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

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

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

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

MR. SCHEPENS: Good morning. I'm Roy Schepens, and I'm the Manager of ORP [Office of River Protection]. What I would like to first start talking to you about is the overreaching idea that my intention at ORP is to establish a relationship
between safety culture and the safety of site cleanup activities. This means that at all levels of my organization, that they will consider safety as a priority, and follow up to verify. All safety concerns should receive appropriate levels of attention. The work environment, the attitude, and our behaviors of all of my individuals, as well as our policies and procedures, will foster a safety culture at my Site.

To start this, which we started over the first year, is we are focusing on performance and effectiveness, not just simple compliance of requirements. Since I've been at the Site, what I've done is I've moved the Facility Reps from the ES&H organization underneath the line organization, since the line organization is responsible and accountable, and therefore their role has improved, because now they are in the line providing real-time value-added operational awareness of activities to insure safe operations, just not looking at compliance of requirements.

We cannot -- I also have concluded, in this year that I've been there, is that we cannot rely on assessments and oversight conducted by just one group. Instead, I intend to rely on a
combination of internal assessments, ones that I do, external assessments, ones that I bring in, ones that Headquarters brings in to me, as well as external assessments, ones that the contractors bring in to look at themselves, as well as the contractors self-assessment program, and external groups and other independent sources like yourselves, the Defense Nuclear Facilities Safety Board. I meet bi-weekly with your Site Rep, not just myself, but myself and my PMs [project managers], we get his input on a bi-weekly basis and sometimes on a daily basis, and we have a good communication there, and I intend to use that.

Some examples of external reviews that I've had from Headquarters this year, is Larry Bailey came down and looked at our system engineerings system that we have in place. 2000-2, Defense Board Recommendation 2000-2 [Vital Safety Systems, Configuration Management]. Dae Chung has been down to look at our DSA implementation on the Tank Farms, as well as our safety basis in the WTP [Waste Treatment Plant].

In addition, I am responsible for approving all significant design changes at the facilities that I operate. That means if there is
any change in consequence, if there is any change in
frequency, if there is any reduction in safety
margin, or if there is any new design basis
accidents, I pre-approve those prior to the
contractor implementing those changes. Next slide
please.

Another foundation of my operational
philosophy is that line managers must push for prompt
resolution of oversight issues -- an understanding of
the issues singularly as well as collectively.

Understanding of the root causes, not just the
symptoms means ask the hard questions, be
inquisitive, and understanding of the implications
and the consequences of our findings when developing
the schedule for corrective actions. Some corrective
actions can be fixed quickly; some take time. For
example, if you're trying to change a safety culture,
that takes time. You need to have good corrective
actions, but you need to not loose sight that you're
not where you want to be yet.

I'd like to point out the reason why we
do this is this is as evidence of the Davis-Besse
event, which Dr. Matthews brought up. I'm Chairman
of the Federal Technical Capability Panel. Over a
year ago, I brought in the INPO, who gave us a

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presentation on the Davis-Besse event, and that was
clearly an example where managers lost sight of what
was going on in their organization, and they weren't
in tune with what was going on in the plant. So we
use that as a lesson learned. My management team has
reviewed the Davis-Besse event, and we use that for
improvement, as well as reviewed the NUREG [Nuclear
Regulation], I think it's 1176, that the NRC [Nuclear
Regulatory Commission] has put out for improving
safety culture. So those are the type of operational
experiences that we use to apply to our lessons
learned to improve our performance. Next slide
please.

The objectives of our oversight program
is to continuously monitor the contractors' safety
performance to benchmark and drive improvement, and
this requires a sustained field presence, so we're
continually out in the field looking at their
performance. We also intend to improve the quality
of the contractors' self-assessment program. I'm a
firm believer that we can be much more tougher
critics to the contractors' self-assessment than they
can be of themselves, and we intend to work with them
to help improve the quality of their self-assessment
program.
We also work to improve our federal personnel credentials and experience, as well as we will continue to routinely evaluate the effectiveness of my staff through internal and external resources.

Next slide please.

The way we do our oversight process is we have an annual assessment plan. The annual assessment plan incorporates feedback from the previous year of what went good and what went bad. We focus on what went bad. That's what we want to try to improve. Like, for example, at the Tank Farms we're focusing on ensuring that first line supervisors are out in the field observing operations on the contractors' side. That's one of our key oversight activities that we have ongoing today.

But more importantly, what's important about the oversight process is that when we complete an assessment we have an exit meeting with the contractor, and at that exit meeting myself as well as senior management from either Bechtel or CH2M Hill is there so that we give those findings the appropriate level of management attention, so that we as management hear what's going on out in the field.

And then the senior managers collectively look at that and put the proper corrective actions in place.
A key element to the oversight process is if the findings are important enough to identify, then they're more important to fix, and when I first got out there over a year ago, quite frankly, we daily had a backlog of 100 Occurrence Reports that we weren't fixing. We've worked off that backlog now. We have no backlog of Occurrence Reports, we've worked them off real time, and the contractor on CH2M Hill had a large PER [Problem Event Recordable] backlog. They've worked that off to a manageable backlog now. So we had outside reviews that told us that, as well as my own internal self-assessment identified those as problems, and now we've addressed those problems, and we're working on other problems that we have. Next slide please.

The types of oversight that we do are operational awareness. We look at first-time activities as key. The first time we're going to go out and do something, those are the ones we put additional emphasis on. We also put emphasis on peripheral activities, not just the high risk jobs but the day-to-day jobs, because quite frankly, those are the ones that you can get complacent with and get in trouble on. The Facility Reps of course, are out
there doing these operational assessments, awareness reviews, and what they do is they go to the plan the day meetings, they’re aware of what activities are going on, and they pick the activities that are important to go look at.

Then one of the self-assessments that I had, as well as an external review, said that I needed to have a management walk-through program. I've instituted a management walk-through where my senior management, including myself, are out in the field a minimum of 60 hours a month, and what I've done is, I've required that my Tank Farm guys also go look at the WTP and the WTP guys go look at the Tank Farm so we don't get complacent in our own areas.

Then we do for cause reviews. An example of a for cause review that we're doing right now is on the S-112 [Tank S-112 Saltcake Dissolution Process] event. On November 25th, one of my Facility Reps was out doing an assessment on S-112. Now this Facility Rep is normally on salt well pumping job. He decided to go look at someone else’s job, S-112 job. When he got out there, he found out that the operators weren't aware of knowledgeable system configuration, the system wasn't operating the way they thought it was operating, so he basically shut
down the job. He brought it to the contractor's attention, and they shut down the job. Had he not been there, they would have continued on, so in my view, he basically shut down the job, which was the right thing to do. The contractor did it. As a result of him being there and bringing it to their attention, and now we're into a corrective action plan. Next slide please.

Okay. What I'd like to do here is highlight some self-assessments that I've done throughout the year that I've been there. On both the Vit Plant [vitrification] as well as the Tank Farm, we've had external Integrated Safety Management System [ISMS] reviews. I've brought in an external team to not only look at my contractor, but also at myself, and we've implemented corrective actions as a result of that. We had a vapor event response assessment team. As a result of that issue coming up, I brought in Tom Pestorius who came in and did an independent assessment of my organization, and gave me some recommendations on how I can improve my oversight in that area. We did an independent assessment on project management. One of my weaknesses is the project management on the Vit Plant, so I brought in Don Ruotolo and Paul Rice to
do an independent assessment of my project managers, and how we're managing the WTP project, and I got valuable input from that.

I did an organizational review. I brought in Mike Goddu who looked at my organization, and gave me information back, is my message getting down to the field? He looked at different layers, interviewed the Fac Reps, interviewed engineers, and interviewed my managers, gave me feedback on how I can improve my communication. One of the examples that I found coming out of there was after my daily staff meetings, it wasn't getting down to the Tank Farm side what management's message was as a result of our plan of the day, so we used that as valuable input. And I'm planning on doing a self-assessment program for the safety system oversight program that we're starting to kick off this year as a result of the Federal Technical Capability Panel [FTCP], as well as another one on my federal project managers.

We also brought in as a result of lots of recommendations from the Defense Board, civil structural experts to look at the high level waste design, complex design, of the building, as well as we're preparing a load path -- [analysis].

CHAIRMAN CONWAY: Those were suggestions,
not recommendations.

MR. SCHEPENS: Right. Not a formal recommendation. Okay. Next slide please. Okay. What I'd like to talk to you about is my technical staff. I currently have 109 people on the payroll. Of the 109 people, 86 of them are technical.

CHAIRMAN CONWAY: It says 116 up there.

MR. SCHEPENS: Well, it should be 109. I'll fix that.

CHAIRMAN CONWAY: Did you fire seven?

MR. SCHEPENS: That didn't get it fixed.

It's 109. Of the 109, I have 86 of them are technical, so you can see that I really emphasize the technical side of the house. Of the 86, 78 of them are qualified. 91 percent of them are qualified. 13 of them hold doctor degrees. I have one person at Tulane University getting a doctoral degree and will have it within a year, and I also have 25 master's degrees. I've recently brought on 125 years of nuclear experience, so that needs to be updated. It's 125 years of nuclear experience. Over the year that I've been in there, I've brought in people that have over 125 years of nuclear experience. The Facility Reps have been increased from seven to 11. Now why did I do that? I did that because our
workload has increased. Over the past year we're
doing more work in the Tank Farms. I've increased
the Fac Reps from six to eight, and we're doing more
work in the Vit Plant, so I increased the Fac Reps
from zero to three in the Vit Plant.

We're implementing the safety system
program, and this is a DOE initiative that we're
embarking upon because of feedback from our Facility
Reps. We have a Facility Rep conference annually,
and one thing that we've heard over the past two
years from the Facility Reps is we don't see our
engineers out in the field enough, or if we call them
up on the phone, they don't come out and talk to us
or if we call them up on the phone, they're not
smarter than we are, and they're supposed to be the
experts, so the intent of this safety system
oversight is to raise the level of competence of our
system engineers so that they'll be more responsive
to our Fac Reps in the field.

I will continue to evaluate future
staffing in technical disciplines as we go out
through the phases of this contract. Currently I
have the staffing for the phase that we need, but I
know from experience as we get further along and we
start into electrical, I'll need some more electrical
engineers, I'll need some more I&C [instrumentation and controls] engineers, software, QA engineers, and start-up engineers, so I'll have a staffing plan that we continually revise and update. Next slide, please.

This just shows you our current level of staffing and qualifications. We have senior technical safety managers, Fac Reps. One of the things that I've institutionalized since I've been there is I've qualified two Fac Reps. What I've done there is: I have a board consisting of the operations manager, an engineering manager, and a program manager. They give a written and an oral exam to the Fac Rep, and once they are satisfied with the Fac Rep, then they recommend them to me for final authorization and qualification, and I interview the Fac Rep, I review their exams, as well as I take them for a walk-through. For example, I've done two at the Tank Farms, and by doing that, I test two things. Is the Fac Rep up to the rigor that I want the Fac Rep to be, and did the program produce the quality of Fac Rep that I wanted?

Safety system oversights: we have 12 people slated for that. Those people are currently approved by the TQP [Technical Qualification Program]
but now we have more rigor that we're going to bring them through, and that's why we're showing were zero percent complete on that. We're just starting that this calendar year, and then the total TQP, like I said, is 89 percent -- actually I need to update that. Okay. Next slide please.

Okay. DOE draft policy. I've reviewed this policy extensively, and more importantly, I've heard a lot of talk from all different layers of management throughout the DOE, and that's what I take more importantly, and since there is a lot of discussion on that, I don't think the policy is as clear and meets and clearly communicates what management's expectations is.

In the area of continuous improvement and personnel competence, performance indicators, I agree with those. There is good words in there. I think we could use some more definition on performance indicators, but I agree with those concepts. The things I put that I disagree with in reality, I have provided comments to bolster these areas up, because I've heard managers within DOE say that we can back off and just rely on contractor self-assessment program. I don't think that was the intent of the policy, and that's not the intent of me. So I've
provided words for clarification on how to improve the wording in the policy in that area so people can't misinterpret it. I do believe there needs to be redundancy in oversight. That's the checks and balances that you need. Now, you need to do that efficiently and effectively and proactively, but just to say you don't need that redundancy is inappropriate, because you need that checks and balances. And then one can read and interpret the policy that you just focus on high-risk areas, and I provided a comment that I believe you need to leave the flexibility for people to look at peripheral work activities, and that's what I've done with my operations, and those are the comments that I provided into the system and we'll follow up on. Next slide please.

I guess what I'd like to say here is that when I first got to the ORP, I started on this first bullet, and that was ensuring that line managers and the senior staff clearly understand the technical details and issues. Now how do you do that? One thing that I did when I first got there was I required that the managers bring me the drawings to look at, bring me the procedures to look at so I can see what the operator is reading, so I can see what
the drawing says, and that clearly has come out as a result of the Davis-Besse event as well as the Columbia event. So I use those two events to reinforce my management philosophy that I embarked upon when I got there.

I continually strive, we can't do this enough, is to strive for openness and information exchange between organizations, and what I'm trying to do there is the Fac Reps are out in the field, and I've got my program managers and engineering and AB [Authorization Basis] people, but they need to work together as a team. They don't need to be stove pipes, and so we have what we call daily meetings where that group gets together and meets with the AM [Assistant Manager] prior to them briefing me, and I go to those daily meetings on a periodic basis to see how the communication flow is going, and to see how they're interacting, and it's not just all upon the Facility Rep, but it needs to be upon the engineers and the program managers.

I continually insist that we as management understand the extent of a condition and push for resolution of the issues. We continually work on sharing lessons learned. We had an event at the 222-S lab. I put out a lesson learned to
Savannah River on that, and shared that across the complex.

More importantly, we work on providing immediate feedback. There's lots of feedback that you can do real time, not just wait for an assessment. It's how you conduct your business and how professional you are. That's where you can get a lot of value added and discipline, and finally we will continue to ensure that we have the appropriate skill mix to do our job appropriately. Thank you.

CHAIRMAN CONWAY: Thank you. Dr. Eggenberger?

VICE CHAIRMAN EGGENBERGER: I have a comment. I don't disagree with too much that you have. One thing that we have found, the Board has found, with respect to the largest project in DOE and the one that is consuming the most money, which is your project, is that first, there is nobody in an engineering/architectural firm, that knows how to do it, because it's never been done before. There are people that know bits and pieces, and your engineer is one of them. So what that means to me as far as oversight is concerned is you need to watch it carefully, and again, I say to you, there are many parts of the project, there's operations, there's
engineering, there's construction, and all of that needs to be watched, because we've never done this before, even though we've done bits and pieces of it. So I emphasize your slide about the people and having the appropriate people with the appropriate knowledge to help you, and I believe you recognize that is a problem. For example, you talked about that the Board has been talking with you on some civil structural issues. We have and when we talk with you about that, our staff is composed of eight people that are pretty expert in their field, so we just don't use one, we don't just use two, we use several, and I encourage you in your oversight role [to rely] on the various disciplines that are required for this project, to have those people available.

Now another thing that I would be shaking in my shoes a little bit is that you're in charge of this project, and you don't want anything to go wrong with it, so I would certainly encourage my boss to give me some good oversight with people that are better than the ones that you have, and my point being, oversight is a good thing, and it's especially good when you have a tremendously complex project that has lots of ramifications on successful
completion. So, I believe you recognize these things, but I'm continuing to encourage you on the people issue, and I'm also encouraging your Headquarters organization likewise, and I would also say the same thing to Bechtel, because Bechtel has those type of people available also.

So this is more of a comment, but I'm trying to emphasize the importance of high-class oversight looking at the right things and doing the proper things. Thank you.

MR. SCHEPENS: I agree.

CHAIRMAN CONWAY: Dr. Mansfield?

DR. MANSFIELD: Thank you, Mr. Chairman. I'm concerned a bit about, and the Board has communicated this to you, about how much time it's taking to implement the SSO [Safety System Oversight] qualification programs. Do you have any comment on how that can go faster?

MR. SCHEPENS: Well, we just had a recent review by your staff, and I thought they were satisfied with the quality and rigor, and now we're going to start on the implementation phase.

DR. MANSFIELD: Right. It's going to take a year though.

MR. SCHEPENS: Well, I'm going to do it
right. Okay? Now I'm going to take what time it is to do it right, and my expectation is that it takes time to put people through a qual card. We've got a qual card for facility engineers, and we have a qual card for system engineers, and on the Vit Plant side, we're still developing some of those system engineering descriptions, so we have to have those before we can train somebody on it. So --

DR. MANSFIELD: So it's due to the complexity --

MR. SCHEPENS: Some of it is due to that and some of it is due to the fact that I'm just going to do it and do it right.

DR. MANSFIELD: Right. You're just beginning the qual cards for the ORPs [Occurrence Reporting and Processing System] people, system engineers.

MR. SCHEPENS: Right.

DR. MANSFIELD: And that's based on a pretty early status of the design. So in your opinion, can you develop qual cards rigorously enough at this stage?

MR. SCHEPENS: We can for the phase that we're in, and then we'll upgrade them as the plan evolves further down the road.
DR. MANSFIELD: The people getting qualified are subject, it seems to me in this situation, to an unusual urgency. They -- it seems to me that you ought to expect them to do more than the normal amount of walk-downs and involvement with the contractor during the design phase. A number of them haven't, just haven't been doing field walk-downs for some time, according to our Site Rep. I don't think that's healthy. Do you think that walk-downs are important at this stage of the game?

MR. SCHEPENS: Oh, yes, and my division directors have a walk-down program for the GS-14s and -13s, and they're supposed to be getting out in the field more, and I've talked to my Facility Reps. One thing that I don't think we do a good job is that when we go out in the field sometimes, the engineers, they just go out there and do something, they don't necessarily talk to people, let them know that they're there, go see the crafts person, go see mid-management, go see the Fac Rep, let them know that they're out there. So it's more than just going out there and doing assessment, but it's having your eyes on, your lights on, and being involved, and adding value, and we've been emphasizing that and we're probably not where I want to be right now with that,
but I've got it on my list of things to do.

DR. MANSFIELD: Well, I really urge you to, because if there's one useful function for your system engineers, it's to be able to tell the CH2M Hill people what they see might be a problem before you start bending metal. It's a lot easier to do it then.

MR. SCHEPENS: Right.

DR. MANSFIELD: When you start design reviews at ORP, are you going to have -- will your system engineers be at a sufficient level of qualification that they can adequately help you with design reviews?

MR. SCHEPENS: Well, we're doing some design reviews right now, and I'm using a mixture of the system engineers that I've appointed. Even though they're not qualified, they do have the technical credentials, and then I supplement that with contractor support as I need to.

DR. MANSFIELD: You had a -- you profited a good deal from investments in contractor support, supplementing the technical staff. My understanding is that that's -- you haven't got as much money to do that as you used to have.

MR. SCHEPENS: I've got what I need.
DR. MANSFIELD: You've got what you need?

Okay.

MR. SCHEPENS: Yes.

DR. MANSFIELD: Okay

MR. SCHEPENS: We were not using it wisely in the past. We were using it to basically supplement and do the feds' work, and actually having them there full-time we were creating busy work for some of them, so in this case what I've done now is I've decided what reviews I want, like I have a black cell review scheduled for January 12th, an operational review of the black cells, and we're bringing in consultants to do that, I'm bringing in Bill Brasel who works at Savannah River Site, so we'll bring in whatever expertise we need, whether it's a contractor or whether it's a fed, if we don't have it, to do these reviews adequately, and since I've been there, we've done a design review on the ultra filtration system, we've done a design review on the cesium ion exchange columns, and we've done a design review on the LAW [Low Activity Waste] facility operations and production.

DR. MANSFIELD: That corroborates my impression, that the level of engineering focus is increasing the way it should at ORP. What about Tank
Farms. Are you -- how are you utilizing the Tank Farms engineers? Do you believe that that's working the way it should?

MR. SCHEPENS: Yes. We have them, and we just approved the Documented Safety Analysis, and we did a rigorous review, engineering review, of that, and we've implemented that on both the Tank Farms and the evaporator, so I feel like I've got adequate staffing on the Tank Farms.

DR. MANSFIELD: The qualifications there is -- I know it's different kind of work. Eventually it will be very similar work, but it's a different kind of work, nuclear work and construction work being different. Do you cross-qualify people? Do people have to carry a nuclear card and a construction card, for instance, to do the job you want?

MR. SCHEPENS: Yeah, we'll look at doing that. We're doing that on the Vit Plant right now. The other thing --

DR. MANSFIELD: Oh, you are doing that?

MR. SCHEPENS: Yes, like for example, we've got Jeff Bruggeman who was a construction guy, and we just qualified him as Fac Rep, so he's got construction experience, and now he's got operational
Fac Rep experience. The other thing that we're doing is we're rotating our Fac Reps into engineering positions for three-month assignments, and what I've found, that's been value added to the individual, gives them a perspective on how the Plant is being designed, as well as it brings that rigor and discipline of the Fac Rep into the engineering organization, so it's good for my organization, and it's good for the individual to develop them so that they'll be good management material one day.

DR. MANSFIELD: Thank you. That sounds healthy. My last question is this. For years now we've been talking with you about plans to give more approval authority for variances to the contractor. Does -- it seems to me that -- for you to satisfy your roles and responsibilities requires a level of technical oversight at that -- of those activities to make sure nothing slips by. Is it clear in your mind how you're going to do that?

MR. SCHEPENS: Yes, I've decided not to do that.

DR. MANSFIELD: Okay, that's --

MR. SCHEPENS: I've retained that authority. Now let me tell you why I did that. It's because, quite frankly, we weren't doing our reviews
efficiently and effectively. The contractor would submit an Authorization Basis change to us, and we would look at it for the first time, and then we'd have lots of questions on it, and the way we were asking questions was sending e-mails back and forth.

So what I've done is I've changed our review strategy to where when the contractor believes they're going to have an ABAR [Authorization Basis Amendment Request] submitted to us, we review it at the 30 percent, the 60 percent, the 90 percent completion phase so that we're involved real time, we understand why they're doing the change, and we give them our input if we have questions or comments so that number one, more importantly is, we have a good understanding of what the change is, and it's hard to get an understanding of the change for the first time when a big document sits on your desk and you've got 30 days to review it, and you're exchanging e-mails.

DR. MANSFIELD: Have you --

MR. SCHEPENS: So I've changed how I do my reviews, and since I've changed how I do my reviews, plus the contractor has integrated us into their schedule so we know what the real need date is.

In the past there was a lot of talk about we need
it, but we really didn't -- the schedule really
didn't need it that soon, so we've integrated so we
can do it efficiently and effectively, and I still
can have my approval authority.

DR. MANSFIELD: Is this process fully in
effect now?

MR. SCHEPENS: Yes.

DR. MANSFIELD: Okay. That's good. I
said it was my last question. Could I have one more?

The Challenger report indicated the importance of
strong engineering oversight, and pointed to
successful organizations like Naval Reactors, for
which engineering oversight is reserved for the very
top of the organization, and it continually exercises
its pressure and presence at the site level. Do you
feel that there's sufficient technical strength at
Headquarters to provide that kind of oversight to
you?

MR. SCHEPENS: Yes. Dae Chung has been
down to my Site. I'm very impressed with him. I
also know that he has expertise that he brings from
Lawrence Livermore or other areas when he comes out
to do his reviews.

DR. MANSFIELD: So the -- and that points
out the difference between, Mr. Chairman, between
NNSA and EM: that EM has constituted a technical organization that can provide that kind of oversight, whereas NNSA hasn't. Thank you, Mr. Chairman.

CHAIRMAN CONWAY: Dr. Matthews.

DR. MATTHEWS: Yes. We had some interesting testimony yesterday from William Hicks, and I think Dr. Eggenberger suggested everybody read that, but I'm going to pull one part of that out and get your reaction to it. Basically, and I'm going to read from his testimony: "The Undersecretary of Energy focused on the importance of speed in the clean-up and risk reduction and the detrimental effect of non-value added requirements. In many cases, the non-value added requirements are the defense-in-depth safety management programs that are mandated to ensure the accident with unacceptable consequences does not occur." And listen to this one, because it's cute, but it's relevant. His discussion approach and analogy to an argument for speeding on the highway since less time will be spent in a dangerous highway environment. Now, I think Mr. Hicks' point is that he's really concerned that the new contract management policies compromise a defense-in-depth. They're really important to preventing the high-consequence, low probability
nuclear accident, not the slips and falls that we worry about and we see a lot of data on. I can't imagine that anybody would, you or anybody else, would want to increase the probability of a significant nuclear event, but I'm curious, you know, how would you counter Mr. Hicks' concern that in the focus here we may be missing the big issue?

MR. SCHEPENS: Well, I can just speak from, you know, my operations in that what I see this administration doing is, which I believe in 100 percent, is the Field Manager is responsible and accountable. I am responsible and accountable, which means I give out direction to the contractor. In the past, I know at my Site when I got there, there was direction given not only at all levels, but there was direction given from the contracting officer who didn't have a technical background. So by me being responsible and accountable, I understand the Authorization Basis, I approve the AB basis, I don't see any relaxation in controls whatsoever. I see a more clear understanding and implementation of the controls.

Now I do see that I have removed unnecessary work that we, DOE, were put -- and I'll give you an example of that. In the contract for the
Vit Plant, there was a clause in there that said submit interface control document every six months. Well, there's 12 of those documents. They're that thick, so every six months we were requiring the contractor to submit that when, in fact, I could go look at that at any point in time, and I will do that. So we remove some layers of requirements like submitting documentation that we would approve once and then once it's approved, we'll just provide oversight of it. So those are the kinds of things that we worked on streamlining them, I don't see where we've done any reduction in requirements or any reductions. The thing that we did on Tank Farms, quite frankly, through this new DSA, was we put a DSA in place that's appropriate for the phase of operations that we were in. We had an FSAR in place for an operating plan. We've changed it to a DSA that's for the phase of project we're at and that is removing waste from tanks and closing tanks. So what that has done is it's clearly defined what are the real accidents that can happen, so the operators can focus on those, so my engineers can focus, I can focus on that and make sure we've got the right controls in place.

DR. MATTHEWS: Okay. I was going to use
the Tank Farms as an example, and we've talked about that earlier in the week. You're about to embark on a very aggressive schedule to find more space, and to pump out the single-shell tanks, is that correct?

MR. SCHEPENS: Right.

DR. MATTHEWS: And, you know, you're experiencing some problems. You've got the S-112 issue, you've got potential operator issues, you've got some hydrogen issues, and you've got a pretty nasty source term, and so this is the one I'm worried about. You understand what I'm saying?

MR. SCHEPENS: Right.

DR. MATTHEWS: It's just -- the message is, let's not lose sight of that big accident that is really what -- I have another question, if I could, and it's along the line of you know, we've seen words about manage the contract, not the contractor: tell them what, but not how. I have to be honest, from your testimony, I don't see you doing that at all. In fact, you know, I don't see Mr. Allison or Mr. Klein doing that. It sounds like you really are managing the contractor in a lot of ways, in the oversight activities, and stop work experiences. I'm curious if you would comment on that: the instruction you've gotten relative to that?
MR. SCHEPENS: My best example of managing the contract is for example, when I came to ORP we had about $400 million worth of requests for equitable adjustments from the contractor. DOE had not appropriately resolved those with the contractor. We were not managing the contract. Was that safe? Was that proceeding down the right path of design? No, you need to resolve those real time. So since I've been there, I've resolved those and to this day we don't have any requests for equitable adjustments.

So I made decisions, and one of the things that I've talked to my staff, I've asked my staff, I said, what do you think of how I'm managing the job today? What do you think of how Roy Schepens is doing? And they said they like the fact that you make decisions. They liked the fact that -- in the past, quite frankly, management would get issues and they'd push it back down to the staff, and then the staff would have to send letters back and forth.

So to me what managing the contract means, I'm responsible, I'm accountable, I'm the one that signs my name to the letter that sends it to either Mr. Aromi or Mr. Henschel and they respond to me. In the past, at ORP, we had contracting officers
sending letters back to contracting officers, and the
presidents of the company or the managers of DOE may
or may not even have known about the letter, nor was
the letter clear and communicated what the issue was
or what the resolution of the issue was.

DR. MATTHEWS: So is it fair to say then
that managing the contract means the business
aspects, and as far as the safety and operational
you've got strong ownership of that?

MR. SCHEPENS: I've got strong ownership
for the business, safety, and engineering aspects.
It means it all, and I'm technically competent to do
that. You have to be technically competent, you just
can't be business competent.

DR. MATTHEWS: Good. Thank you.

CHAIRMAN CONWAY: Thank you. You don't
believe in the Harvard Business School that you don't
really have to know the product, just know how to
manage it. Right?

MR. SCHEPENS: Right.

CHAIRMAN CONWAY: Mr. Aromi.

MR. AROMI: I think it's still morning.

Good morning. Before I say the first words, while
the screen is coming up, I think that managing the
contract or managing the contractor notwithstanding,