

**Statement of
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Deputy Secretary
U.S. Department of Energy**

**Before the
Subcommittee on Oversight and Investigations
Energy and Commerce Committee
U.S. House of Representatives**

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Chairman Murphy, Ranking Member DeGette, and members of the Subcommittee, thank you for the invitation to appear before you today to provide the subcommittee details on the actions the Department has taken or will take to strengthen management, oversight, and security of the nuclear weapons complex in the wake of the July 2012 Y-12 incident. We appreciate the interest and engagement of this Committee and recognize the important oversight role that you fulfill. We also share the Committee's commitment to assure that all of our offices and operations are delivering on our mission safely and securely— from Washington, DC, to California, from every naval reactor to every warhead, from production to clean-up, from deterrence to nonproliferation.

Introduction

Since its creation in 1999, the National Nuclear Security Administration (NNSA) has served as a separately-organized entity within the U.S. Department of Energy, entrusted with the execution of our national nuclear security missions. Living up to the challenging demands of executing our mission safely, securely, and in a fiscally responsible manner requires daily management through strong, effective, and efficient relationships with our Management and Operating (M&O) contractors.

The protection of all Department of Energy (DOE) people and assets — our federal and contractor employees, technology, and physical assets, including both nuclear and non-nuclear facilities and other resources — is of integral importance to our mission. The Secretary and I know that, and understand our responsibilities to that mission, in its entirety. Indeed, we have reflected our commitment through our Management Principles, which provide that:

- We will treat our people as our greatest asset;
- We will pursue our mission in a manner that is safe, secure, legally and ethically sound, and fiscally responsible; and
- We will succeed only through teamwork and continuous improvement.

The Secretary has expressed a consistent, unwavering commitment to maintain safe and secure work environments for all Federal and contractor employees. In that spirit, we are determined to assure that the Department's and contractors' operations do not adversely affect the health, safety, or security of workers, the surrounding communities, or the Nation.

DOE's mission includes diverse operations, involving a variety of nuclear materials and processes. We recognize our unique obligations as a self-regulated agency to establish and meet exacting standards for nuclear safety and security, to maintain robust nuclear safety performance, and to provide rigorous and trustworthy oversight and enforcement of those nuclear safety and security standards. We must also maintain a safety and security culture that values and supports those standards, and assures that individuals can freely step forward to voice their concerns related to our safe execution of our mission. Indeed, we encourage them to do so. Only through these actions can we provide adequate protection of our workers, the public, and the environment, while sustaining the public trust and confidence crucial to our ability to fulfill the mission.

To achieve our mission, DOE must strive to excel simultaneously as a self-regulator, as an owner, and as an operator of the facilities in our national security complex. Each of these roles is vital and must be executed with integrity. The July 2012 incident at Y-12, as the Secretary and I have repeatedly emphasized, was unacceptable, and we have taken and will continue to take steps not only to identify and correct issues at that site, but across the DOE complex. I will address the Department's response to the incident in more detail later in this testimony.

Roles and Responsibilities for Nuclear Security within DOE

The Secretary and I bear ultimate responsibility for nuclear safety and security at DOE facilities. Under our direction, line managers have the authority and the responsibility for establishing, achieving, and maintaining stringent performance expectations and requirements among all Federal and contractor employees, at DOE labs and other facilities.

The Department's Office of Health, Safety and Security (HSS), in consultation with line management, is responsible for the development of DOE nuclear safety and security policy, Federal Rules, Orders, and the associated standards and guidance, as well as for reviewing safety and security issues complex-wide. HSS also conducts independent oversight and regulatory enforcement that is independent from line management. HSS oversight has expanded the scope and variety of performance testing methods utilized to assess the readiness of DOE and NNSA site protection systems against a defined spectrum of threats and adversary capabilities. Performance testing methodologies include no-notice and limited notice inspections to obtain a more realistic assessment of site response capabilities and readiness performance.

The Department's approach to nuclear safety and security is founded on a demanding set of standards that capture knowledge and experience in designing, constructing, operating,

deactivating, decommissioning, and overseeing nuclear facilities and operations. DOE applies validated national and international standards to the maximum extent possible, because these standards reflect broad input from a large and diverse group of experts. As our management principles state: “We will apply validated standards and rigorous peer review.”

Our management principles also require that we “manage risk in fulfilling our mission.” This is essential to a robust safety and security culture, as demonstrated by the 2010 Deepwater Horizon oil spill, which vividly demonstrated the inadequacy of a mere “check-the-box” mentality by regulated entities when it comes to smart decision-making in a complex and hazardous operational environment. Since DOE expects scrupulous compliance with its requirements, managers and workers must recognize and embrace their personal accountability to meet safety standards, while avoiding a tendency for rote compliance with requirements. In some cases, it may be necessary to raise a hand and ask if another approach could offer a smarter way to assure safety. This questioning attitude must be encouraged.

Finally, the Secretary and I are also dedicated to strengthening contract and project management. Indeed, we cannot succeed in advancing our goals for the Department if we fall short in this effort. And, as we all know, safety and security are integral to effective contract management. Indeed, safety and security are key performance standards and elements of every contract, and extensive oversight is required to ensure stewardship as well as legal and regulatory requirements are met. When we have a safety or security problem, we must fix it, which may lead to increased costs and delays. So building safety and security into the fabric of our programs and our projects from the start and continuously monitoring adherence to safety standards is not just the right thing to do from a moral perspective, and not just the necessary thing to do according to our governing laws and regulations, but it is also the smart thing to do, as stewards of our responsibilities to the Nation and its taxpayers.

Response to Y-12 Incursion Incident

On Saturday, July 28, 2012, at 4:30AM three individuals trespassed onto the Y-12 National Security Complex and defaced a building at NNSA’s Y-12 National Security Complex in Oak Ridge, Tennessee.

This incursion and inadequate response to it demonstrated a deeply flawed security culture and equally flawed execution of security procedures at Y-12. In response to the incident, we acted swiftly to identify and address the problems it revealed.

Since the Y-12 incursion, several major actions have taken place to improve security:

Federal and Contractor Management Changes

New senior Federal and contractor management personnel were brought in to take charge of Site and Headquarters organizations, to transform our approach to security. Of the Federal personnel, a highly-experienced individual was appointed to serve as the new Chief of Defense

Nuclear Security and to develop overall policy; two Federal office directors experienced in security matters were appointed to implement the new policies. Of the contractor management personnel, a new M&O Site Manager and the top security official were appointed by the contractor to implement the vital security transformation.

IG Inquiry into Y-12 Security Breach

The Department and NNSA have been working diligently to implement the recommendations of the August 2012 IG report, including verifications that all critical security equipment at Y-12 has been repaired and is operational.

Protective Force Contract Terminated, New M&O Contractor Selected

WSI's protective force contract was terminated and a new M&O contractor has been selected to manage the Y-12 site, providing an opportunity for new leadership and to improve Y-12's security culture and management. The award is currently under an automatic stay while being protested at the GAO. Combining contracts and site offices will allow us to improve performance and operate as an integrated enterprise.

HSS Y-12 Security Inspection

HSS conducted an independent security inspection of Y-12 security operations, which included rigorous force-on-force performance testing as well as no-notice and short-notice limited scope performance testing activities as directed by the Secretary. The final report of inspection results was completed and briefed to senior management on September 28. The Y-12 inspection results were also briefed to Congressional staff. HSS will be conducting a follow-up review in April to examine the status of implementation of corrective actions.

Extent of Condition Reviews

At the direction of the Secretary, the Department's Chief of Health, Safety and Security also conducted extent of condition reviews at all of the DOE and NNSA Category I Special Nuclear Material (SNM) sites in collaboration with DOE and NNSA Program Offices. These reviews assessed the current security posture, specifically to determine whether the systemic issues identified at Y-12 were present at other sites, so that any necessary steps could be taken to cure any such defects. HSS completed its review in December 2012. The results were briefed to DOE leadership and Congressional staff.

Comprehensive Independent Oversight Security Inspections of all Category I Sites

The Secretary also directed HSS to conduct assessments of all Category I sites across the DOE complex, to identify any systemic security issues. These deep dives are being conducted by the HSS Independent Oversight organization, and include the HSS enhanced program of performance testing program, evaluation of force-on-force exercises, no-notice security testing,

and comprehensive security inspections at all Category I sites by October 2013. HSS has completed security inspections at Y-12, Oak Ridge National Laboratory and the Hanford Site. Results of these inspections have been briefed to DOE leadership and Congressional staff. The remaining security inspections will include the Savannah River Site (field work completed February 21), Pantex Plant, Idaho National Laboratory, Office of Secure Transportation, the Nevada National Security Site, and Los Alamos National Laboratory.

Independent Expert Review of Y-12

Secretary Chu requested three former senior executives from Federal agencies and the private sector to conduct a strategic review of the entire DOE security architecture with a particular emphasis on Y-12. These executives included President of the Carnegie Foundation and former Nuclear Regulatory Commission Chairman Richard Meserve, former Lockheed Martin CEO Norman Augustine, and retired Air Force Major General Donald Alston. Each one provided thoughtful advice on the DOE's nuclear security structure, specifically all Category I nuclear facilities. Their words of advice and ideas are current being considered to improve security at Y-12 and across the nuclear enterprise.

Brigadier General Sandra Finan's Review

On August 14, 2012, then NNSA Administrator Tom D'Agostino commissioned a Security Task Force led by Brigadier General Sandra Finan to analyze the then-current federal NNSA security organizational structure and security oversight model, and to recommend possible improvements.

Over the course of several months, Gen Finan and the members of the Task Force conducted a thorough review of NNSA security operations at headquarters and in the field.

Organizational Improvements

Prior to the Y-12 incursion, the Headquarters NNSA security organization, the Office of Defense Nuclear Security (NA-70), served as a "Functional Manager" for the security mission, while the line authority flowed from the Secretary to other NNSA Administrators and other organizations. General Finan recommended for strategic-level policy guidance, requirements determination, and performance assessment to be under the jurisdiction of the Chief, Defense Nuclear Security (NA-70). NNSA's Office of the Associate Administrator for Infrastructure and Operations (NA-00) would provide the operational accountability for NNSA's security organization. Operational implementation and standardization of operations across the security program occurs at the NA-00 level.

The existence of a single point through which the field reports and is held accountable is the way the NNSA will assure the consistent and effective implementation of security policy. This is

a change from the approach the NNSA has taken—where each field office had greater latitude in implementing policies and requirements for its site.

Additionally, Gen. Finan made recommendations to eliminate the conflict between DOE Security Orders and NNSA NAPs. Specifically, NNSA should use DOE Security Orders. DOE has a specialized security policy function that produces its orders. Rather than attempt to duplicate this function, DOE orders would provide direction while the NAP process would provide guidance and clarify information in the orders as appropriate, but not reduce requirements.

Changing the Assessment Model

Regarding NNSA's security oversight model, Gen. Finan found that at the time of the Y-12 incursion NNSA did not have an adequate security performance assessment process or capability. The systems-based assessment model that was employed was ineffective for security. NNSA lacked a clear and consistent performance baseline for security program implementation and the assessment model was biased against criticism.

To directly address problems with the assessment model, NNSA has set about implementing a three-tiered approach to assessing security throughout the NNSA. This approach includes: 1) an initial assessment performed by the contractor at the site, 2) an assessment of the contractor's performance carried out by the Chief of Defense Nuclear Security at DOE Headquarters (NA-70), and 3) independent oversight by the Office of Health, Safety and Security. And, of course, apart from this three-tiered assessment and inspection regimen, we expect Federal site personnel to perform quality assurance activities on a routine basis as an integral part of their line management responsibilities.

The Secretary and I are pleased that the NNSA has responded to Gen Finan's recommendations seriously and is on a course to implement effective security improvements.

The series of personnel and management changes I have described today were made to provide effective security at the site and across the DOE complex. We are also working to carry out the structural and cultural changes required to secure all CAT 0/1 nuclear materials at this and all other DOE and NNSA facilities.

Conclusion

In conclusion, the security of our Nation's nuclear material and technology is a central responsibility of the Department, in support of the President and in defense of the Nation. We must remain vigilant against error and complacency and have zero tolerance for security breaches at our Nation's most sensitive nuclear facilities. The incident at Y-12 was unacceptable, and it served as an important wake-up call for our entire complex. As a result, the Department is carefully reviewing security at all of our NNSA sites – as well as all of the recommendations of the HSS security review teams, Brigadier General Finan, DOE IG, and independent reviews provided by distinguished military and private sector experts – with a

view to taking all those steps that are needed to protect this Nation's most sensitive materials and technologies. The Department is taking aggressive actions to ensure the reliability of our nuclear security programs across the entire DOE enterprise, and will continue to do so.

We accept the responsibility that we have inherited from the generations of Americans going back to the Manhattan Project to assure the safe and secure stewardship of our nuclear enterprise in order to deter aggression, defend our freedom, and support our allies.

In that effort, the Department looks forward to working with the Committee to ensure the security of the nation's nuclear materials. I would be pleased to answer any questions from members of the Subcommittee.