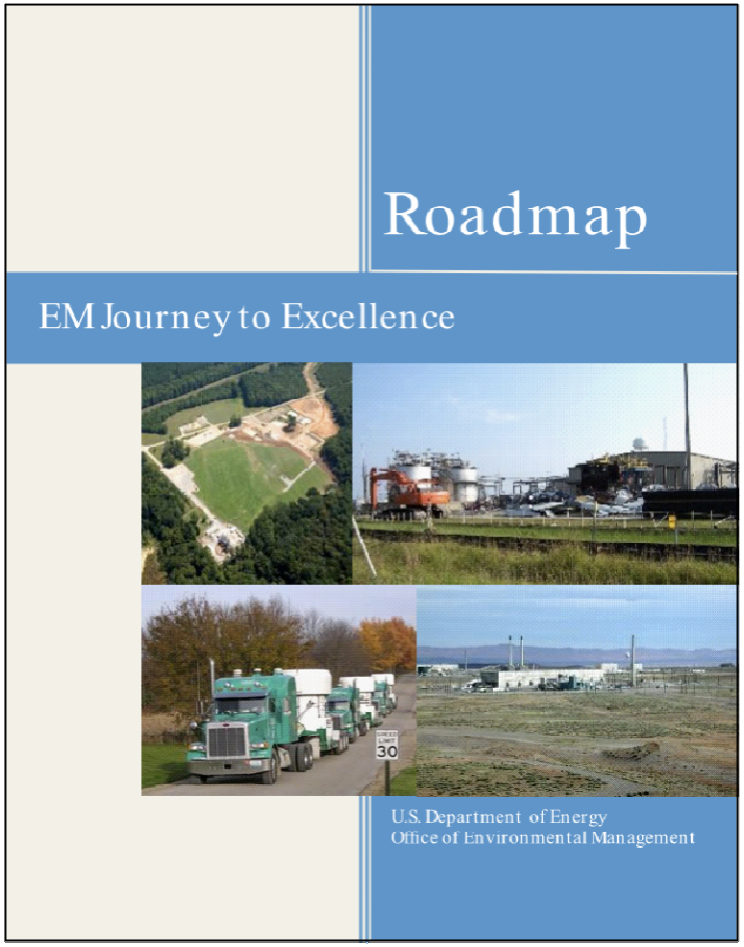
EM's Journey to Excellence



1. **Complete the three major tank waste projects within the approved baselines.**
2. **Reduce the life-cycle costs and accelerate the cleanup of the Cold War legacy.**
3. **Complete disposition of 90 percent of legacy transuranic (TRU) waste by the end of 2015.**
4. **Reduce the EM legacy footprint by 40 percent by the end of 2011, leading to approximately 90 percent reduction by 2015.**
5. **Improve safety, security and quality assurance towards a goal of zero accidents, incidents, and defects.**
6. **Improve contract and project management with the objective of delivering results on time, and within cost.**
7. **Achieve excellence in management and leadership, making EM one of the best places to work in the Federal Government.**

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Goal 1: Complete the Three Major Tank Waste Projects

- Use best scientific resources
- Provide necessary tools
- Establish an integrated design/engineering testing and commissioning framework
- Use Construction Project Reviews (CPRs)
- Align contract fee with completion of each capital asset
- Develop a Code of Record, only accept significant changes

Key Strategies

- <10% variance for project cost and schedule performance indices
- 90% of CPRs are performed as scheduled with successively fewer recommendations
- 90% of associated Corrective Actions finished within six months.
- Interim success parameters

Key Success Indicators

Three Major Tank Waste Projects:

- Savannah River Site – Salt Waste Processing Facility (SWPF)
- Hanford – Waste Treatment Plant (WTP)
- Idaho National Laboratory – Sodium Bearing Waste Treatment Facility (SBWTF)

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Goal 2: Reduce Life-Cycle Costs and Accelerate Cleanup

- Prioritize funding spent on technology development and deployment (TDD)
- Evaluate input from expert groups (NAS, EM-TEG, EMAB)
- Demonstrate the benefit of deploying state-of-the-art technologies and/or more effective strategies

Key Strategies

- EM Enhanced Tank Waste Strategic Investment Portfolio accelerates the tank waste cleanup schedule by 6 years at Savannah River and 7 years at Hanford, and reduces EM's life-cycle cost by $3 billion at Savannah River and $16 billion at Hanford
- By the end of 2011, demonstrate the benefit of deploying state-of-the-art technologies and/or more effective strategies.
- By the end of 2012, Hanford and SRS baselines reflect the new transformational technologies required

Key Success Indicators

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Goal 6: Improve Contract and Project Management

- Improve and expand the use of independent reviews
- Strengthen the integration of acquisition and project management
- Complete restructuring of the EM cleanup portfolio into capital projects and operations
- Become a stronger owner
- Develop EM's ability to perform Independent Government Cost Estimates and Reviews
- Provide training in contract and project management

Key Strategies

- Obtain EM removal from the GAO High-Risk List
- Project cost performance indices are between 0.9 and 1.15
- Approve contract performance baselines and change orders within 180 days
- Maintain project and contract alignment
- Implement partnering agreements for all major contracts
- Projects have certified FPDs and contract specialists

Key Success Indicators

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Goal 7: Excellence in Management and Leadership

- Benchmark best-in-class agencies and develop improvement plans
- Utilize surveys to focus on key management and leadership attributes
- Create an EM Continuous Improvement Program

Key Strategies

- Performance improves as measured through regular reviews
- Positive trends in employee surveys

Key Success Indicators