

Statement of J. Greg Meyer
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On
Nuclear Weapons Complex Modernization

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

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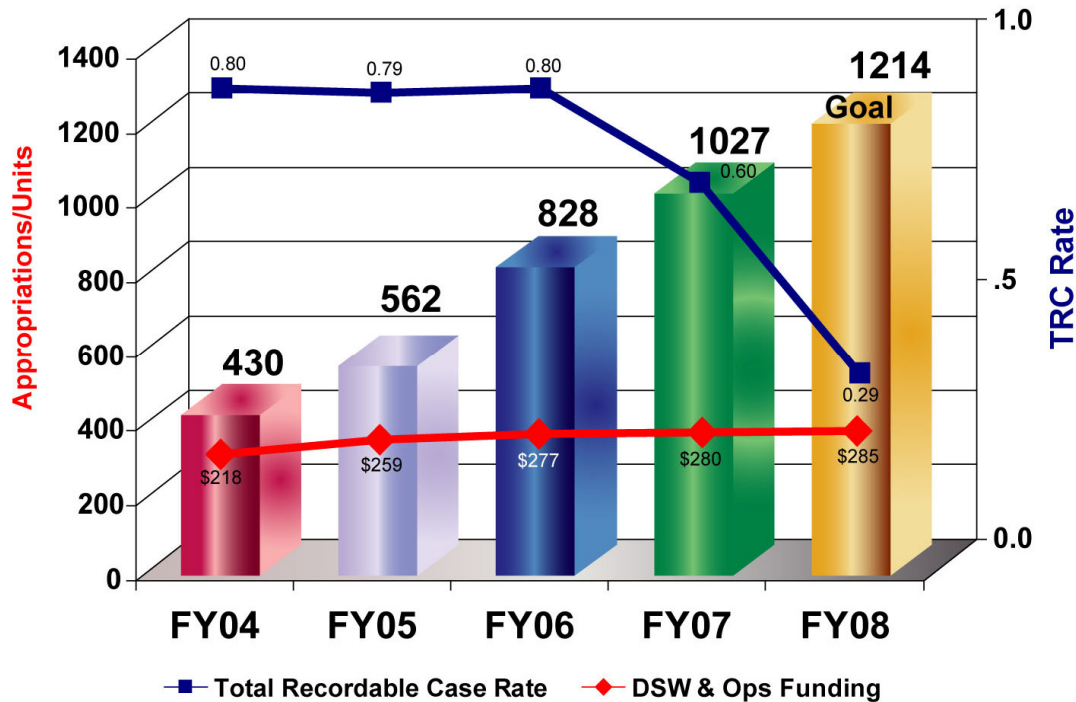
Thank you for the opportunity to speak about Pantex Plant's unique capabilities and how the site will play a strong role in the National Nuclear Security Administration's (NNSA) plan to transform the nuclear weapons complex.

Babcock & Wilcox Technical Services Pantex (B&W Pantex) is the management and operating contractor for the Pantex Plant located in Amarillo, Texas, and is responsible for the site's daily operations. In support of primary mission responsibilities, Pantex safely and securely fabricates chemical high explosives for nuclear weapons, assembles and performs maintenance and surveillance of nuclear weapons in the stockpile, disassembles nuclear weapons being retired from the stockpile, and provides interim storage of plutonium components from dismantled weapons.

B&W Pantex believes the NNSA's Complex Transformation plan will ensure the complex retains long-term viability as a responsive, flexible and cost-effective asset for national defense programs. Pantex Plant is prepared to support the roles outlined by the plan. We believe that continuing the work that we do currently and accepting the proposed activities would capitalize on the significant expertise, experience and infrastructure already funded, proven and available at the Pantex Plant.

The NNSA's Supplemental Programmatic Environmental Impact Statement (SPEIS) preferred alternative names Pantex Plant as the Center of Excellence for Assembly and Disassembly of Nuclear Weapons. Pantex is currently the only nuclear weapons site performing assembly and disassembly, and is the only viable option for this work. Over the last several years, our production output has steadily increased while manpower levels have remained essentially flat and budgets have remained fairly stable. Through efficiencies, using general industry methods such as Six Sigma and Kaizen Events in collaboration with both the national laboratories and other production plants, we have reduced the cost per unit by 54 percent since 2004. During the last fiscal year, B&W Pantex exceeded the production goal and demonstrated that the site has the

capability and capacity to complete between 1,000 and 1,200 deliverables on an annual basis. This capacity will vary depending on the workload mix but will meet all existing Production and Planning Directive (P&PD) scenarios for NNSA. We were able to accomplish this while achieving world-class safety levels that were recognized by the NNSA and private industry.



No other site in the complex has the facilities or work force needed to support the Nation’s nuclear weapons production goals. The Pantex Plant is the only NNSA site ready to meet the FY05 Design Basis Threat this fiscal year. Building at another site to meet the needs of the Stockpile Stewardship Program would be cost prohibitive and increase the footprint of the Nuclear Weapons Complex (NWC). Maintaining the current mission, the infrastructure and workforce at Pantex is the best alternative for the Nation. Continued funding, specifically the Readiness of Technical Basis & Facilities (Operations of Facilities) and Safeguards and Security accounts, is required to maximize the efficiency of the site and provide the most value to the taxpayer.

The NNSA’s preferred alternative also names Pantex Plant as the High Explosives (HE) Production and Machining Center of Excellence. Currently, Pantex has cradle to grave responsibility for high explosives production. The site synthesizes HE, formulates it for individual weapons programs, then presses and machines it for use in weapons. Pantex also tests high explosives in indoor and outdoor facilities and disposes of HE no longer needed in the stockpile. We are consolidating operations from World War II-era HE facilities to existing or new HE manufacturing facilities to provide more energy-efficient facilities, a safer working environment and more agile responses to mission requirements. A new High Explosive Pressing Facility, a currently authorized but not completely funded project, is a critical part of this consolidation. The demolition of the World War II facilities will result in footprint reductions.

Facility and equipment upgrades, coupled with continuous process improvements, will ensure that Pantex is positioned to support ongoing and projected nuclear weapons work. Pantex also will be able to provide HE to other government agencies, and to provide HE to non-government customers in “Work for Others” projects. These changes will improve our safety posture and will provide significant cost savings to the NNSA.

Other planned changes will consolidate the Pantex Plant infrastructure into a modern, efficient, smaller and less expensive site to operate and manage. Although B&W Pantex’s stewardship has yielded a 98.5 percent facility utilization rate, we have developed strategies that will make the infrastructure even more responsive. These strategies include reducing the number of Firing Sites, consolidating administrative and technical operations into a new facility complex, and deactivating, decommissioning, and demolishing facilities that are no longer required. Also included is the consolidation of Special Nuclear Material (SNM) and weapons into an underground storage facility inside the main operations area where the actual work is performed. This will improve the efficiencies of operations. The current storage facility, which is in a different zone, would be closed. This would eliminate the need for a separate storage facility, and the associated security and on-site transport costs.

The Weapons Surveillance Facility (WSF) is one of several new buildings planned for the site. The WSF will increase existing capacities and provide new capabilities for the surveillance, evaluation, and re-acceptance of weapons and weapon components. B&W Pantex currently conducts a portion of the weapons surveillance activities; however, the weapons are transported to Los Alamos National Laboratory for further evaluation. The WSF will allow all evaluations to be performed at the Pantex site. The additional bays planned for the WSF and new enhanced Non-Destructive Evaluation (NDE) equipment will provide much needed capacity without reducing bays available for weapon operations. New capabilities will meet the increasing demands for higher diagnostic precision and analysis of weapons and components by employing current technology and modern equipment. In addition, the consolidation of weapons surveillance activities at Pantex will significantly reduce the need to move components between sites for evaluation and testing, thus reducing risks and costs associated with shipments.

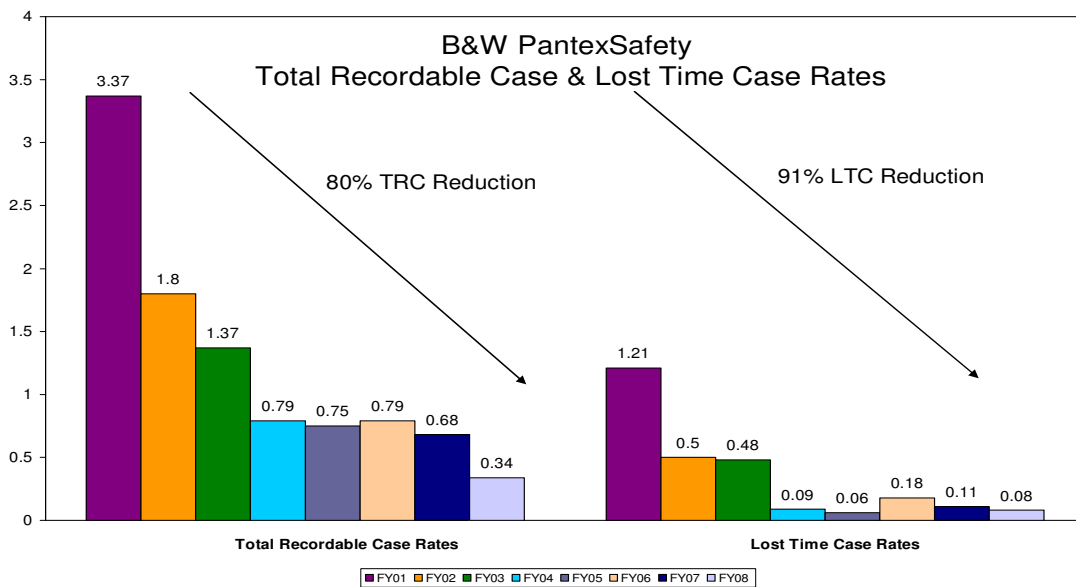
SNM activities are an integral part of weapons surveillance. B&W Pantex is conducting pit diagnostics, testing and refurbishment, which allow the pits to be reused. B&W Pantex has successfully processed pits through the Special Nuclear Material Component Requalification Facility (SNMCRF). B&W Pantex consolidated SNM activities into one division to capture the expertise needed to support and strengthen this program. This initiative provides the NNSA with the potential to realize a substantial cost savings.

Under the NNSA’s leadership, B&W Pantex participated in a complex-wide initiative to improve weapons production. The Pantex Throughput Improvement Plan (PTIP) identified constraints to production throughput, and defined and implemented process changes that created significant improvements to production deliverables. In an effort to recognize further costs savings, B&W Pantex and B&W Y-12 are working together to optimize mission, laboratory and business operations through cooperative inter-site initiatives. Additionally, B&W Pantex continues to support and implement the NWC Supply Chain Center (SCC) and Information Resource Management (IRM) initiatives to consolidate, streamline and reduce business process costs. The

SCC initiative is already providing benefit to the Pantex Plant. B&W Pantex has utilized the NWC Supply Chain Center to acquire materials and services that represent 12 % of the sites procurement budget.

The company’s focus on Integrated Safety Management (ISM) will continue to seamlessly integrate safety, security and quality into work processes. Of course, none of these accomplishments would be possible without a well-trained work force. Amarillo has a strong local job market, and we have created an alliance with local educational institutions for the training of production technicians and the availability of advanced degrees in Engineering and Business Administration. B&W Pantex has maintained critical skills including engineering, manufacturing, radiation safety, emergency response, nuclear safety and production. The company also has an established training and certification program that has been recognized by the Society for Training & Development (ASTD) in both 2007 and 2008.

The Pantex Plant has a strong safety culture that we have developed through well-designed and aggressive safety management techniques such as improved hazard recognition, hazard correction and employee involvement. Safe performance has been a primary focus of B&W Pantex since the company assumed the contract in February 2001. As a result, safety performance at the site has improved even as weapons maintenance and dismantlement activities have increased. We have seen an 80 percent improvement in our recordable injuries rate and a 91 percent improvement in lost time case rate. B&W Pantex was named one of America’s Safest Companies by Occupational Hazards magazine in 2007. We have also received four awards from the National Safety Council in the past year and the Occupational Achievement award from the American Society of Safety Engineers (ASSE). We have posted more than 3 million continuous work hours without a lost time injury in both 2007 and 2008. Although we are very proud of our safety record, our goal is zero accidents and zero injuries.



I want to also recognize the strong relationship we have developed with the communities surrounding Pantex. The Plant has been involved in community activities since employees began the Christmas Card project more than 50 years ago. Today, B&W Pantex sponsors a wide variety of community and educational projects partnering with local businesses, schools and charitable organizations. Most of our senior managers sit on boards for community organizations such as the United Way, the Amarillo Area Center for Advanced Learning and the High Plains Food Bank. Our employees are encouraged to participate in community activities and several serve in elected city and county positions. We are proud that for the past few years our employees have provided 10 percent of the contributions for the local United Way organization. B&W Pantex also has a number of Memorandums of Understanding (MOUs) with surrounding communities and counties for the exchange of fire and emergency medical services. We work closely with our neighbors to keep them informed about Plant activities, and we have developed an on-going interaction with local interest groups such as Panhandle Area Neighbors and Landowners, STAND (Sustainability in Technologies, Agriculture, and Nature's Diversity) and the Peace Farm. Although we have differing opinions, we believe the relationships are amicable. Since assuming the Pantex contract in 2001 and as part of our ongoing efforts to protect public health and the environment and communicate those activities with the neighbors and community, we have informed them about our continued efforts to remediate the subsurface groundwater from legacy site activities and prevent contamination of the Ogallala Aquifer. The State of Texas Commission on Environmental Quality recently recognized our environmental stewardship efforts by awarding us Gold Level membership status in their Clean Texas Program for environmental accomplishments.

In closing, I can assure you that B&W Pantex can incorporate the NNSA's preferred alternatives into its current mission work and can sustain that capacity if funding is appropriated. B&W Pantex will support the schedule detailed in the NWC Transformation Integrated Master Schedule for preferred scenario transformation activities contingent upon the availability of transition and transformation funding. Schedules for the recommended additional new missions for B&W Pantex that are not in the preferred scenario will be developed as the SPEIS Record of Decision is finalized.

Thank you for this opportunity to speak. I will take any questions.