

1 I think it is going to make the organization safer.

2 But even the best plan doesn't always get  
3 implemented correctly. So I want to assure the Board  
4 that we are going to monitor the progress. And we are  
5 prepared to, if we discover problems, to adjust our  
6 approach.

7 Because we are after effectiveness, we are  
8 after efficiency, we are after mission, but we are  
9 also after safety.

10 Thank you for your attention, I would be  
11 glad to deal with any further questions.

12 CHAIRMAN CONWAY: We may have some  
13 additional questions that I may send to you in writing  
14 to make the record complete.

15 AMBASSADOR BROOKS: Thank you.

16 CHAIRMAN CONWAY: Well, thank you for your  
17 time here this morning. And if we have some other  
18 questions we will extend them to you, and we will  
19 include them in the record, then. Thank you very  
20 much, and good luck, too.

21 AMBASSADOR BROOKS: I'm actually, if it is  
22 okay, going to stay and listen to --

23 CHAIRMAN CONWAY: Oh, good, thank you.  
24 Do you want anybody else with you?

25 MR. CARD: No, it is just me, me and the

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1 Board.

2 (Laughter.)

3 MR. CARD: Anyway, I want to thank you for  
4 the opportunity to think about these things, as Linton  
5 said, I think this has been beneficial to everybody to  
6 think through this.

7 I want to welcome back Jack [Crawford] and  
8 Joe [DiNunno], also. So I remember our first meeting  
9 in July 1995. And I also want to thank, here, the DOE  
10 team that we have here, who are doing a great job, and  
11 are committed to safety.

12 So the way I like to approach this, is  
13 actually, Dr. Matthews and I had a conversation about  
14 a month ago. He said, what is your management plan  
15 and strategy? And thinking about oversight I really  
16 think it is important to understand the context in  
17 which that is occurring, because I think different  
18 oversight models are appropriate for different  
19 contexts.

20 So I thought I would take you through  
21 that. Why don't you give me a target time? Do you  
22 want to stay on schedule? I will shoot for that; I  
23 will depend on the team effort here.

24 CHAIRMAN CONWAY: No. We are happy to  
25 have you here, and we have all day.

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1 MR. CARD: Okay.

2 (Laughter.)

3 MR. CARD: So we will march through, so I  
4 put together some slides to kind of describe where we  
5 are, and then we can, of course, dialogue throughout  
6 that.

7 CHAIRMAN CONWAY: We even can come back  
8 tomorrow, if you want.

9 MR. CARD: I know you guys are familiar  
10 with this, but some may not be, I want to paint a  
11 historical context, because I have prepared these  
12 slides in the context, also, of the Columbia report,  
13 and tried to analyze what were people worried about  
14 losing or gaining at NASA over time, what were they  
15 trying to get to, where were they from.

16 And DOE, in the area that I'm involved in,  
17 and this is all the ESE [Energy, Science and  
18 Environment], the focus doesn't frankly have a lot to  
19 be proud of. In the '80s, it had trouble admitting  
20 there was an issue. The reason the Board is here is  
21 because of that, I believe.

22 And in the '90s, it acknowledged there was  
23 an issue but really had trouble figuring out what to  
24 do about it. And the Board was, of course, a key  
25 driver in trying to help DOE get on with it, and that

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1 is where I entered the scene, shortly after [Board  
2 Recommendation] 94-1, which to me was a landmark  
3 recommendation by the Board.

4 This Secretary and President -- I remember  
5 the first time I met Secretary Abraham, very shortly  
6 after he was confirmed -- expressed deep impatience  
7 with the schedule that was presented to him for the  
8 cleanup program and said that that wasn't acceptable,  
9 and we were to do something about it.

10 And I think we have achieved spectacular  
11 progress towards public and worker risk reduction,  
12 while achieving record safety results, and while  
13 engaged in some of the world's most hazardous work.  
14 And that is not hubris, because we know there is lots  
15 more to be done than we've already done.

16 But I just wanted to reflect, a minute, on  
17 the fact we've dug out of a very deep hole, we are  
18 making great progress, we have more to do.

19 In addition to the direct program, the  
20 administration has also demonstrated its ability to  
21 make tough decisions, to open ways of receiving sites.  
22 You know, if those don't get made we can't do  
23 anything, we don't have the sites either. So Yucca  
24 Mountain was selected; we are marching toward a 2004  
25 license application.

1 I might point out that is two years  
2 earlier than the contractor estimated was possible  
3 just two years ago. Savannah River has become a  
4 processing center, MOX [Mixed Oxide] has been fully  
5 funded under this Administration, WIPP [Waste  
6 Isolation Pilot Plant] continues to achieve record  
7 through-put, safely. And all low level waste  
8 repositories remained open.

9 Obviously this has safety and risk  
10 reduction benefits that far transcend just DOE's  
11 operations, but help the public at large. Examples of  
12 progress in the EM [Environmental Management] program  
13 is we are on track to reduce the clean-up date from  
14 2070 to 2035. My personal goal is 2025, hopefully we  
15 will get there.

16 We have a dramatic improvement in the time  
17 weighted risk reduction for public and workers. We  
18 are on track to reduce the budget by well over \$50  
19 billion from a baseline that was impossible to  
20 achieve.

21 The result is more than \$1 billion a year,  
22 depending on how you spread the \$50 billion. But  
23 there is a lot of money there that can be used for  
24 other risk reduction activities.

25 We will complete stabilization packaging

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1 of all plutonium metal and oxides and residues by mid-  
2 2005. We will complete spent fuel removal from eight  
3 of ten basins, including all of West Valley, by the  
4 end of '04.

5 I know many of you know this, so I'm  
6 going to kind of click through this. But bottom line  
7 is there is some major accomplishments afoot. In  
8 addition, throughout the rest of DOE, there is great  
9 things happening.

10 So we talked about in RW [Radioactive  
11 Waste], we are committed to waste receipt in 2010, and  
12 shaving 20 percent from cost, and more than a decade  
13 from the completion of initial consolidation of the  
14 material that is both defense material and civilian  
15 material.

16 FE [Fossil Energy] is engaged in the  
17 FutureGen project, which is going to bring state of  
18 the art power from coal without carbon emissions.  
19 EERE [Energy Efficiency and Renewable Energy], of  
20 course, has the President's initiative on hydrogen.  
21 I'm going to talk about that in a safety context in a  
22 minute.

23 And nuclear energy, we are on the  
24 threshold of a new generation IV reactor in Idaho, and  
25 possibly a new generation III order. We've just

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1 formed the Office of Electricity Transmission  
2 Distribution, providing us important technology and  
3 policy tools and is, of course, immersed in the  
4 blackout investigation, which has profound safety  
5 implications for the general public.

6 Science, who is in the middle of an  
7 emerging renaissance in the physical sciences, with  
8 just tremendously exciting things that will result in  
9 breakthroughs in disease diagnosis, treatment and  
10 environmental protection.

11 While this has been going, you see some  
12 impressive safety trends. Now, there is always things  
13 to worry about in safety; I don't want to belittle  
14 that. But you see DOE corporate-wide -- these are  
15 corporate-wide figures -- has crossed last year below  
16 the 2.0 and 1.0 threshold on lost work days.

17 My industrial experience suggests that you  
18 are in the control zone when that happens. And you  
19 can see we are heading at a good pace, so far, and  
20 this continues to 1.0 and 0.5, which is achieving best  
21 in class status.

22 EM, where you might sense the biggest  
23 problem, actually has the steeper decline. In fact,  
24 EM has, of the major programs, the lowest rates in all  
25 of DOE, and is driving the average down, with a 35

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1 percent reduction in incident rate since the beginning  
2 of accelerated cleanup.

3 We look for other indicators; Type A and  
4 B incident rate has declined. And while I don't know  
5 this for a fact, my sense is that, also, the severity  
6 for initiating the accidents has reduced, meaning that  
7 we are declaring Type A and B investigations at less  
8 serious events than we were before. I'm having that  
9 looked at.

10 You see, in the past, we were actually  
11 dealing with real fatalities. Thank goodness we  
12 haven't had any of those recently.

13 While all this additional work has been  
14 taking place, the total occupational exposure has  
15 maintained as stable. In addition, we are looking for  
16 what has happened that we didn't plan on, and  
17 unplanned doses appear to be maintaining a declining  
18 trend.

19 So what is our plan, and how did we get  
20 here? And, basically, how we got here is how we plan  
21 on going forward. The foundation of this is the  
22 President's agenda, the EM talked about review, and  
23 the Reyes Safety Systems review that I initiated  
24 shortly after I took office.

25 Our strategy, and I'm going to go through



1 slide by slide, is to bring ISM to Headquarters,  
2 leverage our outsource business model, create a site  
3 or program vision for excellence, clear roles, and  
4 responsibilities, requirements for --

5 CHAIRMAN CONWAY: Can I interrupt?

6 MR. CARD: Yes.

7 CHAIRMAN CONWAY: What do you mean bring  
8 ISM to DOE Headquarters; what does that mean?

9 MR. CARD: Well, okay, I will go there.  
10 If you think about it, the Department's emphasis on  
11 ISM, at least my experience when I was a contractor,  
12 was that that was something the contractor was  
13 supposed to do.

14 The Department --

15 CHAIRMAN CONWAY: We pushed this with DOE  
16 also, the DOE --

17 MR. CARD: I'm certain you did. But let  
18 me just tell you what was happening. DOE was not  
19 practicing ISM in its business operations. It was  
20 spending a lot of time observing whether the  
21 contractor was up to ISM or not, but was not doing it  
22 internally.

23 So if you look at just "define the scope  
24 of work," what did we want to get done? It is  
25 unbelievable how little DOE understood what it wanted

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1 to get done. In fact, we are just now unraveling what  
2 we want to get done.

3 "Analyze the hazards:" if you don't know  
4 what you want to get done, you have a pretty big  
5 trouble analyzing the hazards. Just integrating the  
6 Yucca Mountain program and the EM program has been  
7 revealing about how little was understood between  
8 those programs which, actually, have the highest co-  
9 dependency of any two programs in the Department.

10 So we have, and I'm going to walk through,  
11 we have established a number of processes at the  
12 senior executive level in DOE, to try to practice ISM  
13 at DOE Headquarters so that we would survive an ISM  
14 validation, just like we ask our field offices to.

15 Do you want to follow-up on that, more,  
16 Jim?

17 MR. McCONNELL: I understand that there is  
18 an understandable intent to let the contractors decide  
19 how to do your work, and that is part of what you  
20 attribute your success to. And the "what," of ISM, is  
21 fairly well defined, and has been fairly well defined  
22 for quite some time.

23 You are telling me that you are trying to  
24 get into the "how" to do ISM. Can you talk for a  
25 minute on your initiative to sort of pull back to not

1 being so specific with your contractors, and how that  
2 relates to your improved implementation of ISM at the  
3 Headquarters level?

4 MR. CARD: Well, they are connected. I'm  
5 not sure as directly as you might be implying. It is  
6 kind of two separate subjects. First of all is how do  
7 I, and the Assistant Secretaries, employ those ISM  
8 principles and core functions, in their personal  
9 decision making.

10 The employment of those has caused me to  
11 conclude that we need a different approach with our  
12 contractors. So that is the connection between the  
13 two.

14 MR. McCONNELL: You are not identifying  
15 the hazards of your own work, the hazards you are  
16 concerned about are the hazards of --

17 MR. CARD: Well, actually, I personally  
18 do, desks and chairs are dangerous (Laughter.). But,  
19 no, what I'm talking about here is identifying, for  
20 example, let me give you an example of this.

21 I'm going to go, again, back to the RW  
22 program. The RW program, when I arrived, had a  
23 science culture with no end date and no budget  
24 constraints because it wasn't expected to end. We  
25 said we are going to make this decision.

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1           And we are going to make this decision,  
2           what is the next step after that. Well, we are going  
3           to do a license application and design, right? The  
4           Board has expressed a great deal of appropriate  
5           interest in quality assurance at the vitrification  
6           plant, Hanford.

7           We had a worse problem at RW because all  
8           of a sudden they had to go from an unconstrained life  
9           into an NRC [Nuclear Regulatory Commission] regulated  
10          constrained life where quality assurance is  
11          everything. And we had to think through changing that  
12          culture.

13          We had to put the system and the  
14          contractor on notice that there was a different game  
15          afoot, once we made this decision, than they had been  
16          used to before. Otherwise we would still be unwinding  
17          from huge quality assurance problems. As it is, it is  
18          still the number one issue in that project.

19          So that is how we look at, just one  
20          example of how we look at the effect on that wheel  
21          will do. There wasn't an imagination in the RW  
22          program that we were going to be into design for  
23          constructing a nuclear facility at this stage.

24          And we saw a hazard there. Does that help  
25          you understand how I use that wheel in my decision

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1 making? When we are going to accelerate the work we  
2 have to think through how is that going to induce new  
3 hazards in the system, that we are going to put  
4 pressure on the system to deliver more for less than  
5 they are used to.

6 That is what I'm talking about, it is not  
7 a hazard in the context of being on top of a ladder or  
8 dealing with a live electrical circuit. But it is in  
9 what we are going to put our system that we are  
10 responsible through. It is thinking about the  
11 aggregate top level hazards of that process.

12 Since I'm here, I will just keep moving  
13 forward, because we will just go through them all  
14 again. So I want to reiterate something that Deputy  
15 Secretary McSlarrow said: when we say safety, we mean  
16 safety safeguards, environment, shipping, quality  
17 assurance. All have the use of the same management  
18 process.

19 And we are moving, we are looking at  
20 moving to what I call just integrated management,  
21 because we are looking at using the ISM model and  
22 combining that to what we learned in the project  
23 management system, to look at how can we use this  
24 system for an overall management approach in the  
25 Department.

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1 Risk reduction and mission accomplishment  
2 are integral to safety performance. I think the Board  
3 helped us see that. The safest work is that which is  
4 eliminated while still achieving the same mission  
5 objective. There is no risk in that work, and we've  
6 done a huge amount of that.

7 And we have a new emphasis, outside the  
8 Board's purview, but benefiting from the Board's  
9 earlier work, nonetheless. If we look at our hydrogen  
10 program and say, boy, safety is really important  
11 there, because if there is an incident in the hydrogen  
12 program, it could be problematic for the acceptance of  
13 the technology.

14 And so we have developed a rather  
15 sophisticated and impressive safety program for  
16 managing contract research and development, product  
17 development, in that program.

18 Leveraging DOE's outsourcing business  
19 model, we should be the fastest organization in the  
20 entire federal government, because we outsource  
21 virtually everything. As it turns out, though, we  
22 have successfully gained the disadvantages of both  
23 systems by federalizing the contractor workforce.

24 We are on a path to reconstruct and  
25 enforce contractor accountability for the behavior and

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1 performance of their workforce, which we think will  
2 create a safer, more productive environment.

3 We are increasing contractor turnover  
4 where the performance expectations aren't being met.  
5 The key issue in ISM is establishing a vision for each  
6 site program: where do you want to go, what is  
7 possible?

8 This is underway at all sites; some are  
9 more mature than others. It provides a master  
10 framework for project scoping. Work planning,  
11 management strategy, acquisition strategy, and  
12 requirements alignment. And, importantly, it provides  
13 the best platform I know of for identification and  
14 deletion of unnecessary work, which is the key to the  
15 acceleration.

16 Let me just reiterate. Acceleration, to  
17 me, is not about an individual worker moving faster.  
18 They are almost always doing the best they can with  
19 what they have. This is not an issue about the front  
20 line worker. This is about deciding whether that work  
21 needs to be done at all, and if it needs to be done,  
22 what are faster, safer processes for getting it done.  
23 That is the secret to acceleration.

24 The problem is that it is hard to  
25 communicate, because the people here I want to move

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1 faster. And so avoiding that corner cutting that  
2 wants to happen is the key issue, that is not what we  
3 are about.

4 CHAIRMAN CONWAY: What we find, in our  
5 experience, is that first and second line supervision.  
6 I can hear fine things from top management of  
7 contractors, but then when I get to that first and  
8 second line supervision, all they know is they are  
9 supposed to do things faster, and cut -- and that is  
10 where the corners start getting cut, because of what  
11 they think they are hearing from the bosses, the upper  
12 bosses.

13 MR. CARD: I agree with you: that is the  
14 linchpin of the whole thing.

15 CHAIRMAN CONWAY: Exactly.

16 MR. CARD: It is very difficult to deal  
17 with. One of the keys, of course, is when there is an  
18 event, is the enforcement process needs to look at the  
19 management chain first.

20 CHAIRMAN CONWAY: That is why I like the  
21 Facility Reps that represent DOE down -- that  
22 individual, he, or she, is down at the working level,  
23 and that is where DOE can ascertain whether or not the  
24 first and line supervision have gotten the message.

25 MR. CARD: I think the Facility Reps play

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1 a valuable role. However, I think it is very  
2 important that we clarify what that role is. In my  
3 experience, and I know that we are improving on this,  
4 the Facility Reps were confused whether they were  
5 playing a contract management role, whether they were  
6 playing a safety role, or whether -- and within those  
7 roles -- whether they were entitled to professional  
8 judgment about what was important.

9 I think we need to be clear where are we  
10 watching for safety and where are we watching for  
11 contract, and that line needs to be brighter than it  
12 is now.

13 CHAIRMAN CONWAY: That can be made clear.

14 MR. CARD: Yes, it can. Roles and  
15 responsibilities. We've had overlapping  
16 responsibilities caused, in part, by confusion over  
17 the role of the of the Facility Rep.

18 And as the Board knows better than  
19 anybody, when you have confused roles and  
20 responsibilities, you have conditions that aren't  
21 favorable to safety.

22 Example: we just spent three or four  
23 months of senior executive time deciding who is the  
24 project manager. I think we have decided, hopefully  
25 once and for all, that DOE is not the project manager.

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1 That title belongs to the contractor.

2 DOE is a project developer and investor.  
3 We hire contractors to manage our projects. We manage  
4 the contract and not the contractor. My view is every  
5 intervention, by DOE, with the contractor is the  
6 result of a failure.

7 If the contractor had been selected right,  
8 and if we had the perfect contract, they should be,  
9 essentially, on autopilot. I'm not suggesting for a  
10 minute that we are going to treat it that way. But  
11 what we weren't doing is we were looking at too much  
12 day-to-day minutia management with the contractor  
13 without saying, "Wait a minute. Why am I having to do  
14 all these interventions? Is there a structural  
15 problem with the way I'm handling this situation? Do  
16 we need a new contractor, a new contract, or both?"

17 And we are about building respect for line  
18 management chain of command within DOE. Requirements:  
19 our system tended to treat all requirements and  
20 information equally, making what was truly first  
21 order. It was about generating data, rather than  
22 information.

23 It created redundant, irrelevant,  
24 sometimes conflicting requirements, and also  
25 distracted from the priority tasks. And I just want

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1 to say that I fully support the work, and while there  
2 is details to be worked out, that Glenn Podonsky has  
3 graciously agreed to lead in the program, to take what  
4 I viewed was a rice bowl oversight order, and  
5 transform it into the way DOE needs to do oversight.  
6 And that is what we want to get done.

7 We have been, and continued to gauge the  
8 programs for streamlining and simplification to bring  
9 clarity and focus to our requirements set. I think  
10 this is vitally important.

11 Work planning and budgeting:  
12 discontinuities in work flow I think are a safety  
13 problem. I think we have significantly increased the  
14 predictability of what DOE is going to want to do from  
15 one month or one year to the next. We now have a five  
16 year budgeting cycle that has led to substantial  
17 improvements in this.

18 It has enabled us to, as I explained  
19 earlier, to better identify the hazards at the  
20 executive level that we may need to confront. We have  
21 implemented change control for scope adjustments, to  
22 increase predictability, and we are incorporating D&D  
23 [Deactivation and Decommissioning] planning into  
24 facility design, to try to think through the whole  
25 life cycle of our systems.

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1 Oversight can have a number of different  
2 connotations. Let me tell you how I engage in  
3 personal oversight. I have been to every site except  
4 Ames Laboratory. Quarterly, I have quarterly safety  
5 reviews with my Assistant Secretaries, safety, and  
6 safety and oversight team.

7 I hold quarterly top ten reviews; it is  
8 actually top twenty on the most important and  
9 difficult projects. And we have a system for real-  
10 time reporting of events and key issues.

11 I think the importance though, is when an  
12 event comes up. And for example [at] a facility the  
13 other day, we had an event: it was a financial  
14 reporting problem.

15 So you would say, well, that is not a  
16 safety problem, that is for the auditors to deal with,  
17 the financial people. But, to me, an event like that  
18 signifies that the executive management of that  
19 facility lost touch with part of their organization.

20 And the generic implication of that, then,  
21 is where else are they in or out of touch with that?  
22 So to me that becomes instantly a safety concern. How  
23 do I know that it was only the financial people they  
24 weren't paying any attention to, and not the safety  
25 people?

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1           So we go back in and we look at that  
2 facility, and we look at that management team, to  
3 validate whether we believe that that was an isolated  
4 event, or it is a generic management event.

5           So I'm trying to bring the event  
6 management at DOE into a programmatic context, rather  
7 than a one-up context. I kind of summarized that.

8           We have spent a fair amount of time, Kyle  
9 and Frank Blake led this effort [with] the Secretary  
10 of clarifying Headquarters roles and responsibilities.  
11 I can say there is still work to be done.

12           What has happened is the acceleration the  
13 EM program has illuminated an issue that hadn't been  
14 dealt with before: that DOE has a number of  
15 liabilities that haven't been recognized yet that  
16 aren't in the EM program.

17           And, secondly, when EM is gone, what do  
18 these other functions do? And so we are working  
19 through that. Additionally I want to just point out  
20 that EM is also a mixture of what I call very active  
21 and changing decommissioning work, and ongoing  
22 operations work. And we are trying, step by step, to  
23 separate those functions.

24           I just want to -- we've discussed this  
25 with the Board before, but national security was made

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1 DOE's mission in 2001, remains so today, and I just  
2 put that up there for the record, that we know where  
3 we fit in, in this program.

4 So what is left? A lot is left. We know,  
5 from DOE and commercial benchmarks, that we can do a  
6 lot more, both in safety and productivity. We have  
7 seen these problems before, in the commercial power  
8 business, in Naval Reactors, and elsewhere.

9 We know we can improve in all the areas  
10 described above, in our management initiatives. We  
11 know there is substantial improvement left in  
12 contractor management capability and capacity. We  
13 haven't seen the uptick that we are hoping for, yet.

14 We are concerned that Columbia-type issues  
15 don't arrive, undetected, through the back door. Are  
16 our systems in place to understand how we are doing  
17 out there? That is probably the focus of your meeting  
18 here, as well.

19 I have listed a number of our key safety  
20 concerns, as we accelerate work, that is obviously an  
21 issue. Overconfidence is always a problem in the  
22 nuclear industry. It is usually followed by poor  
23 performance.

24 In fact, I may correct that. Usually poor  
25 performance is already happening, it is usually

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1 followed by the discovery of poor performance, which  
2 happens later, as in the Columbia report.

3 Near misses continue to be worrying.  
4 Indicators of systemic deficiencies that I just talked  
5 about. Shipping quality assurance presents a huge  
6 vulnerability for us in continuing our mission.

7 Workers: we are going to have thousands of  
8 workers are going to come off the payrolls over the  
9 next five years; we have to manage that transition.  
10 Quality assurance systems: we are weak in quality  
11 assurance right now.

12 We need improved quality assurance for new  
13 construction, as well. We need improved indicators  
14 for leading indicators of safety, and our employee  
15 concerns program is having --

16 CHAIRMAN CONWAY: Let me ask you this,  
17 then, in all of these concerns, which I would agree  
18 with you, including the previous chart, indicated the  
19 need improvement in the contractor management.  
20 Therefore, I suggest, that these would all indicate to  
21 me it is premature for DOE to back off from its work  
22 of trying to assure how the work is done, and not just  
23 what is accomplished.

24 Do you follow what I'm saying?

25 MR. CARD: I think so, but it is not clear

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1 to me that we are backing off.

2 CHAIRMAN CONWAY: Well, the message has  
3 gone out in the field, and the impressions are being  
4 given, rightly or wrongly, that the contractor is  
5 going to have more responsibility and that DOE will  
6 stay away from the day-to-day activities.

7 And then what the performance indicators,  
8 after the job is done, and then it will -- monies will  
9 be taken away from the individual, if they have too  
10 many accidents, or fail to meet the criteria that is  
11 set for the contractor.

12 We have seen so many examples, and I would  
13 like to put it in the record at this time, where the  
14 DOE oversight was responsible for catching safety  
15 problems that the contractor had missed, including  
16 quality assurance.

17 So, say, with all of the indications that  
18 you have here, and I would agree with them, the  
19 concerns we have, that it would suggest that this is  
20 no time for DOE to back off on its oversight of how  
21 the job is being done.

22 MR. CARD: Well, let me respond to that in  
23 two ways. First is I completely understand and accept  
24 your concern; it is a valid one. But I view it a bit  
25 differently.

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1 I don't view us as backing off of, on  
2 knowing what is going on. I view us as backing off on  
3 day-to-day instructions to the contractor. I think  
4 you will find that our enforcement of issues with the  
5 contractor is as active as it has ever been.

6 But what I don't think helps with safety,  
7 and frankly is part of the problem that we are digging  
8 out of, is to have a bunch of DOE people thinking that  
9 they are managing the contractor out there in the  
10 field. That is not what we are about.

11 CHAIRMAN CONWAY: Okay, but that is  
12 management's job, then, to get that clarified.

13 MR. CARD: Absolutely.

14 CHAIRMAN CONWAY: But don't you agree with  
15 me that it is important, with all of these concerns we  
16 still have, that DOE has the responsibility to  
17 continue to have oversight to the point where you can  
18 pick up where there are these failures on the part of  
19 the contractor, and there have been so many of them.

20 I'm going to put the record, at this  
21 point, the number of times your people, in some cases  
22 our people, have picked up failures, particularly in  
23 quality assurance, and in procedures.

24 MR. CARD: Yes, and I think, clearly, our  
25 intent is to not diminish our ability to discover,

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1 appropriately, things that we need to about what the  
2 contractor is up to.

3 And, I don't know, do you want to  
4 elaborate on that, at all? John, my view is that we  
5 are not about backing off and understanding what the  
6 contractor is up to, and stepping in when we need to.  
7 What we are trying to do is filter the messages to the  
8 contractor more strategically.

9 CHAIRMAN CONWAY: Jessie?

10 MS. ROBERSON: Thank you, sir. Actually  
11 I would make two comments. One, you know, five years  
12 ago, being a field manager in the field, I have to say  
13 I think that list is shorter than the challenges I had  
14 at that time, so I do think we are improving.

15 But, second, I would reiterate what Under  
16 Secretary Card said. In fact, I believe we are  
17 becoming more effective, not backing off. But I do  
18 think it is important to make sure that our federal  
19 oversight people have the opportunity to ensure they  
20 are carrying out their duties in an objective way.

21 If our federal folks are looking down the  
22 same pipeline that the contractor is, they are both  
23 going to miss things. And so I worry more about the  
24 things that we haven't identified, and I think that  
25 that is the necessary, drives for a necessary change

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1 in the way we do carry out our oversight duties.

2 VICE CHAIRMAN EGGENBERGER: This concept  
3 of managing the contract, and not managing the  
4 contractor, I don't know what that means. And here is  
5 why I don't know. It's that when the Board and its  
6 staff goes out to the field and asks questions, and  
7 interacts with your field people, and the contractor  
8 people, we always hear that we are now managing the  
9 contract.

10 And when one asks what does that mean?  
11 The answers are all over the place. So I think I know  
12 what that means. However, the activity that I find  
13 lacking is an activity similar to what the Board does.

14 And what we are talking about here is  
15 oversight. We find lots of things [from our oversight  
16 activity]. We have a very small staff, and we attempt  
17 to direct them toward the high energy and high risk  
18 items.

19 Our objective is to find nothing, nothing  
20 wrong, that is correct.

21 (Laughter.)

22 VICE CHAIRMAN EGGENBERGER: Thank you, Mr.  
23 Chairman. So I know that we don't manage the  
24 contract, and we don't manage the contractor, we look  
25 at things. And I don't see that strong activity that

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1 we bring to the table necessarily always being brought  
2 to the table by the Department.

3 And I look at it not only from a safety  
4 point of view, but from a point of view of success,  
5 because we all want success. And, especially, in the  
6 environmental management area, we have some very, very  
7 high ticket items on the order of \$10 to \$12 billion,  
8 in my estimate.

9 And those things require an awful lot of  
10 getting your elbows dirty, and finding out what is  
11 going on, and what are the details of what's going on.  
12 And I don't see that type of activity, the real nitty-  
13 gritty.

14 It [DOE's activity] is more of a high end  
15 [look], and we hear things like performance indices,  
16 and things like that. And I have no idea what a  
17 performance index is in a design and construct  
18 project, from a safety point of view.

19 So on the subject of oversight, I think it  
20 is important to understand, in extreme detail, what is  
21 going on in a particular activity. And I think that  
22 would be very helpful to you.

23 And, again, as I said with the previous  
24 panel, is it is very important to have a line  
25 organization where we can follow the line right down

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1 to the nitty-gritty work, and that we have a strong  
2 headquarters engineering organization. That is my  
3 view.

4 MR. CARD: Can I respond to that?

5 VICE CHAIRMAN EGGENBERGER: Yes, sir.

6 MR. CARD: A couple of points. First of  
7 all, I think, we don't have an oversight system that  
8 I'm ready to be proud of yet. It hasn't existed  
9 before, either. So we didn't lose it, we just haven't  
10 got there yet.

11 And I'm not anxious to move backwards in  
12 that process, either. Let me specifically address the  
13 situation at the vitrification plant that you alluded  
14 to. That design was being managed through oversight  
15 when I was last connected to it.

16 So instead of having the oversight  
17 checking for problems, the oversight, through their  
18 questions, was directing the work of the design. That  
19 is the issue with the Fac Reps that I just talked  
20 about. We have to make it clear when are people doing  
21 oversight, and when are they steering the project.

22 And it is a very difficult thing, and  
23 people have personal interests and desires, and you  
24 have to overcome those. I haven't been down in the  
25 details of the plant recently to know, for sure; my

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1 sense is that we are getting better at that, of  
2 looking.

3 Now, there is still things, unfortunately  
4 you are finding, or recognizing, if not finding before  
5 we do. Bless you for that, and hopefully we will get  
6 to the point where that doesn't happen anymore. But  
7 we are not perfect there, we have to work at it, and  
8 I think this is a very difficult situation when you  
9 look at DOE's culture, is how do we get these  
10 responsibilities divided up in our staff, where it is  
11 clear what is going on.

12 I don't view this, at all, as related to  
13 numbers. As I mentioned before in the Board, the  
14 challenge I gave my staff at Rocky Flats was the first  
15 day we invite 200 overseers to bring me more  
16 interesting information than your representative at  
17 the site, your one representative. And it never  
18 happened while I was there, so we hired him into DOE.

19 VICE CHAIRMAN EGGENBERGER: But is he  
20 doing a good job?

21 MR. CARD: He is.

22 CHAIRMAN CONWAY: You are nodding up and  
23 down, right Jessie?

24 MS. ROBERSON: Yes.

25 MR. CARD: So in times I think the numbers

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1 we've applied to this have actually been  
2 counterproductive, because they go too far in the  
3 weeds, and they miss the real --

4 CHAIRMAN CONWAY: We always agree with  
5 you, because numbers by themselves can be worse.

6 MR. CARD: So let me just reiterate. Our  
7 intent is not to pull out, it's to clarify. I  
8 recognize it is subject to a lot of misreading as it  
9 travels through the chain-of-command. I'm actually  
10 thrilled that when you go out there you are hearing  
11 the words, "Manage the contract, not the contractor,"  
12 even if they don't know what it means, because we are  
13 getting somewhere.

14 VICE CHAIRMAN EGGENBERGER: May I suggest,  
15 the definition of a Facility Rep was written down in  
16 1989, and you might want to review that, because it is  
17 very succinct, and I think it is very useful.

18 DR. MATTHEWS: I have a question. I'm  
19 trying to reconcile the two testimonies I just heard,  
20 and they are very different from my point of view, and  
21 we are starting with an apparent change in policy on  
22 oversight.

23 Ambassador Brooks told us how he is going  
24 to change the roles and responsibilities of the Site  
25 Managers and expect more line assessment by the

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1 contractors.

2 Your testimony is very different. You  
3 talked about successes that you've had in the past.  
4 Notwithstanding those I don't understand, from what  
5 you said, what if any changes you are making as a  
6 result of this.

7 Is it continuity of what you are doing?  
8 Are you going to make changes on how the sites, other  
9 than manage the contract, and tell them what, not how?  
10 I'm not sure what changes you are making as a result  
11 of this.

12 MR. CARD: Okay, sure. First of all, let  
13 me just suggest that there is a lot less difference  
14 between what NNSA and I are up to than appears from  
15 these slides, or from what has happened in history, to  
16 what is happening now.

17 In fact, if you look at how we are  
18 managing our science organization, I think you will  
19 see very strong parallels to what Ambassador Brooks  
20 has told you he wants to do at NNSA, and maybe as much  
21 to do with laboratories and the ongoing nature of that  
22 mission, as it is any other difference you see between  
23 the EM program and that.

24 So I just, again, want to clarify that I  
25 don't think we are going in different tracks. I think

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1 it is more the presentations that you have seen, the  
2 philosophy is very much the same.

3 In terms of where we would go, let me just  
4 make sure I understand the back part of your question.  
5 You commented on you heard different presentations --

6 DR. MATTHEWS: Well, I didn't hear what,  
7 if any, changes you are going to make.

8 MR. CARD: Okay, thank you.

9 DR. MATTHEWS: That they are specific.

10 MR. CARD: I don't see, this is where we  
11 are going right now. So the slides of the general  
12 principles would not have changed, really, since I  
13 first prepared them a few months after I arrived at  
14 the Department of Energy, and there is nothing that I  
15 have seen that would cause me to change the direction  
16 at this point in time.

17 I think we have a lot of work to do. We  
18 have a lot of contracts that haven't been fully  
19 reconfigured for what we want to get done, we have a  
20 lot of people we haven't trained, we have assessment  
21 systems that we haven't developed.

22 So there is a whole infrastructure, around  
23 this, to implement what I have talked about, fully,  
24 and to address these issues, that is yet to be done.  
25 So I don't want to represent that we are that much

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1 further done than NNSA is.

2 It just happens that because we have a  
3 number of different parts to my organization, we have  
4 been able to move out at different speeds, and we have  
5 been able to get the reorganizations done at different  
6 paces, because we haven't had to tie up into one  
7 single thing for the entire ES&E program.

8 DR. MATTHEWS: So, for example, NNSA has  
9 made what I think is a fairly profound statement that  
10 the Site Managers are the risk acceptance officials in  
11 NNSA. Is that true with your Site Managers?

12 MR. CARD: Well, I don't like the words  
13 risk assessment, risk acceptance. I know the process  
14 goes on. Let me just say this, we have line  
15 management accountability for safety. I think that is  
16 what Ambassador Brooks is reinforcing as well.

17 That happens in different ways in  
18 different organizations. Again, in our Science  
19 organization they have an organization, much like NNSA  
20 is proposing to do, where they have the equivalent of  
21 the Dr. Beckners, [who] are not the Site Managers.  
22 That happens in an operations organization that  
23 reports directly to Dr. Orbach.

24 And that has worked pretty well in that  
25 circumstance. There is always things that can be done

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1 to improve on it. So I don't -- again, I don't see a  
2 big departure there, either between us, or between  
3 where we have been the last two years, and where we  
4 are trying to go.

5 DR. MATTHEWS: Where I don't want the  
6 Department to go is in different ways, that confuses  
7 the sites, and the laboratories who work for both of  
8 you, which can result in the workers having a  
9 different approach.

10 And so I just want to caution you that  
11 consistency, which wasn't obvious to me, is, I think,  
12 important at the implementation level. That is really  
13 where I'm going with this.

14 MR. CARD: One thing that we know for sure  
15 is common in both organizations is a contractor  
16 general manager, whatever they are called, absolutely  
17 is accountable for all safety on that site, as is the  
18 head of contracting authority for each organization.

19 Which for us will be, and I think  
20 Ambassador Brooks said, will be the Site Office  
21 managers. Our science program converts to a different  
22 organizational model as well, and then it flows  
23 through, and science context, or the operations  
24 office, and then to Dr. Orbach, the Director of  
25 Science, and then to me.

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1           It is relatively more simple in the EM  
2 organization, but having a clear unambiguous line of  
3 accountability, and responsibility for safety, is very  
4 important.

5           CHAIRMAN CONWAY: If I may pick up, you  
6 mentioned the Vitrification Plant. And some of the  
7 problems we have run into, and which the Board here  
8 has been very active in trying to -- under the law we  
9 are responsible for reviewing the design, the  
10 construction, and eventual operation of that facility,  
11 from the point of view of safety.

12           It is imperative for us, if we are going  
13 to do our job, which is mandated, that we observe at  
14 the earliest dates the actual design, and then the  
15 construction. And we were observing when we saw  
16 problems in the construction, and the quality  
17 assurance.

18           Now, if we follow just what the  
19 performance is you would have to wait until the plant  
20 is constructed, and then you would find all the  
21 problems then, presumably, that evolved during the  
22 construction, including even the original design.

23           So it seems to me with having the main  
24 responsibility of DOE being the one responsible, that  
25 your people should be heavily involved in following

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1 that construction, and finding those problems, before  
2 the construction continues.

3 And this is what bothers me in that case,  
4 there. It is a multibillion dollar project in that it  
5 is essential, it seems to me, that DOE be very active,  
6 extremely active, at the construction field, in  
7 bringing in experts to help you with that.

8 And I don't think, if it hadn't been for,  
9 I believe, if it hadn't been for the Board's pushing  
10 in this area, I don't think it would have been done.  
11 And that concerns me.

12 MR. CARD: I don't disagree with the  
13 importance. Assistant Secretary Roberson, do you want  
14 to respond to that?

15 MS. ROBERSON: Well, yes, I will take that  
16 opportunity. Obviously I have had a whole host of  
17 opportunities to discuss this with the Board.

18 CHAIRMAN CONWAY: Yes.

19 MS. ROBERSON: And I actually do think we  
20 have been responsive. I think what we inherited was  
21 a fairly convoluted situation. And although we may  
22 disagree on the pace of our actions, I actually think  
23 that we have tried to be responsive to the issues that  
24 the Board has raised.

25 CHAIRMAN CONWAY: Oh, absolutely. But,

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1 see, I would prefer that your people are quartered --

2 MS. ROBERSON: Me too.

3 CHAIRMAN CONWAY: -- instead of Board  
4 Members. We have two Site Representatives, and only  
5 one of which is following this, the other is following  
6 another matter, which also has us concerned, and that  
7 is on the basins.

8 And also, here again, we find our Site Rep  
9 is the one that is picking up problems that should  
10 have been picked up, first off that the contractor  
11 never should have omitted. And having done so, that  
12 the DOE personnel should have picked it up, and not  
13 our Site Rep.

14 So that is what bothers me. And that is  
15 why, to me, it is imperative that the field, your  
16 field representatives understand that they have  
17 responsibility down at the deck plates, that they have  
18 to be out there, and it is not just managing the  
19 contract. They actually have to be out there in the  
20 field and assume the responsibility that DOE, I  
21 believe under the Atomic Energy Act, has the  
22 responsibility for, and that is the safety, and  
23 assuring that the Government is getting what it has  
24 contracted for.

25 MS. ROBERSON: I agree with your point,

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1 exactly. And I would say Mr. Chairman, though, that  
2 movement that you described is moving away from the  
3 way that we have managed projects like that in the  
4 past.

5 This organization did not have a strong  
6 engineering organization. That is something that we  
7 are developing, that we are forming. And so whether  
8 it is this year, or it would have been five years past  
9 that we are going to have that capability. So it is  
10 not a sign of a change in our contract velocity, it  
11 simply wasn't built in, and we have to build it in.

12 CHAIRMAN CONWAY: Okay. But that is what,  
13 I think, the message that has to go out to the field.

14 MS. ROBERSON: Absolutely.

15 CHAIRMAN CONWAY: And to your field  
16 representatives, that you are holding them responsible  
17 to do this, and not to sit in their office and just  
18 "manage the contract" and wait until the job is  
19 completed, and then determine whether or not they are  
20 going to pay the fee, or would penalize the contractor  
21 for failure to do the job properly.

22 DR. MATTHEWS: One last question. You  
23 talked about your concern of potential for corner  
24 cutting, I think they are the words you used, because  
25 of the misinterpretation of accelerated clean-up, and

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1 we have the same concern, and I think we have seen  
2 some examples that look like that.

3 How are you assuring yourself that that  
4 isn't happening? We've talked a lot to Ms. Roberson  
5 about that issue. But I was curious, how are you --  
6 because that is a potential for some accidents to  
7 occur.

8 MR. CARD: Unfortunately I don't think  
9 there is any way to assure that it isn't happening.  
10 The question is, how do you minimize it and become as  
11 aware of it as you can.

12 DR. MATTHEWS: I agree.

13 MR. CARD: A lot of it is being accessible  
14 and listening for feedback of misinterpretations of  
15 what you had in mind with this. And that is why I'm  
16 constantly harping, and I'm sure it is still  
17 misinterpreted on, this isn't about speeding up the  
18 worker, this is about giving them work to do and  
19 eliminating the work that they don't need to get done.

20 But for myself, personally, I think I'm  
21 looking at, I have faith and confidence in our event  
22 reporting system. It is possible that is being  
23 compromised. But I know, from my personal site  
24 experience, that a good thing about DOE culture is  
25 that event reporting tends to be pretty sacrosanct.

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1           You have bargaining units, workers, you  
2           have a whole bunch of people that are coming together  
3           to try to make sure that events aren't happening that  
4           aren't getting reported on.

5           I'm deeply in touch with that event  
6           reporting, and I can use that. Admittedly that is  
7           less leading than I would like as talking to the  
8           workers. You know, if I had time to each day,  
9           somehow, as in the recent movie "Oh God," or whatever  
10          it was, I could listen to all 100,000 of them every  
11          day, that would be perfect.

12          But I think through that event reporting  
13          system we are getting some idea of where there may be  
14          systemic breakdowns, and we also spend a lot of time  
15          at the Assistant Secretary level talking about  
16          management connectivity. Are things happening at  
17          places that surprise people? And where they are, that  
18          is a problem.

19          And we also have certain sites, which will  
20          remain nameless here, who have acknowledged cultural  
21          problems, and we spend more time with them. In fact  
22          we have a Site Manager in, in the next week or two, to  
23          talk with Dr. Orbach and I, because it has  
24          distinguished itself in having undesirable things go  
25          on there that signal deeper problems.

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1                   So that is how we are dealing with it now.  
2 I wish there was a better way, and I look forward, if  
3 someone discovers one, to implementing it.

4                   DR. MATTHEWS: Well, I'm glad you are  
5 watching the event reports, that is a good way to do  
6 it.

7                   CHAIRMAN CONWAY: I think you had two more  
8 that --

9                   MR. CARD: Actually, we pretty well  
10 covered them. We want to do more of the same, better.  
11 And I think a lot of good things have happened, but we  
12 have more left. And I just wanted to also point out  
13 something I didn't before.

14                   While we do need more technical expertise  
15 in DOE, I continue to be amazed by the capability,  
16 creativity of our people, when we turn them loose from  
17 the system that they were captured in.

18                   We have fantastic people at the Department  
19 who are getting this done. And every time we discover  
20 a new one, it is a thrill, and they are out there.  
21 This isn't a problem about the people employed by DOE,  
22 or the contractors. This is a problem about unwinding  
23 the system to let them do their job.

24                   Thank you.

25                   CHAIRMAN CONWAY: We thank you for the

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1 time you have given us, Jessie, and Bob Card, thank  
2 you very much. And, again, we might have some  
3 additional questions that we will submit to you, for  
4 the record.

5 And now Mr. Glenn Podonsky, Director,  
6 Office of Independent Oversight and Performance  
7 Assurance. Glenn? For the record, would you identify  
8 your associates?

9 MR. PODONSKY: Yes, Mr. Chairman. Mr. Tom  
10 Staker and Dr. Pat Worthington. We came prepared with  
11 our own tents.

12 Thank you, Mr. Chairman, and Members of  
13 the Board for inviting us to testify today. Our  
14 Office of Independent Oversight, was established by  
15 the Secretary of Energy, as the independent evaluation  
16 element of the Department's integrated oversight  
17 system.

18 We are responsible for overseeing  
19 environment safety and health, safeguards and  
20 security, cyber security, and emergency management.  
21 I will focus our testimony today on the safety  
22 oversight role.

23 I would like to submit my written  
24 testimony for the record.

25 CHAIRMAN CONWAY: Fine.