get that down to your working people?

MR. ALLISON: Well clearly we have to communicate as management and let them know, you know, why this change is being made --

CHAIRMAN CONWAY: Are you doing this in writing or is this all verbal?

MR. ALLISON: I think most of it is -- I'll have to let Bob talk to that.

CHAIRMAN CONWAY: All right.

MR. ALLISON: I know I've had a lot of communication with my workforce in accelerated clean-up so that's just --

CHAIRMAN CONWAY: Okay. So these changes are being made because of the -- from the contractors' point of view?

MR. ALLISON: Well, the contractors proposed them clearly as --

CHAIRMAN CONWAY: So it's a contractor proposal. It's coming out of the contractor to you, and you're approving or disapproving some of them, I presume.

MR. ALLISON: Yeah.

CHAIRMAN CONWAY: Okay, so then I should turn to Bob Pedde and let him explain some of these changes you're making or proposing to the government
so you can speed up your work, but without in any way adversely affecting safety. Okay, I'll turn it over to you then, Bob.

MR. PEDDE: Okay. One example might be the utilization of use every time procedures. In the past, if we have had an event, it was not uncommon to rely on either a procedure modification or training as the common corrective action. After 14, 15 years of that kind of corrective action, a lot of things got built into our procedures that were addressing an issue but not necessarily the root cause of that issue, so what we have been trying to do is go back and reassess and do that very carefully, and this is not an easy task as you well appreciate, so that we take out the layering effect, the unnecessary requirements and keep the necessary requirements. Now we haven't done that just -- that's not a top-down process. That's got to be a bottom up and an integrated process with the workforce, and a lot of the changes that we have had in our procedures have been coming from the workforce to say that, "This is an impact and actually puts me at risk, may keep me in a radiation area longer," and from their perspective, they're recommending changes in the procedure. We have tried to solicit that very
heavily from the workforce. So we have changed a
number of procedures --

CHAIRMAN CONWAY: When you have these manuals, I mean, that should be kind of pretty formal, should it not? People are operating under engineering manuals.

MR. PEDDE: Oh, yes.

CHAIRMAN CONWAY: And so if you're going to modify them, or change it, you should go through a pretty formal method.

MR. PEDDE: Yes, sir. Every change to one of our manuals is assessed for the kind of communication that's given to the workforce. That can range anywhere from notification that it is changed, to those that use that manual, to formal training.

CHAIRMAN CONWAY: Now do you submit this to DOE as suggestions, or do you do this on your own and do it whether or not DOE agrees or not?

MR. PEDDE: If they're internal procedures, they do not require DOE's approval. There is, obviously, oversight provided by DOE though, and as that process proceeds, if they see something that they're not comfortable with, we certainly have dialogue.
CHAIRMAN CONWAY: Okay, but you don't approve --

MR. ALLISON: No, I don't approve --

CHAIRMAN CONWAY: So they can do these -- if you don't like what they're changing in their efforts to speed things up, what's your method then of ensuring that the safety is taken care of and that they don't make the changes?

MR. ALLISON: Well, if it's something that I feel strongly about, I'll send them a letter and --

CHAIRMAN CONWAY: But they let you know ahead of time before they implement it or are they free to implement it themselves without alerting you?

MR. ALLISON: There's always a lot of communication as they're, you know, usually when they're proposing changes, there's a lot of dialogue with my staff, and I usually get a very early warning if there is an issue that we don't agree with, and I usually review those and make sure I understand what the issues are.

CHAIRMAN CONWAY: Well, help me on this, if you would. There is no requirement that they have to let you know about these proposed changes prior to implementation? That's what I'm hearing.
MR. PEDDE: That is correct.

CHAIRMAN CONWAY: Okay.

DR. MANSFIELD: But you would rely on your Facility Reps to notice if there has been a change?

MR. ALLISON: My Facility Reps or my technical reps.

DR. MANSFIELD: Could one of you give me an example of what an unnecessary requirement -- maybe a few examples, of unnecessary requirements that you might relax.

MR. PEDDE: We use every time procedure as an example of requiring the individual to take the procedure with them, or relying on an element of skill to craft in a generic procedure. Most of the changes I would say that we have made are not significant changes in major processes. What we're -- it's -- they're more specific to the individual implementation arena. Truthfully, I can't think of any off the top of my head, major changes we've made in a policy document. They're more specifically implementations within a facility --

DR. MANSFIELD: I was looking for the specific implementation.

MR. PEDDE: I'll be glad to continue to
think on those.

CHAIRMAN CONWAY: Bob, as you know, we've had in the past, it's been impressions given down at the working level that you have to try to then counter, if you will, that speed up was such that safety was not as important as it had been. That's the impression that started to come up from the working force, as you know.

MR. PEDDE: Agreed.

CHAIRMAN CONWAY: And this was always a problem when you're starting to speed up work and not making it clear, so notwithstanding all the statements you can make from up above, that safety is still our prime responsibility, and objective, then I think they think you're winking at it, as you know. Okay, Bob, I'm going to try to -- let me say this here. In these statements, I will prepare to put your full statement in the record as given, as if we read it, but I'm going to suggest from the witnesses as we proceed that we sort of summarize your statement, but we'll put the full statement in the record. If you would, Bob.

MR. PEDDE: Thank you very much. Just for the record, my name is Bob Pedde. I'm President of the Westinghouse Savannah River Company [WSRC]. I
too, with Jeff [Allison], appreciate the opportunity
to be able to provide some information on our overall
assessment program. I'll just very quickly go over
our assessment program, the staffing that we utilize
to perform those assessments, and our corrective
action program, and provide the time for comments and
questions.

Just from a management philosophy
perspective, we have a strong and a long philosophy
of maintaining a strong and robust assessment
program. It's been recognized for many years that -
and many of us came from a commercial background
where a self-assessment program is really the key to
maintaining a strong operations program - it's a
precursor, management needs to be in the field, they
must be in the field setting standards, and the best
way to do that is through assessment programs, and it
fosters continuous improvement that we all expect.
Our program is a two-tiered process, independent
assessment along with management assessments.

It's a flow-down from the requirements
documents. I think you're well aware of our
Standards and Requirements Identification Document,
our S/RIDs. The requirements flow in through our
S/RIDs, that's a contractual requirement for us, and
then flow into our procedural requirements, including our 1-Q and 12-Q manuals, which are our QA [Quality Assurance], and our assessment manuals.

The independent assessment program goes back to the mid-nineties. It was established based on a model from the INPO [Institute of Nuclear Power Operations], as a totally independent assessment process. We have modified it slightly, expanded it over the years. We have included Integrated Safety Management as a focus area for every review, and just recently we included all of our project activities into the field process.

As I mentioned, really all of our facilities, projects, and programs now fall under that independent process. Nominally, we will do a review on every facility in a 12 to 18 month time frame, depending on the performance in the last review. It is standards-based, but it's also very much performance-based. The teams spend a minimum of two weeks in the field watching evolution, so they're seeing the real activity, 24 hours a day, seven days a week, and when you have people in the field for that long in true observations, you get a very good feel for the reality of what's going on. We do all of our independent assessment for a Operational
Readiness Reviews through our Facility Evaluation Board, and I think a testimony to the effectiveness of the system is that we see on a continual basis now, requests for assist visits coming from the facilities to the Facility Evaluation Board, so they're seen as value-added to the Facility Managers.

The process itself is that the evaluation is performed, the report is a direct report out to me. We have done over 170 evaluations since the Facility Evaluation Board was put in place. All but two of those, the president of the company was in the report-out, and I think that's a testimony to the value that not only I have, but my predecessors have had for this process.

One additional change we have made, we used to schedule these evaluations. They're now all unannounced, so that when we do switch them around, there's not necessarily a preparation time so people know when those evaluations are going to take place.

The evaluations really look at, from a compliance perspective, are we in compliance with our requirements? If we are not, the resultant findings.

The team is also looking for strengths. How can we, if somebody has developed something that we need to
move around the Site, or if there are improvement opportunities, and that's the continuous improvement arena, and that could cover any area from productivity and scheduling to safety issues.

Our management assessment program formally started about the same time as our FEB [Facility Evaluation Board] process. It actually is an outgrowth of the Replacement Tritium Facility start-up activities, as many of you will remember. We put in place at that time an independent, or a self-assessment element of the program. It started out being very standards-based, it is now very performance-based, and it's used in a tailored manner throughout the organization now.

The self-assessments are performed by line organization and the functional program managers. Again, it is a tailored perspective, and we cover everything from our business practices to our safety practices. We have used INPO very heavily, tried to incorporate the lessons learned from industry to do an assist visit for us, evaluate our self-assessment program, and give us recommendations on how we could strengthen it, as well as made several benchmarking trips to commercial units to understand how the commercial industry has
evolved over the time period that we've had our Facility Evaluation Board in place, and the things that have changed and improvements that they have made.

The management evaluation process is essentially an annual assessment by management of our overall programs. Again, this process has evolved somewhat. We started out doing that with only the senior management team and functional managers, with the functional managers reporting to the senior management team their findings. We've broadened that now, more direct involvement of the senior management team in the evaluations, and we've broadened the information that we include in those assessments to assure we're looking at all of the trends and functions across the 23 functional areas we have in our S/RIDs.

Looking at the Contractor Assurance System, and the 17 key attributes that it has, we've evaluated our processes for self-assessment against those 17 key attributes. There's really only two attributes that we didn't feel our system, as it currently exists, fully implemented those 17 attributes. One was third-party assessments. We have not relied heavily on third-party assessments,
although we certainly have them, and the risk and opportunity management plan aspects. We do risk assessment on project work, we do risk assessment in safety analysis and safety evaluations. We have not done as much risk analysis in mission deliverables. We are doing much more of that with the accelerated clean-up and our operational aspects to assure our facilities meet all the mission requirements, so that is an added aspect that we believe is fundamental anyway to our program, so we'll have activity going on in that area over the next number of years.

Staffing-wise, our Facility Evaluation Board for independent assessment is fully staffed. We have three teams available, and they're deployed at all times. As I mentioned, a lot of activity now in the assist visit arena. The management assessment program is a line management function anyway, so if we've staffed our organization, we have Staff Management Assessment Program. It is a key element. We recognize that it has to be done if we're going to be effective and maintain our facilities, so again, that is staffed because we've staffed our projects and facilities.

CHAIRMAN CONWAY: That last line now, go back to that. You do not see any significant impact

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from proposed DOE oversight program changes?

MR. ROBERTSON: No, sir.

CHAIRMAN CONWAY: Okay. Let me, if I may, Bob, stop you at this point. I'll put the rest of your prepared statement in the record as if given, and turn to Dr. Eggenberger.

VICE CHAIRMAN EGGENBERGER: Yes. In my view, the basis for your safety management program is probably the best in the complex. That's my personal belief, and please note that I said the basis, and the reason is, of course, and you alluded to it, it has a lot of commercial input to it, had a lot of Bettis input to it, had a lot of Westinghouse input into it, so it should be good. Now, the Chairman stated in one of his questions that there was a, it seemed, appeared to be a problem with this concept of doing more, quicker for less, or whatever, and we have specific things that we can pick out of occurrences in the recent past that would indicate that that may be a -- that there may be a problem. The F-Canyon incident is, I guess, is the one that comes to my mind.

Now, going back to the idea that I believe your basis is one of the best, I think what I'm worried about is the degrading of what we have
seen, and furthermore, this hearing is about oversight. Now you have two bosses. You have Mr. Allison and then you have NNSA [National Nuclear Security Administration]. You run two types of facilities at your operation. You do the Environmental Management [EM], and then you do the production side from NNSA. Now, we as a Board have been attempting to understand the oversight policies of both NNSA and of Environmental Management. Now, this is a perfect opportunity for us to look at somebody, namely you, who is subject to both of them.

My question to you is, in doing your operations, what are the differences in your actions to NNSA and to Environmental Management as a result of these two differing oversight policies?

MR. PEDDE: There are virtually no -- there is no difference in our implementation of our programs. They are based on the same program base, the implementation procedures and processes are the same procedures and processes. When we do a management assessment, when we look at all of our functional areas --

VICE CHAIRMAN EGGENBERGER: Let me interrupt. See, I cannot buy that because of the incidents that we’ve seen where in the Environmental
Management program, some things have deteriorated, so there's got to be a difference, otherwise this would not happen, if my thesis is correct that the basis of your program is one of the best in the complex. Do you see what I mean?

MR. PEDDE: The basis is the same, and I would tell you the implementation is the same. Have we had some problems and issues because there have been some perceptions of a change in emphasis? We did not find, when we looked at FB-Line, and the analysis of the specific event, we did not find anything specific to that event that said anyone was doing anything improper because of accelerated clean-up. That particular job was scheduled to go for two additional shifts, had no reason, and was not driven from a perspective of accelerated clean-up. There was an element of workers who wanted to go ahead and get the job done, and that's a trait that exists in FB-Line that we have to be very careful of that desire to get on with things.

We did -- I believe we did make some mistakes when we implemented the concept of "safe mission essential." We didn't get that message across to the workforce as we had intended, although we certainly tried, and we have backed up from that
and focused on Integrated Safety Management. We know that in implementing our Integrated Safety Management program that if we have breakdowns in the system, that is going to cost us time, it is not going to accelerate clean-up, so that from a management perspective, and that's management down through the organization, and my challenge as you are well aware, is to get that down to first line management, is that they have to recognize we have got to, if conditions change, you know, the issue is stop, and get it straightened out before proceeding, and not cut corners. If we allow that to happen, if that does happen, it is going to cost us accelerated clean-up, not accomplish it. We've tried to make that message very, very clear through the whole organization.

It is a challenge. At the same time, we're changing requirements to get the right requirements out, not to leave the impression that we're willing to accept anything but the absolute best excellence in performance. We've got to just keep communicating that over and over, and that's why I mentioned it's so important that the managers themselves, the Facility Lead Managers, be out in the field and reinforcing that message to the workforce to assure that a first line manager doesn't get over-
zealous in trying to accomplish their specific task. It is a challenge. I will be the first to admit it, but I would also like to point out that from a safety statistic, this is just industrial safety statistic, 2002 was the best year that we had at Savannah River Site since Westinghouse Savannah River Company has had the contract. 2003 through November is 26 percent better than 2002. I hope we can finish out the year at that level, and we'll have recorded the best year ever even with accelerated clean-up.

VICE CHAIRMAN EGGENBERGER: We had a lecture yesterday from Captain Hicks on industrial safety statistics. I suggest that you read his testimony.

MR. PEDDE: Be glad to.

VICE CHAIRMAN EGGENBERGER: Thank you.

CHAIRMAN CONWAY: Dr. Mansfield?

DR. MANSFIELD: Just one short one. On the closure business unit, this is going to take a particular level of oversight that may be different from your other operating units. How do you adequately oversee the closure business unit?

MR. PEDDE: When you say overview, do you mean the self-assessment --

DR. MANSFIELD: Yeah, how do you --
MR. PEDDE: -- management assessment perspective?

DR. MANSFIELD: Does it have -- I mean, it doesn't have the same degree of oversight of safety and operations that say FB-Line as a treatment facility has?

MR. PEDDE: Actually it has. FB-Line is part of the closure organization, so -- in fact, I think we're very sensitive to the fact that as we accelerate clean-up, we're facing risks that we have not previously faced. A good example of that is we're into the decommissioning of the 247F Facility, the Naval Fuels Facility. There are risks in that facility that some, at this point, are unknown. We have to be very, very careful as we go into that process, and identify the hazards before we start the work. We're giving that arena more assessment and more evaluation to assure that as we walk into those new hazards, we have done as good a job in Integrated Safety Management as we possibly can before we enter that new work. So, on one hand it's the same and on the other hand it may, in fact, be increased.

DR. MANSFIELD: This is for Mr. Allison. Does your office feel that a different degree of oversight is required for activities like the closure
business unit where there are large financial incentives to get the work completed?

MR. ALLISON: I don't believe there is a different level of oversight needed. I think we need to, again, focus on the work that's being done, and as Bob mentioned, even in some of the Deactivation and Decommission [D&D] areas that, you know, some people think well, it's just industrial hazard as opposed to nuclear, we're putting the same level of focus and oversight because those hazards we found, and if you look back at prior Type Bs [investigations] and other events, those industrial hazards can be just as significant as the nuclear hazards, so we are not changing our oversight, but we're clearly understanding the scope of the work.

CHAIRMAN CONWAY: Dr. Matthews?

DR. MATTHEWS: Yes. Just one short question. In my view is, the buzz phrase is managing the contract not the contractor, and I'm just interested, from your point of view as the contractor, have you seen a change because of that, and what are those changes, particularly in terms of oversight? What does that mean to you, and has it changed since that's been in the --

MR. PEDDE: I think probably the most
significant change that falls into that category is the location of direction that we receive. In the past, we would receive direction from a variety of levels within the Department of Energy, from a variety of people. That has been defined to a fewer number of people and a clearer direction. Now we have a lot of interface with, for example, the Facility Reps, and a lot of communication goes on, but if there is a direction to be given on how we're doing work that comes from the appropriate level within the Department of Energy, not necessarily from an individual Facility Rep. That has allowed a consistency, I think, in the direction that we're receiving that has been of great benefit to us rather than a personality-driven direction.

DR. MATTHEWS: I think I understand. I'm not quite sure. Like, for example, is there a difference between your interaction with the EM office at Headquarters and your interaction with Mr. Allison, has that changed in this --

MR. PEDDE: Not at all.


CHAIRMAN CONWAY: Let me follow up again,
if I may. Have you had problems with Facility Reps in the past, the individuals?

MR. PEDDE: I wouldn't say problems. There's -- obviously every Facility Rep has a different personality, and maybe a level of eagerness or aggressiveness in things that they would like to see. We don't always agree with Facility Reps, but - -

CHAIRMAN CONWAY: Well, you have --

MR. PEDDE: -- that dialogue takes place at the right level.

CHAIRMAN CONWAY: Well, you always have, with Jeffrey Allison, if I understand you correctly, you guys work very close together --

MR. PEDDE: Absolutely.

CHAIRMAN CONWAY: -- so that was -- I said you could, if it were an individual problem or whatever, to bring immediately to his attention. Am I hearing Mr. Allison, that you're getting your Facility Reps to back off and not be as aggressive as they had been, is that what I'm hearing?

MR. ALLISON: No. Let me just clarify something Bob said. We used to have 26 people on my staff that could provide formal direction to the contractor. That's now five, and so I've done a --
you know, I've streamlined the number of people that can actually provide him direction. Just by that fact, he's not getting as many letters to do, you know, A, B, or C. My Facility Reps, I've also talked to them, about what their role is. Clearly there is a difference between providing oversight and providing, you know, day-to-day direction on telling the contractor what to do.

You know, oversight, they understand that very clearly because I've sat down with them, explained to them my expectations, so they understand what their role is, and if you talk to my Facility Reps, they know that they're supposed to still be out in the field overseeing what the contractor is doing, and providing that feedback up to somebody who can - if there is an issue, who can transmit it over as opposed to sitting down themselves and providing direction to the contractor. That's the subtle difference.

CHAIRMAN CONWAY: So it's a subtle difference? Do the Facility Reps understand that, because I was very impressed with your statement that you did not see any significant impact from the proposed DOE oversight program. No significant impact. Now this is one of the impacts I'm hearing
is the Facility Reps are not to give you the amount of direction that they apparently were giving you in the past, or at least down where the work is done?

MR. PEDDE: Again, I want to emphasize there is strong communication that takes place with the Facility Reps, but they don't provide direction to the facilities on how to operate. They do that through those selected individuals.

CHAIRMAN CONWAY: And that was not -- in the past, that was not the case in the past. I'm trying to find out what changes have taken place. I mean, you see, if we talk about subtleties, and it bothers me when you talk about subtleties, because that's where the "winks" come in. You know, safety is still important, and we wink at it. Do you understand what I'm getting at? So the subtleties are what bothers me. I'm looking for specifics. What changes in the new policy is taking place other than "subtleties." Do you follow me? And I'm not getting there.

DR. MATTHEWS: Maybe I can follow up on the follow-up. You quoted from Under Secretary Card on accelerated clean-up, potentially inducing new hazards, and you gave an example in your last response to Dr. Mansfield, and I was also pleased to
hear you using the foundation of Integrated Safety Management is how you're doing this. My curiosity is in the impacts and changes. Can you give us an idea how the, you know, first-line supervisors and the folks who are handling hazardous materials, are interpreting the changes that we see? Is there an impact on how they do work? Do they see new hazards coming out of it? Can you speculate on that if not give me examples?

MR. PEDDE: They do see new hazards from a perspective of the kind of work that we're doing. We're doing, as I mentioned, D&D work. We were not previously decommissioning facilities. We are decommissioning facilities today. That's a whole new hazard arena that they have not seen. Would they say that there is a change, for example, in the operations of H-Canyon or HB-Line, I would hope that they would say there is not a change in our safety posture or our program in the way we're operating those facilities. In fact, if nothing else, the focus -- they should be seeing more and more focus on safety. As I said, that is the only way that we're going to be able to accelerate our risk reduction, and accelerate the clean-up at the site.

DR. MATTHEWS: Do you -- are you using
more overtime or shift work in order to accelerate?

    MR. PEDDE: We are using some additional
overtime, but not significantly.

    DR. MATTHEWS: Okay.

CHAIRMAN CONWAY: Any other questions?

VICE CHAIRMAN EGGENBERGER: Just let me
make a comment, and I believe I have the quote right.

This is for Mr. Allison. In the beginning, when the
Facility Reps were put together in the '89, or '90,
or '91, or '92 in that, the definition of a Facility
Rep was, the primary contact between the contractor
and the Department of Energy is the Facility Rep. Do
you believe that? That was the definition.

CHAIRMAN CONWAY: Admiral Watkins made
that up.

VICE CHAIRMAN EGGENBERGER: Yes, and that
SEN [Secretary of Energy Notice] has never been
withdrawn, so I assume that that's still the way it
is, and am I correct?

MR. ALLISON: I believe that the primary
interface with the contractor at the facility is the
Facility Rep. I'm not -- I'd have to read the
notice. I haven't read that in a number of years, of
course --

VICE CHAIRMAN EGGENBERGER: You remember
it.

MR. ALLISON: -- the primary contact --
oh, yeah, I am familiar with the SEN notice. I would
say they are the primary interface, but, you know, my
feeling is that providing direction to the
contractor, that's something that, you know, I
provide to Bob. It's not something that I expect my
Facility Reps to do, but I do expect them to be in
the facilities, to be, you know, interfacing with
Facility Managers for facilities they're cognizant
with, and that, to me, is their role.

VICE CHAIRMAN EGGENBERGER: Okay.

MR. PEDDE: Can I add to that just to
clarify and make sure you understand where we're
coming from, and I go back to my days in the tritium
facilities. The Facility Reps are actually a
resource for the contractor also.

CHAIRMAN CONWAY: Yes. Yes.

MR. PEDDE: They're eyes and ears that
are out in the field all of the time, so we listen to
them. We don't always agree with them, but we listen
to them, because their observations are usually
pretty valid, so it's -- I don't want to leave the
impression that the effectiveness of the Facility
Reps have in any way been diminished. We still
listen to them, but our direction from a contract perspective comes from those selected individuals.

CHAIRMAN CONWAY: Okay. I might say we have a list here that runs more than, I forget, three or four pages over the years where contractors were going down the road that would have been a major problem from a safety point of view, and it was the Facility Reps that caught it. We just had one this past week, not at your location, elsewhere, but it's a serious problem, and if it hadn't been for the Facility Rep, it would have been really -- it could have been a bad accident.

MR. PEDDE: (Nods).

CHAIRMAN CONWAY: Thank you, gentlemen. Incidentally, Bob, I agree with the Vice Chairman that on the basis what you fellows have had on the self-assessment has been the best that we have observed. I would agree with him on that, and I hope you'll keep it, and you don't let it weaken.

MR. PEDDE: I have no intention of changing it.

CHAIRMAN CONWAY: Okay. Keith? Keith, I'm going to encourage you and Mr. Gallagher to whatever extent you can, to summarize some of it, and we'll take your whole statements if given, but please