

1 organization. Manufacturing does its own self-
2 assessments, but there are other groups in BWXT Pantex
3 that are looking at them also.

4 DR. MATTHEWS: Okay. Thank you.

5 CHAIRMAN CONWAY: In view of the time is
6 moving on, I may send you some questions that I have.
7 But in order to save some time, I thank both of you
8 for being here. And we may also have after we read
9 the transcript additional questions.

10 Thank you.

11 MR. GLENN: Thank you.

12 CHAIRMAN CONWAY: Okay. We'll, turn to
13 you, Mr. William J. Brumley, Manager of the Y-12 Site
14 Office.

15 MR. BRUMLEY: Thank you, sir.

16 Mr. Chairman, if you would prefer, I would
17 be happy to just summarize my brief statement and it
18 be submitted for the record?

19 CHAIRMAN CONWAY: Fine. Let's do it that
20 way. It will be in the record as read in whole. Yes.

21 MR. BRUMLEY: Thank you.

22 Thanks for this opportunity to provide
23 testimony on our process for contractor oversight and
24 our role in ensuring the mission assigned to NNSA are
25 effectively accomplished.

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1 I understand the Board has some particular
2 question on the status of our oversight and our
3 personnel, and I'll briefly summarize that for you.

4 In January of 2001, YSO [Y-12 Site Office]
5 established a Management System Description that
6 provides a comprehensive basis of our description of
7 our responsibilities and processes. It was accompanied
8 by a FRAM [Functions, Responsibilities, and
9 Authorities Manual] in April of 2000. And that's the
10 basic documentation of how we comply with the DOE
11 Policies 411 [DOE P411.1, Safety Management Functions,
12 Responsibilities, and Authorities for Nuclear
13 Facilities and Activities] and 450 [DOE P450.1,
14 Environment, Safety, and Health Policy for the DOE
15 Complex]. We actually have a strategic plan with the
16 specific goals and objectives traceable to
17 individuals.

18 Our oversight activities. YSO has
19 established an effective program of oversight.
20 Fundamentally, it is based on Specification And
21 Requirements Identification Documents, S/RIDs, which
22 are tied to the contract. We have some fundamental
23 assessment, base assessments, where we ensure that our
24 federal responsibilities are met. Reactive
25 assessments and then site management and contract

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1 administration assessments where we improve our
2 processes.

3 All of our assessments are scheduled in a
4 master assessments plan issued on an annual basis that
5 ensures all functional layers are covered over a three
6 year period. And we have performance indicators in
7 place to ensure our performance against that plan.

8 We have focused very heavily on the FR
9 program in conducting walk-through assessments, all of
10 those are scheduled and monitored as part of PIs
11 [Performance Indicator].

12 We have a management walk-through program
13 where we emphasize "field time." My personal goal is
14 five percent. I don't always make that.

15 But again, all of those schedules are
16 monitored and tracked as part of a PI program.

17 Individual assessments are documented on
18 what we call an IAR [Individual Assessment Report].
19 Those are collected monthly, analyzed along with other
20 input, other assessments, contractor assessments
21 occurrence for the month. Those are then compiled,
22 reviewed, peer reviewed by our group of assistant
23 managers and are summarized in a monthly assessment
24 report that is provided to the contractor. That's
25 provided as the basis of roll up of issues where

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1 they've been tracked and followed to closure.

2 We also have a process we call our PAM
3 [Performance Analysis Matrix] where we look at a
4 number of functional areas based on risk and
5 contractor performance. They cover a full range of
6 contractor activities. It is basically a "stop light"
7 chart of blue exceeding expectation, green meets,
8 yellow. It's a very useful tool in relating where we
9 see issues with the contractor.

10 Each of these areas in our Performance
11 Assessment Matrix is linked back to the annual
12 performance evaluation plan, which again ties back to
13 the contract. And at the final end of the year, that
14 PAM is the basis for our performance evaluation
15 report.

16 In terms of the Y-12 self-assessment
17 program, again, that is in place and documented. The
18 process is intended to show that YSO compliance with
19 our line management and oversight responsibilities as
20 stipulated in DOE Policy 450.5

21 We'll take credit. In April of 2000, the
22 OA assessment concluded that YSO has established the
23 essential elements of the effective self-assessment
24 program. We are currently helping Jim Mangeno with
25 establishing that as a policy for NNSA.

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1 We do have in place a series of
2 performance indicators for the office to look at all
3 our areas and not just safety, but security and
4 business management as well. We believe these
5 performance measures provide a measure of the overall
6 effectiveness of the Site Office. It's also used as a
7 measure to communicate our performance to
8 Headquarters.

9 In terms of YSO technical staffing, we
10 have a Workforce Analysis and Staffing Plan that
11 defines our current level. The plan is a living
12 document. It's updated annually, but actually it gets
13 changed more often. Progress towards recruiting and
14 filling is tracked in a weekly management system
15 meeting.

16 Our initial efforts to determine that the
17 level of staff necessary to operate the office the way
18 we would ideally like to do it would be 96
19 individuals. We reevaluated that and determined that
20 this office could be managed with a staff of 80. Our
21 current position remains the same.

22 We have not been able to staff up to 80
23 due to the NNSA re-organization and some personnel
24 practices to ensure we protect people who may be
25 excessed to other sites. That hiring freeze is now

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1 off, and we've made some recent selections and several
2 more in process.

3 I personally have placed a very strong
4 emphasizes on our technical qualification program.
5 Everyone who is qualified, every FR I participated in
6 a walk around, final qualification with that. Our
7 requalification program is not just for FR, but the
8 whole tech quals programs. Currently 83 percent of
9 the YSO technical personnel are fully qualified, and
10 none are overdue.

11 Specifically in the Facility Rep program
12 we have nine of nine FRs fully qualified. Four of our
13 five -- four on AB engineers are all fully qualified,
14 and we're currently short one AB engineer, and that
15 will be posted shortly. Five of our six safety system
16 oversight engineers are fully qualified. The one
17 engineer which is missing was the instrument and
18 control. Electrical engineer that will be posted very
19 shortly.

20 To talk just a little bit about our line
21 oversight and Contractor Assurance System. As Federal
22 employees, we cannot abdicate our responsibility as
23 owner of the Y-12 Plant. There always be a base
24 federal oversight program to enable us to meet our
25 federal responsibilities, particularly in accepting

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1 risk with respect to safety and security. We are in
2 the process of looking at how we do that.

3 Currently, I see our work divided into
4 three major categories. First is how we run the
5 office itself. That's on personnel practices,
6 policies, all of that. Our processes for how we
7 define requirements and accept risk, which is in
8 essence, the contract.

9 And then finally, our processes for
10 conducting oversight which include the field
11 assessments of our contractor performance. We believe
12 we have to become more effective and efficient in the
13 way we complete these activities due to:

14 (1) There's a continuing requirement for
15 implementing greater responsibilities at the Site
16 Office, as you've already noted;

17 (2) There are increasing requirements for
18 security, and;

19 (3) And the workload is increasing at Y-
20 12, including our modernization activities of our
21 purification facility, our enriched uranium materials
22 facilities, admin facilities, future enriched uranium
23 operation, and the increasing infrastructure reduction
24 activities that have come along.

25 It's our view that the small staff of YSO

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1 cannot provide the same level of oversight that can be
2 achieved by leveraging our assessments and the
3 required contractor management and independent
4 assessments. We believe that a good validated
5 Contractor Assurance System can help us leverage our
6 assets to actually improve our oversight. The
7 development of the effective Contractor Assurance
8 System starts with a common understanding of the risk
9 -- the requirements and associated risk. That'll be a
10 key federal role early in that process. Once the
11 requirements have been identified, agreement is
12 reached on the performance metrics to measure those
13 risks. Information on the contractor efforts to
14 evaluate their performance will be made available.
15 The performance metrics will not eliminate federal
16 assessments, however we believe they will enable us to
17 reduce our efforts spent in gathering field data on
18 contractor performance in low risk areas.

19 Overall, we believe that the CAS
20 implementation, Contractor Assurance System, we could
21 be spend more time on defining requirement and less on
22 transitional approval of activities in the field.

23 To date, we have not relied on the
24 contractor's evaluations to reduce YSO oversight. Any
25 oversight changes that we have made have resulted from

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1 our existing procedures for evaluating contractor
2 performance.

3 Some indications that we believe that
4 indicate the readiness for implementation of elements
5 of the Contractor Assurance System include:

6 (1) Contractor organizations that are
7 most critical of their activities. They should be
8 holding themselves to the higher standard. Currently,
9 the majority of organizations at Y-12 are not the most
10 critical of their activities. YSO and independent
11 assessments continue to identify issues and concerns
12 which should have been identified and corrected by
13 self-critical organization;

14 (2) We need to focus more on the
15 effectiveness of contractor assessment activity in
16 fixing problems, not just identifying them;

17 (3) YSO oversight processes must ensure
18 the contractor assessments and performance metrics
19 reflect "true data," sort of the ground truth. Our
20 oversight process is fully developed with feedback
21 mechanisms in place, including the PAM to provide
22 independent measures of contractor performance. As
23 they are developed, YSO oversight processes will have
24 to be reviewed and potentially revised to ensure that
25 the mechanisms are in place to validate the adequacy

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1 of the data in the metrics.

2 At Y-12 now, probably the environmental
3 protection area is the closest to the point where we
4 could consider implementing a Contractor Assurance
5 System. The organization is working routinely to meet
6 requirements, very self-critical, continues to
7 identify work and effectively resolve issues. And
8 there's also a far amount of external regulation on
9 the environmental side.

10 We were asked to comment briefly on the
11 Columbia accident investigation. Y-12 is
12 participating in that. We've got three teams working
13 with BWXT. Our current activities in the Site Office
14 including participating on the Headquarters task
15 force, being personally led by my deputy, Ted Sherry.

16 In terms of corrective actions, our
17 procedures identify responsibilities and provide
18 processes for identifying where correction is
19 necessary. Once it's identified, it's tracked and
20 validated all the way through closure.

21 Very briefly in summary, I believe the
22 actions taken by YSO in implementing an Integrated
23 Safety Management [ISM] Program, which includes
24 putting technically qualified staff in place with
25 defined roles and responsibilities in a FRAM, while

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1 implementing a detailed set of contractor oversight
2 performance measures with an experienced and competent
3 Facility Rep program, have given us a strong
4 foundation to move forward with NNSA's re-organization
5 and contractor assurance initiatives.

6 I am committed to the success of this
7 initiative. I actually anticipate little change in our
8 current oversight role until the contractor
9 demonstrates proven capability.

10 That's a very quick highlight of what I
11 think to be the most important points.

12 CHAIRMAN CONWAY: Thank you. Thank you.
13 We'll put your statement in, as I said, as if given in
14 its entirety.

15 Dr. Eggenberger?

16 VICE CHAIRMAN EGGENBERGER: Yes. I
17 believe you told me that it was your opinion that the
18 contractor assurance system was not mature enough at
19 this point in time for you to depend upon it for a
20 large portion of input into your oversight?

21 MR. BRUMLEY: That's correct.

22 VICE CHAIRMAN EGGENBERGER: And,
23 therefore, you need to continue your oversight on a
24 higher level than you would anticipate that you would
25 later on?

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1 MR. BRUMLEY: I think the total oversight
2 and total staffing of the office will remain
3 relatively flat. As the Contractor Assurance System
4 matures, I believe we can spend more time on
5 developing requirements and writing better contracts
6 and being a better customer, and we can focus less
7 time on actual field presence. Right now, we have
8 indicators that indicate up to 60 percent of our time
9 is spent conducting assessments. We believe that it
10 may be more efficient if we could put better effort
11 into defining the requirement, we could back off
12 slightly on field assessments. But again, those
13 assessments will have been supplemented and actually
14 exceeded by what will be available in the Contractor
15 Assurance System. However, as I said earlier, we do
16 not propose to back off of your assessments until we
17 see them being performed in the field.

18 VICE CHAIRMAN EGGENBERGER: Yes.

19 MR. BRUMLEY: By the contractor.

20 VICE CHAIRMAN EGGENBERGER: Yes. I said
21 at Pantex that they do two things. And I believe that
22 they do the same two things at Y-12. They do
23 operations, and they do infrastructure-type
24 engineering and analysis, and that the two do mesh
25 together.

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1 Do you have an assessment at this point in
2 time of the ability of the contractor to do their own
3 internal assessments on operations, number one? And
4 number two, on the infrastructure engineering and
5 analysis? Could you contrast the ability of the
6 contractor to do appropriate assessments?

7 You've already told me that it's not where
8 it needs to be. But could you contrast the two?

9 MR. BRUMLEY: We believe, and we've
10 reported through some of our processes including our
11 Performance Analysis Matrix process on the operation
12 side, we see considerable opportunity for improvement
13 by the contractor. I believe they recognize this. And
14 part of that is because their own ability to identify
15 issues; still, too many things happen, and too many
16 issues are identified by others. So on the operation
17 side, we believe significant improvement in their
18 ability to assess themselves is still required.

19 On the engineering side, I guess one point
20 of data would be the engineering effort to submit all
21 of the documents required for the 830 [10 CFR 830]
22 review, all of the SARs [Safety Analysis Reports] that
23 had been presented. In general, those were of good
24 quality. There was some issues where we thought the
25 engineering could have been a little more inquisitive

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1 and provided better information in support.

2 I would have --

3 VICE CHAIRMAN EGGENBERGER: Well, let's
4 use an example of a new facility. The HEUMF (Highly
5 Enriched Uranium Material Facility) which was to be
6 installed at the site; can you give me an idea of your
7 assessment of how they're able to oversee that
8 particular facility?

9 MR. BRUMLEY: We believe it's adequate,
10 and they'll be able to do a good job. We're seeing
11 early performance on the purification prototype, which
12 is a facility under -- we no longer call it prototype
13 -- a purification facility which is under
14 construction, and the technical issues seemed to have
15 been addressed and resolved in that. So I'm not sure
16 I understand exactly where you're heading with the
17 question.

18 VICE CHAIRMAN EGGENBERGER: Well, we've
19 had two starts on the project. It's a very complex
20 project in that the dependence and interdependence of
21 nuclear safety and security is a very difficult
22 problem.

23 MR. BRUMLEY: Oh.

24 VICE CHAIRMAN EGGENBERGER: And those I
25 would expect that you would say that they don't have

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1 all the facility to work with those, and that they'd
2 have to maybe go on -- I'm trying to understand where
3 we're missing capabilities for performing oversight
4 and seeing that things are done properly. And then my
5 next question was: how is your organization with
6 people that do infrastructure and its ability to
7 oversee it?

8 MR. BRUMLEY: I am very pleased with the
9 number and quality of the staff I have on board today.
10 Everyone would like more. We clearly do not have nor
11 would propose to maintain on staff subject matter
12 experts. For example, in seismic. I believe it's
13 important that there be a technical base either in
14 Headquarters or the Service Center where we can draw
15 on for people like Jeff Kimball. It wouldn't make
16 sense for me to replicate that capability at each of
17 the Site Offices, for example.

18 But generally within the Site Office, I'm
19 pleased with it.

20 VICE CHAIRMAN EGGENBERGER: But also let
21 me push on that just a little bit more. Let's say you
22 and I come up with a list of people that would be
23 necessary in Headquarters to satisfy you, and we'd
24 come up with a list of, let's say, 33 people. All
25 right. And what these 33 people, and I think you'll

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1 agree with me, they can not just sit in their office
2 and wait for the telephone ring.

3 For example, you used the seismic expert.
4 Since you're not a seismic expert, you may not know
5 the dirty laundry when you see it. So do you not need
6 an organization in Headquarters which is an active
7 organization that you allow to come in and look at
8 what you're doing to see what assistance they can
9 provide you that's in the best interests of the
10 Department? Wouldn't that be something that would be
11 useful to you in these myriad of disciplines that you
12 and I just defined as necessary?

13 MR. BRUMLEY: Absolutely. It is absolutely
14 critical that Site Offices have the ability to access
15 this technical expertise. It could be done by a group
16 of experts in Headquarters. It could also be done on
17 a limited basis by contracting. If we need to go out
18 and hire an expert for a given period of time.

19 I think on something like seismic that
20 has, you know, complex-wide implications, I think that
21 kind of expertise probably should be either in
22 Headquarters or a Service Center providing that
23 support to the complex.

24 VICE CHAIRMAN EGGENBERGER: But my issue
25 of an organization that is active, it is important to

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1 me. One, it gets their nose in your business and
2 knows that you are working on project A and assures
3 you that you need to look at this, because really
4 you're not the expert in this, and that this whole
5 organization could help you. Wouldn't make things--
6 it would prevent bad starts and things like that?

7 MR. BRUMLEY: Absolutely. And I see two
8 roles if you look at it in that oversight. One could
9 be a source of day-to-day information --

10 VICE CHAIRMAN EGGENBERGER: Yes.

11 MR. BRUMLEY: -- on specific topical
12 areas. We have no hesitancy in bringing folks in like
13 Jerry McKamy to help us with safety on a periodic
14 basis.

15 VICE CHAIRMAN EGGENBERGER: Yes.

16 MR. BRUMLEY: I also think it's important
17 that on some periodic basis somebody come take a look
18 external to the Site Office and tell us are we doing
19 the job that we say we're doing in our processes and
20 procedures. Fundamentally, obviously, we're going to
21 do what we think is right. But if we have a blind spot
22 and don't know it, having external people come in and
23 look at us is very valuable to us.

24 VICE CHAIRMAN EGGENBERGER: Thank you.

25 CHAIRMAN CONWAY: Dr. Mansfield?

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1 DR. MANSFIELD: One or two questions along
2 the same lines that I asked the previous witnesses.

3 Based again on ORPS reports and
4 discussions with our Site Representative. There have
5 been occasions of -- give occasions of Plant practice
6 that should have been caught quickly because the
7 evidence piled up and in some cases definitely piled
8 up. I mean, and a good example is the combustibles
9 even under electrical panels in the E Wing [a Y-12
10 facility]. Who would you have expected to find that
11 and get it fixed? The Site Manager? The building
12 manager? The Site Manager? You? Your Site Rep?
13 Who?

14 MR. BRUMLEY: Clearly those kind of
15 activities we would ideally, the contractor is part of
16 a routine assessment program and their own facility
17 processes would be identifying those things.

18 DR. MANSFIELD: Yes.

19 MR. BRUMLEY: It doesn't always happen.

20 DR. MANSFIELD: And then this question
21 then is for Mr. Ruddy, what steps do you take to make
22 it happen?

23 MR. RUDDY: Well, in the example of
24 housekeeping, about 2½ years we instituted on a
25 limited basis housekeeping in the non-nuclear part of

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1 the Plant, what we call the east end of the Plant. And
2 it worked successfully. But we had these long terms
3 issues like the basement of E Wing and some of the
4 other areas.

5 I think in Dr. Matthews' last trip, he saw
6 significant improvement in the care of E Wing, but was
7 quick to point out that there were other areas that
8 could use the same kind of care and feeding.

9 What we're doing right now is we're
10 implementing a site-wide program for housekeeping with
11 standards to be applied in every area. One of the
12 things that we've found is that by communicating
13 standards to people in areas like housekeeping -- I
14 mean it's very clear for nuclear criticality what our
15 standards are. And even in those cases we do have
16 occasional deviations from the approved process, or
17 there are controls that we have. But in things like
18 housekeeping, it becomes kind of a judgment by the
19 eye. And we've had a lot of people go through there
20 and kind of judge well this thing isn't up to snuff.
21 But, frankly, to the people who live there and had to
22 deal with it, because they didn't have a standard to
23 work to, they couldn't judge and be self-regulating.

24 And so that's kind of our approach in the
25 area of contractor assurance. To create standards and

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1 communicate them so that there is an accountability
2 and a way to measure either your progress or your
3 attainment of an acceptable level of performance.

4 DR. MANSFIELD: So we would expect that we
5 review your CAS, that standard setting and at least
6 some level of inspection to make sure the standards
7 are met --

8 MR. RUDDY: Absolutely.

9 DR. MANSFIELD: -- are going to be a
10 regular part?

11 MR. RUDDY: Absolutely. And in my
12 comments I'll show you how we put standard and metrics
13 into our --

14 DR. MANSFIELD: It's not just a question
15 of cosmetic housecleaning. I mean, there are
16 definitely safety issues involved. Another one is the
17 DU [depleted uranium] chip accumulation in 92-04 that
18 was, surprisingly, kind of unknown. The potential
19 pyrophoricity of things -- of the chips accumulations.
20 They'd just sort of been forgotten.

21 MR. RUDDY: Well, once again, I would
22 trace that back to specific and clear standards for
23 that.

24 DR. MANSFIELD: Yes.

25 MR. RUDDY: We tend, especially in these

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1 older sites, to do management by oversight. And you
2 have to have a fundamental process that ensures the
3 quality the first time so that your oversight is
4 looking for adjustments to those standards and not
5 fundamentally putting the quality in. If we want for
6 Dr. Matthews to come to our site and tell us which
7 areas need to be cleaned up and which don't, I mean
8 we're never going to get there. And that is
9 fundamental to the responsibility that's on our
10 shoulders as the contractor.

11 DR. MANSFIELD: I agree. I agree.

12 Since the standards and their application
13 are complicated -- very complicated in a plant, are
14 important to you staying within your safety basis,
15 will you -- this question is for Mr. Brumley -- will
16 you take a particular interest in reviewing standards
17 and their completeness for the purpose of staying
18 within the safety basis?

19 And my second question, you know it's
20 coming already, does anybody at Headquarters care?

21 MR. BRUMLEY: To the first part, as I
22 indicated early in testimony, as part of this
23 Contractor Assurance System, the very first that we
24 have to agree upon with the contractor are the
25 requirements or standards, whatever you want to call

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1 them, and the associated risk associated with
2 compliance, the Site Office has to fundamentally be on
3 board with that, or it doesn't make sense for the
4 contractor to go any further. They'll be measuring to
5 the wrong standard.

6 In terms, I believe Headquarters does care
7 but they've very limited numbers of people there, and
8 I don't need to reiterate to you the people that have
9 left.

10 DR. MANSFIELD: Mr. Chairman, this is
11 exactly the kind of incipient systematic weakness in
12 the control of activities at DOE that we've often
13 discussed.

14 Thank you.

15 CHAIRMAN CONWAY: Dr. Matthews?

16 DR. MATTHEWS: Yes. I'd like to get your
17 views on the new roles that you have as risk
18 acceptance official and contracting officer. It would
19 seem to be pretty significant changes in your way of
20 doing business at the Site Offices.

21 As you know, where I want to go is: you
22 have these conflicting responsibilities, which we've
23 all lived with, how you get to the decision or how you
24 balance priorities? So let me ask the question a
25 little differently than I did before. What in terms

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1 of safety risk keep you awake at night; what two or
2 three things keep you awake at night? And then what
3 two or three things in terms of programmatic
4 deliverables keep you awake at night? And when they
5 compete for resources, how do you make that decision,
6 and how do you quantify those risks?

7 MR. BRUMLEY: I think that you said two or
8 three, and I'll keep it to two. I think probably the
9 two things that I worry about most from a safety
10 perspective is fire. We have an old facility. If you
11 look, and I'm sure you have, at our Safety Analysis
12 Reports that have been in, fire tends to be the
13 dominant hazard that we have to mitigate. And, again,
14 the safety related to that is release of materials,
15 both radiological and nonradiological. Those tend to
16 be the dominant scenarios we worry about.

17 The other risk is exposure of people to
18 beryllium. That is an ongoing health and safety
19 issue. It is currently within the standards, but the
20 standards are ever tightening.

21 And those are probably the two issues I
22 worry about.

23 You may wonder why I don't mention
24 criticality safety, because our business is highly
25 enriched uranium, and when that's it, you can't

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1 separate security from safety from operation. But the
2 crit safety program is actually very mature. It has
3 been reviewed by a number of outside independents. We
4 continue to get reports of numbers, and I won't say
5 significant numbers of crit safety deficiencies or
6 notifications, but they tend to be at the low level,
7 which tells me the meter is working and that program
8 remains fairly healthy. It is, indeed, a predominant
9 hazard, but it probably better controlled than the
10 other ones. So we worry about it, but that's a problem
11 not top on my list.

12 I would also say at Y-12, a major safety
13 is our ability to protect material. One of the most
14 unsafe things they can do is not protect SNM [special
15 nuclear material]. So security in my mind at Y-12 is
16 not independent from safety.

17 And the other part was -- the second part?

18 DR. MATTHEWS: As your contracting officer
19 responsibility, what problem things keep you awake at
20 night that aren't going to get delivered?

21 MR. BRUMLEY: The Y-12 Site Office had
22 what I believe was actually a significant advantage
23 perhaps to the other site offices, in that when NNSA
24 was first stood up, we were part of the Oak Ridge
25 Operation's Office, and it brought into play the

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1 double hat scenario with the Oak Ridge manager. So
2 the Y-12 Site Office was stood up as an independent
3 entity reporting to Headquarters about 18 months ahead
4 of the rest of the complex. That required us to
5 assume contracting officer authority earlier than
6 others.

7 In terms of balancing those program risks,
8 fundamentally all of the work that's authorized
9 through the Site Office is done so by a series of WADs
10 [Work Authorization Documents]. And they tend to be
11 fairly specific as to what work does and doesn't get
12 done. Any change to that that affects a Work
13 Authorization Document, goes through a change control
14 board on the contractor side and the Federal side.
15 And prior to that change being authorized, it has
16 input from both the safety and security and technical
17 folks on my staff.

18 We really want to know is when we're
19 focusing efforts on task A in a zero sum game,
20 generally it means something doesn't get done
21 someplace else. And we like to make sure we understand
22 exactly what is not going to get done when we have to
23 focus on the other task. But fundamentally, the
24 process as a change control board includes input from
25 all of my staff before we authorize a change.

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1 DR. MATTHEWS: Okay. Just to follow up,
2 though, then that balancing act of risk has to,
3 obviously, translate into a contract somehow. Can you
4 explain how your contract whole performance measures
5 hold your contractor accountable for the safety versus
6 productivity issues? Are there measures in there that
7 are explicit in those things?

8 MR. BRUMLEY: Absolutely. In terms of the
9 contract and rewarding the contractor, there are two
10 basic areas within the fee process. One are PBIs
11 [performance based incentives]. The vast majority of
12 the production items are in there in terms of
13 delivering components on a certain schedule. We can
14 also incentivize any safety program or plan, or
15 facility mod, or certain safety projects can be
16 incentivized. But those tend to be very discrete
17 deliverables.

18 The other side of our assurance process
19 includes, is what I referred to earlier, as our
20 Performance Analysis Matrix, which looks at the
21 functional areas, whether it's red crit safety, con
22 ops. And that in terms of performance is translated
23 back to the fee which the contractor earns.

24 And a specific example was on one of the
25 items having to do with draining of the columns in

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1 9206 [a Y-12 facility], which overall is a very
2 successful effort in risk reduction activity. There
3 was some areas where we had some concern about the
4 processes the contractor followed, and we made a
5 slight deduction to that PBI.

6 DR. MATTHEWS: Thank you.

7 CHAIRMAN CONWAY: Okay. One question I'd
8 have, how close do you interface with Pantex with the
9 site manager at Pantex? You have some interface with
10 him, but do you have close relations with him at all?

11 MR. BRUMLEY: It's probably -- yes. If
12 there are issues where we need support out of Pantex
13 or vice versa, there's no reluctance for me to call
14 Dan or Dan to call me.

15 CHAIRMAN CONWAY: Because we've had
16 examples in the past, one particular one that comes to
17 my mind, where a safety matter was discovered, if you
18 will, or recognized at Y-12. And was not based back
19 down to Pantex. Nor, for that matter even, apparently
20 at the Los Alamos Laboratory. So this kind of
21 separation of little fiefdoms is always a little
22 worrisome. So that's what I had in mind if the safety
23 problems developed, obviously you'd go out--

24 MR. BRUMLEY: Does this have to do with
25 some bolts?

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1 CHAIRMAN CONWAY: No. No. No. This was
2 something having to do with the sign that was up. In
3 any event, it came to our attention that there was a
4 breakdown within the DOE organizations on a safety
5 matter, an important one.

6 MR. BRUMLEY: Being cryptic, I believe I
7 understand the issue you're talking about.

8 CHAIRMAN CONWAY: So that to me stresses
9 the importance of within the community, the nuclear
10 weapons community, and that includes the Laboratories
11 and yourselves. There's an importance of the
12 community itself, make sure that they know what's
13 going on.

14 MR. BRUMLEY: Yes. I can't agree more.

15 DR. MANSFIELD: Could I comment on this?
16 That was found, but it just took a long,
17 long time. It was found.

18 CHAIRMAN CONWAY: Do you want to say
19 something, Jim?

20 MR. McCONNELL: One quick question. You
21 noted that the Y-12 Site Office had a benefit of being
22 established 18 months earlier than the rest of the
23 semi-autonomous site offices. Now, on the other side
24 of that coin, the Service Center is comprised of the
25 people that were from three operations offices, none

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1 of which had any responsibility for Y-12. So the
2 people that populate the Service Center didn't come
3 from experiences that were -- they don't come with
4 experience at the Y-12 Plant.

5 So my question is what is the level of
6 support that you get to augment your 80 people from
7 the Service Center, and are the skills and abilities
8 of the people at the Service Center tuned to the needs
9 of the safety issues at Y-12 since there weren't any
10 people out of Oak Ridge now in the Service Center?

11 MR. BRUMLEY: The Y-12 Site Office has in
12 place a formal service arrangement with the Oak Ridge
13 Operations Office to define the relationship. In many
14 ways they are our service center, particularly with
15 respect currently to financial matters, the allotment
16 process and our HR [Human Relations] authority still
17 goes through Oak Ridge.

18 We do not depend heavily at this point on
19 either Oak Ridge or the Service Center for technical
20 expertise to support operations at Y-12.

21 CHAIRMAN CONWAY: Okay. Thank you.

22 Mr. Dennis Ruddy, General Manager of BWXT
23 at Y-12.

24 And your prepared statements runs 27
25 pages. I'd like to put it in the record --

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