

1 MR. KLEIN: No, sir.

2 CHAIRMAN CONWAY: Okay. Thank you.  
3 Anyone else have anything? We turn to Mr. Gallagher,  
4 Mr. Ronald Gallagher. We welcome you here. This is  
5 your first meeting, I think, with the Board --

6 MR. GALLAGHER: That's correct.

7 CHAIRMAN CONWAY: -- interface with the  
8 Board in any way. We welcome you.

9 MR. GALLAGHER: I appreciate it, Mr.  
10 Chairman, members of the Board, I appreciate the  
11 opportunity to present. I am President and Chief  
12 Executive Officer of Fluor Hanford. I assumed those  
13 duties the first week of December of this year, so  
14 I'm relatively new at the job. I did bring along  
15 with me my Chief Operating Officer, someone I  
16 appointed only this last week into that position,  
17 George Jackson.

18 CHAIRMAN CONWAY: Please, you're welcome  
19 to come up to the table.

20 MR. GALLAGHER: George is a 25-year  
21 veteran of the Hanford Facility, and will certainly  
22 be able to comment on past issues as it relates to  
23 areas that I might not be able to address.

24 CHAIRMAN CONWAY: -- so that the reporter  
25 has your full name and -- if you would give him your

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1 full name and title, please.

2 MR. JACKSON: George W. Jackson. I'm the  
3 Executive Vice President and Chief Operating Officer  
4 for Fluor Hanford.

5 CHAIRMAN CONWAY: Thank you.

6 MR. GALLAGHER: This first slide just  
7 addresses the topics that I plan to discuss in my  
8 presentation. The focus, of course, is on self-  
9 assessment and corrective action management for  
10 Hanford. Although I'm relatively new at the Hanford  
11 Facility, I do have some observations, some early  
12 observations, from my introduction to the Site, and I  
13 have toured the facilities, both inside many of the  
14 buildings themselves, and at the workplace, so I've  
15 had an opportunity to see things first-hand.

16 CHAIRMAN CONWAY: Let me suggest this.  
17 If you -- I'll leave it up to you. If you want to  
18 put your prepared statement in the record, and then  
19 give us your observations of what you observed, and  
20 what you think you're going to have to do in your new  
21 position. Is that satisfactory to you?

22 MR. GALLAGHER: That's satisfactory.

23 CHAIRMAN CONWAY: Thank you, sir.

24 MR. GALLAGHER: I think we recognize the  
25 importance of self-identification. That's my first

1 and clear observation. I think we also realize that  
2 in some instances, our assessment programs, as Keith  
3 has pointed out, in the past have not consistently  
4 produced their intended results. We accept that  
5 criticism, and we are taking, initiating some steps  
6 to address that. We understand that certain actions  
7 are needed to improve the quality of performance of  
8 management and independent assessments. As far as  
9 expectations go, the bottom line at Fluor Hanford,  
10 I'm responsible for safety. I initiate that activity  
11 and follow through that with the expectation of line  
12 management to self-identify and correct problems. We  
13 also have an independent assessment process that also  
14 provides that oversight, and works in close  
15 coordination with our client. We recognize that  
16 strong assessment programs, of course, result in  
17 fewer operational problems and less rework and  
18 disruption, and it offers a proactive approach to  
19 managing work so that we can achieve the productivity  
20 and gains that we'd like to achieve. And I think  
21 most importantly, the self-assessment programs  
22 provide a safe workplace in an environmentally safe  
23 area, not only for our workers but for the community.

24  
25 Some of the areas, as mentioned, in past

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1 2003, we had some functional areas that were not  
2 consistent or comprehensive enough. The past  
3 problems, as I understand them at this stage, are  
4 primarily due to some of the self-assessments that  
5 were performed, particularly at the sludge water  
6 systems, were poor quality and lacked depth, and I  
7 might point out that although we did declare  
8 readiness on those, it was Fluor Hanford that  
9 withdrew those ORRs before they were implemented,  
10 ourselves. Some of the assessments also were not  
11 effectively done in a timely way.

12 Program enhancements that have already  
13 been implemented and are being followed through by  
14 the management team that I'm overseeing include  
15 greater senior management accountability, actions  
16 taken to insure the assessors are qualified, more  
17 rigorous scheduling accountability, and more  
18 effective tracking mechanisms that are put in place  
19 such as the CAM [Corrective Action Management]  
20 database that provides good tracking of when  
21 assessments are due and what is overdue, and more  
22 targeted independent assessment areas. Rather than  
23 quantity, the quality and the focus of the  
24 assessments we believe will deliver better results.

25 To me, the importance is clear. It

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1 generates, as I mentioned, a proactive management  
2 approach. It's just simply good management, and  
3 where we can learn from the past and plow that into  
4 our actions for the future. Of course, the key  
5 benefit that I see in a good, robust assessment  
6 program is less oversight, as we've discussed at  
7 length at this presentation already, less disruption  
8 where we can focus on getting the work done that  
9 we're chartered to do.

10 As far as the requirements go, it's three  
11 areas of focus. We describe a process we use for  
12 conducting effective assessments. We also outline in  
13 detail what are the training and qualification  
14 requirements for personnel that are conducting those  
15 assessments, and we also have a listing of various  
16 tools that will be used for conducting assessments  
17 across the sites.

18 As far as the contractual requirements,  
19 they're very clear as stated in the slide. As far as  
20 the implementation of the new DOE oversight policy, I  
21 might add that the Fluor Hanford has not formally  
22 received that document, although we do have some  
23 drafts that we're working with, and our preliminary  
24 review as indicated by others already in this  
25 presentation, is we -- there is increased emphasis on

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1 utilization and formalization of worker related  
2 assessment activities, increased emphasis on  
3 competence of personnel, and we see it as the use of  
4 consistent performance indicators that can be used to  
5 help provide some early indicators of where trouble  
6 spots may show up.

7 From what actually has been shared with  
8 me as I previously stated though, is at this time,  
9 based on our review, Fluor Hanford does not foresee  
10 the implementation of this policy as a major change  
11 in direction. We look forward to working with our RL  
12 counterparts on achieving alignment on these issues,  
13 a clear understanding of what the goals and  
14 objectives of the oversight policy is about, and  
15 getting on with the implementation.

16 CHAIRMAN CONWAY: Thank you. Dr.  
17 Eggenberger?

18 VICE CHAIRMAN EGGENBERGER: I believe I  
19 heard you say, and correct me if I'm wrong, that you  
20 believe that less oversight was better, for you. Did  
21 you say that?

22 MR. GALLAGHER: Certainly if we're  
23 clicking on all cylinders, so to speak, I would  
24 believe that less oversight would provide an  
25 opportunity for the workforce to focus on work tasks

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1 and productivity goals, in conjunction with, of  
2 course, an expectation of high safety performance.  
3 It's the response time that's associated with  
4 responding to oversight comments, and if we can get  
5 to a point where I believe the external assessors can  
6 back away from giving us those comments to respond  
7 to, then we can keep our focus on work tasks.

8 VICE CHAIRMAN EGGENBERGER: There are two  
9 projects that you own that this Board has a great  
10 deal of interest in. One is, of course, the PFP  
11 [Plutonium Finishing Plant], and the other one is  
12 what we talked about: the K-Basin project.  
13 Basically, the Board was a driver for both of those  
14 projects to get them going. I think your summary of  
15 the K-Basin project was good. I'll give you mine.  
16 It started out very good, went very well, and went  
17 into the ditch. It's been in the ditch every since.

18 Now, the positive thing is there's no mud in the  
19 bottom of the ditch, so what it's doing is it's  
20 inching along, and I believe that the word that you  
21 used was quality, and I think that's one of your  
22 bigger problems, and the whole concept of oversight  
23 and watching this project more carefully, I think,  
24 would be advantageous to all.

25 One of the things that Keith commented on

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1 or it struck me this way, is that all of a sudden  
2 you found that things weren't running well, and Fluor  
3 also said that with respect to ORRs. We stopped the  
4 ORR. Fluor took credit for that. Prior to that,  
5 there were indicators that things were in the ditch.

6 I mean, we have an indicator on site full-time that  
7 gives us indications as to how things are going in  
8 our oversight role. So, one of the things, Mr.  
9 Gallagher, that I would encourage you to do is to  
10 meet with our Site Rep that works on the K-Basin, and  
11 in fact, I would do it and use him as much as I  
12 could. There is a great deal of knowledge and Mr.  
13 Jackson, you have used him, you probably haven't used  
14 him as good as you should have. So that's why I'm  
15 giving you some advice. That's all that I have to  
16 say.

17 MR. GALLAGHER: (Mr. Gallagher nods).

18 CHAIRMAN CONWAY: Thank you. Dr.  
19 Mansfield?

20 DR. MANSFIELD: Mr. Gallagher, this is a  
21 bit unfair because I'm asking you what happened  
22 before your watch, but perhaps either you or Mr.  
23 Jackson can help me out here. Two years ago or so,  
24 you established a Project Operations Center [POC] to  
25 address engineering problems for the spent fuel

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1 program. How did it work, especially with regard to  
2 the sludge water system which we were talking about,  
3 and the field transfer system, especially the jack  
4 screws and limit switches? How did the -- what did  
5 you learn from it, and why did it work?

6 MR. JACKSON: The intent of establishing  
7 the Project Operations Center was to try to come up  
8 with a scheme that's typical of a lot of our  
9 engineering schemes, where you have matrixed  
10 organization, where you take all of your engineering  
11 resources, there were other aspects too, but the  
12 primary one I think you're dealing with is the  
13 engineering resources, they were matrixed back to the  
14 different projects to take care of what I call peak  
15 loads of resources being required from an engineering  
16 point of view. The base load of engineering talent  
17 for managing the systems in the different facilities  
18 and everything else, those were permanently assigned  
19 at the facility through the Project Operations  
20 Center. That was the intent of what they did to set  
21 that up, and that was modeled after Fluor corporate's  
22 method of assigning engineers and other project  
23 management personnel to the projects throughout the  
24 world.

25 In doing that, we looked at, for example,

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1 on the fuel transfer system and other engineering and  
2 design and construct type of projects, either stand-  
3 alone or modifications to existing facilities, we  
4 take a look early on as to whether we want to do the  
5 engineering and design ourselves, or we want to have  
6 somebody else do it under contract to us. In both of  
7 these examples they were done by Fluor Federal  
8 Services in conjunction with the facilities. Very  
9 much, for example, like we did out at PFP, the  
10 Plutonium Finishing Plant, when we did the  
11 modifications out there.

12 So that's the intent of why it was set up  
13 and why it was actually implemented. There's  
14 obviously different examples of the quality of the  
15 engineering and design and construction that comes  
16 out of such an organization. You can see that out at  
17 Hanford, for example, PFP versus the fuel transfer  
18 system or the sludge water system. Does that answer  
19 your question?

20 DR. MANSFIELD: Okay, so the Project  
21 Operations Center was not supposed to be a  
22 engineering oversight organization of any kind?

23 MR. JACKSON: Absolutely not. They  
24 assigned real engineers to do real work.

25 DR. MANSFIELD: To provide real

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1 engineering. Now, did you give -- when the hard  
2 problems came up, were they assigned to the standing  
3 permanent staff or to the POC staff that were  
4 matrixed in, or did it make any difference?

5 MR. JACKSON: Normally the engineering  
6 design came out of the POC staff rather than the  
7 engineering staff that were assigned to maintain and  
8 be the cognizant engineers for the safety and  
9 operating systems in the facility, so the new design  
10 was done primarily out of the POC.

11 DR. MANSFIELD: Okay. On -- second  
12 question, last question. When your submittals for  
13 the DSA were being put together, you knew, of course,  
14 that the sludge water system was at a 60 percent  
15 level, or less than complete level. What increased  
16 level of oversight did your central safety  
17 organization feel it had to provide to that before  
18 you made your submittal?

19 MR. JACKSON: I wasn't involved at all,  
20 Dr. Mansfield, so I can't answer the question. I  
21 really don't know the answer, so -- and I don't think  
22 Ron does either.

23 DR. MANSFIELD: Okay. Let's follow up on  
24 this later on. It seems to be more -- in the future  
25 we may -- we will probably certainly have to address

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1 decisions like DSAs being made before 100 percent  
2 design, and things like that. We ought to have a way  
3 of addressing those with a higher degree of rigor  
4 than we have in the past. I'd like to follow up on  
5 that with you and other contractors in the future.  
6 Thank you, Mr. Chairman.

7 CHAIRMAN CONWAY: Dr. Matthews?

8 DR. MATTHEWS: Yes. Just -- in order to  
9 do good self-assessment, one has to have, especially  
10 in this era of accelerated clean-up where you're  
11 really focused on getting the job done, one has to  
12 have a good grasp of what the hazards in the  
13 operations are, and I recognize you've only been on  
14 the job four days, so it's hard. No problem  
15 conferring with Mr. Jackson, but could you define for  
16 me what your top two or three hazardous operations  
17 are that you're most worried about, and how you're  
18 going to oversee and make sure that they don't result  
19 in some kind of nuclear incident?

20 MR. JACKSON: I can give you two right  
21 off the top of my head. One obviously is when we  
22 start to reduce the source term of our radiological  
23 hazards, I think we expose ourselves to the indirect  
24 types of hazards associated with uptakes and other  
25 things when we get into demolition and material in

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1 terms of contamination that might be hooked in all  
2 the nooks and crannies all over our facilities, and  
3 maybe not be able to detect that before we actually  
4 start demolition.

5 The other one is just the industrial  
6 hazards of falling. We never crawl up on top of  
7 glove boxes or anything else when we're operating  
8 them, but now we're starting to get up into different  
9 areas of the Plant where fall hazards become very  
10 prominent, so we pay attention to that. We have an  
11 automated job hazards analysis program that we do.

12 We have a tendency sometimes to rely on  
13 identifying the automated hazards or the ones that  
14 are common to the types of activities that we perform  
15 rather than going in and looking at that as a start  
16 and then saying, what else can happen? What are the  
17 additional hazards if we go into that? So we've  
18 identified that as a potential source of problems,  
19 and we're addressing it. Is that what you were  
20 looking for?

21 DR. MATTHEWS: Yeah, I guess I would have  
22 said different ones, but that's fine.

23 MR. JACKSON: Okay. But there are  
24 different hazards. We are paying attention. One of  
25 the other things we're doing is we're actually

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1 bringing people in from other sites that have already  
2 made the transition from decommissioning facilities  
3 into actually demolishing them. For example, you've  
4 got folks coming in from Rocky Flats, we import folks  
5 from Savannah River, Fernald quite heavily.

6 DR. MATTHEWS: I'm particularly concerned  
7 with the nuclear incidents, not the slips, trips, and  
8 falls. That's the part that I was curious where your  
9 -- where you think your highest hazards are, and you  
10 said, sort of the unknown sources in that old  
11 facility, which is -- no problem with that.

12 MR. JACKSON: Violating potentially the -  
13 - the same thing as with construction, potentially  
14 violating safety boundaries, or contamination  
15 boundaries when we go in to do things without knowing  
16 that. If we don't do a real good job in evaluating  
17 what we're doing on the systems before we actually  
18 start to decommission them or decontaminate them.  
19 There was an example that I was thinking of in that  
20 particular area that kind of flew out, but --

21 MR. GALLAGHER: One of the areas that  
22 I've been recently made aware of is the removal of  
23 TRU (transuramic) waste. These are the storage  
24 drums. We have to date had pretty good production  
25 rates because we've dealt with facilities, you know,

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1 drums that were stored within facilities. Now we're  
2 unearthing the older drums and there's a, you know, a  
3 wide variety of conditions of those drums the way  
4 they were stored. I would say that, you know, you're  
5 in an open air environment, you know, it leans for  
6 people to be a little bit reticent or less protective  
7 as he would be working in the spent fuels building,  
8 for instance, so as we proceed in those areas, I  
9 think we've got some serious concerns that needs to  
10 be addressed. I feel that we have the right people  
11 managing that work, that they have a high level of  
12 competence, and that they're addressing the key  
13 issues that need to be addressed, but we are going to  
14 be moving into more difficult TRU waste within the  
15 Fiscal Year `04.

16 DR. MATTHEWS: So I assume then that  
17 these are the areas you would be focusing your --  
18 sort of refocused self-assessment program on?

19 MR. JACKSON: Yes.

20 CHAIRMAN CONWAY: Mr. Gallagher, Dr.  
21 Eggenberger gave you some advice with regard to the  
22 Board's Site Rep, and I associate myself with his  
23 advice to you. It was a bad situation when problems  
24 that evolved in quality control, Quality Assurances,  
25 procedures that didn't work, equipment that didn't

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1 work, that the last Site Rep that spotted them and  
2 brought it to the attention of DOE and the  
3 contractor. So I think you would do well by  
4 following the advice that Dr. Eggenberger gave you.  
5 Also, from what I've read, you've got a pretty  
6 distinguished career in engineering, but you have not  
7 previously had experience in the nuclear field.

8 MR. GALLAGHER: That's correct.

9  
9 CHAIRMAN CONWAY: It has been my  
10 experience in the utility background that old-timers  
11 in the utility business who were good engineers knew  
12 what they were doing, did not understand the nuclear  
13 side of the business. And I've heard more than once  
14 from these fellows that running a nuclear plant is no  
15 different than it is running a fossil plant, and it  
16 is different. And I would hope Mr. Jackson, with all  
17 his years in the nuclear field, can help you in this  
18 area because it is different, and there's a different  
19 depth, if you will, of redundancy that's very, very  
20 important in this field, that's been built-in in the  
21 nuclear field. So I would hope by this idea of  
22 oversight, that trying assessments, it's been very  
23 important, assessments in the nuclear field, because  
24 people make mistakes, not intentionally, very good,

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1 competent people. So oversight and assessment is  
2 very, very important in the nuclear field, and we  
3 cannot afford to have an incident out there. The  
4 pools are very close to the river, and the Board here  
5 was instrumental in pushing to try to clean up those  
6 basins because they were leaking, and they constitute  
7 a hazard out there, but I would, as I say, suggest  
8 that in the nuclear field it's different from all  
9 your other experience, and it's worthwhile to listen  
10 to some old hands in this field. That would be my  
11 advice to you. We want you to succeed. We want you  
12 to succeed. As I mentioned to you before the meeting  
13 began, before our hearing began, one of the things  
14 that's been bothersome to me personally has been the  
15 constant changing of personnel at Hanford in the  
16 contractors. Individuals come and go, and there's a  
17 lack then of institutional memory that goes with  
18 that, so I'm glad that Jackson is there. He's had  
19 some years of experience at the Site, and as I say,  
20 we wish you success. We want you to succeed.  
21 Anything else?

22 DR. MANSFIELD: One comment I would like  
23 to make. What's at risk here for us is not a, you  
24 know, huge contamination event like a nuclear power  
25 plant accident, or like a Bhopal, it's a loss of

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1 confidence, the little bit of confidence, that we've  
2 regained, with the regulators and the public. That  
3 translates, for us it translates to places like Oak  
4 Ridge, Savannah River, and Pantex, the operation of  
5 which are critical to national security, so the  
6 linkage may not be obvious, but a problem at Hanford  
7 can stop our nuclear weapons program.

8 CHAIRMAN CONWAY: Keith, did you want to  
9 say one more thing?

10 MR. KLEIN: Yeah. I just, in thinking  
11 about how you would characterize our oversight per  
12 the Savannah River and said we're increasing whereas  
13 Savannah River is decreasing, I guess, I didn't mean  
14 to confirm that Savannah River was decreasing. I'm  
15 really not sure that's what Jeff said actually, but I  
16 just want to make that clear.

17 CHAIRMAN CONWAY: Thank you. Thank you  
18 very much. Roy, is it your birthday today somebody  
19 told me? Happy birthday. Okay, Roy, we'll start  
20 with you.

21 MR. SCHEPENS: Good morning. I'm Roy  
22 Schepens, and I'm the Manager of ORP [Office of River  
23 Protection]. What I would like to first start  
24 talking to you about is the overreaching idea that my  
25 intention at ORP is to establish a relationship

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