



The Secretary of Energy
Washington, DC 20585

April 19, 2007

The Honorable Joe Barton
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515-6015

Dear Congressman Barton:

Thank you for your January 29, 2007, letter regarding security issues related to the National Nuclear Security Administration (NNSA) complex and the need to take action to improve security at the Los Alamos National Laboratory (LANL).

As you may know, on January 31, 2007, I testified before the House Armed Services Subcommittee on Strategic Forces on the NNSA Act. In that hearing, I testified that while certain elements of the NNSA Act present obstacles to management success across the weapons complex, that I do not believe legislation is necessary at this time. The Department of Energy is actively working solutions to the questions you raised. When I identify issues that cannot be overcome, I will ask Congress to consider changing certain provisions, as I did last year when I sent up language that consolidated the two different counter intelligence offices.

In regard to correcting the issues at LANL, we are working closely within the Department and with the new management team, Los Alamos National Security, LLC (LANS) to ensure that comprehensive and sustained security improvements are made at this laboratory.

With respect to your first recommendation, I have directed the Office of Health, Safety and Security (HSS) to increase the frequency of our independent oversight inspections of safeguards and security, cyber security, emergency management, and environment, safety, and health. HSS is planning to conduct an inspection of environment, safety, and health matters and a follow-up inspection of cyber security later this calendar year. Further, HSS will conduct a full review of cyber security, safeguards and security, and emergency management next year. Our increased frequency of independent oversight inspections will continue until we are fully satisfied that LANL is performing at acceptable levels.



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In addition, the NNSA Associate Administrator and Chief for Defense Nuclear Security is implementing a "no-notice" inspection program that will significantly increase Federal oversight of day-to-day security operations at Los Alamos. We intend to apply this oversight model to other NNSA sites as well.

Regarding your third recommendation, LANL has proposed and NNSA has approved a new consolidated vault-type room (VTR) concept to create classified matter storage and processing centers that will reduce the number of security areas and enhance the accountability and control of classified matter. LANL plans to close three Weapons Engineering Division VTRs immediately, three more by the end of April, and another five by the end of FY 2007, a reduction of 50 percent. This division is also on track to further reduce its CREM holdings 90 percent from 364 to a dozen or so pieces in the near term. The Weapons Physics Division currently has six VTRs and will close half by the end of FY 2007. These reductions are just examples of progress that will reduce security risk without reducing the productivity of our scientists and engineers.

We are also considering recommendations two and four to further consolidate security activities and to put more of the day-to-day security management into the hands of security professionals. I personally met with the LANS Executive Committee regarding LANS's handling of the security incident involving classified information being removed from the laboratory. In the coming months, Mr. Thomas P. D'Agostino, NNSA's Deputy Administrator for Defense Programs, will meet regularly with members of the Executive Committee to review their plans to significantly improve the security culture at LANL. Additionally, the Chairman of the Board of Governors, Mr. Gerald L. Parsky, will call me with regular updates on actions that the Board is taking with its member organizations to implement security improvements at the laboratory.

I want to emphasize that I agree with your fifth recommendation, and the Department is, or will be, evaluating all available enforcement and contractual options with respect to LANS and against the University of California (UC). We have conducted an investigation of the events and an analysis of the facts is ongoing. The Office of Health, Safety, and Security recently held enforcement conferences with LANS and UC to discuss the event and to learn their respective understanding of the facts, any mitigating or aggravating circumstances, and the nature and schedule of corrective actions planned or undertaken. This information will also be considered as part of the ongoing enforcement action analysis. I am unable to provide further details at this time due to the ongoing nature of the enforcement action. However, I anticipate the Department will complete its review of this event in the near future. I will be happy to update you at that time.

Both the UC and LANS contracts contain a "Conditional Payment of Fee, Profit, or Incentives" clause that allows for the reduction of earned fee for performance failures related to the safeguarding of classified information. Depending on the extent and severity of the failures and other considerations set out in the contracts, the Contracting Officer can reduce or eliminate the contractor's earned fee for particular performance evaluation periods.

I want to assure you that I take the security program at LANL and at all DOE sites very seriously. I fully intend to make use of all of the management tools available to me, consistent with the terms of the LANS contract, to ensure that the security program at Los Alamos fully meets our expectations over the near and long term.

If you have any further questions, please contact me or Mr. Eric G. Nicoll, Acting Assistant Secretary for Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Saw", written over a horizontal line.

Samuel W. Bodman

cc: The Honorable John D. Dingell
Chairman
Committee on Energy and Commerce