

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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1 between safety culture and the safety of site cleanup
2 activities. This means that at all levels of my
3 organization, that they will consider safety as a
4 priority, and follow up to verify. All safety
5 concerns should receive appropriate levels of
6 attention. The work environment, the attitude, and
7 our behaviors of all of my individuals, as well as
8 our policies and procedures, will foster a safety
9 culture at my Site.

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

22 We cannot -- I also have concluded, in
23 this year that I've been there, is that we cannot
24 rely on assessments and oversight conducted by just
25 one group. Instead, I intend to rely on a

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1 combination of internal assessments, ones that I do,
2 external assessments, ones that I bring in, ones that
3 Headquarters brings in to me, as well as external
4 assessments, ones that the contractors bring in to
5 look at themselves, as well as the contractors self-
6 assessment program, and external groups and other
7 independent sources like yourselves, the Defense
8 Nuclear Facilities Safety Board. I meet bi-weekly
9 with your Site Rep, not just myself, but myself and
10 my PMs [project managers], we get his input on a bi-
11 weekly basis and sometimes on a daily basis, and we
12 have a good communication there, and I intend to use
13 that.

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

23 In addition, I am responsible for
24 approving all significant design changes at the
25 facilities that I operate. That means if there is

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1 any change in consequence, if there is any change in
2 frequency, if there is any reduction in safety
3 margin, or if there is any new design basis
4 accidents, I pre-approve those prior to the
5 contractor implementing those changes. Next slide
6 please.

7 Another foundation of my operational
8 philosophy is that line managers must push for prompt
9 resolution of oversight issues -- an understanding of
10 the issues singularly as well as collectively.
11 Understanding of the root causes, not just the
12 symptoms means ask the hard questions, be
13 inquisitive, and understanding of the implications
14 and the consequences of our findings when developing
15 the schedule for corrective actions. Some corrective
16 actions can be fixed quickly; some take time. For
17 example, if you're trying to change a safety culture,
18 that takes time. You need to have good corrective
19 actions, but you need to not loose sight that you're
20 not where you want to be yet.

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

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

14 The objectives of our oversight program
15 is to continuously monitor the contractors' safety
16 performance to benchmark and drive improvement, and
17 this requires a sustained field presence, so we're
18 continually out in the field looking at their
19 performance. We also intend to improve the quality
20 of the contractors' self-assessment program. I'm a
21 firm believer that we can be much more tougher
22 critics to the contractors' self-assessment than they
23 can be of themselves, and we intend to work with them
24 to help improve the quality of their self-assessment
25 program.

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1 We also work to improve our federal
2 personnel credentials and experience, as well as we
3 will continue to routinely evaluate the effectiveness
4 of my staff through internal and external resources.

5 Next slide please.

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

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

24 And then the senior managers collectively look at
25 that and put the proper corrective actions in place.

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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.

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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

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1 there doing these operational assessments, awareness
2 reviews, and what they do is they go to the plan the
3 day meetings, they're aware of what activities are
4 going on, and they pick the activities that are
5 important to go look at.

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

15 Then we do for cause reviews. An example
16 of a for cause review that we're doing right now is
17 on the S-112 [Tank S-112 Saltcake Dissolution
18 Process] event. On November 25th, one of my Facility
19 Reps was out doing an assessment on S-112. Now this
20 Facility Rep is normally on salt well pumping job.
21 He decided to go look at someone else's job, S-112
22 job. When he got out there, he found out that the
23 operators weren't aware of knowledgeable system
24 configuration, the system wasn't operating the way
25 they thought it was operating, so he basically shut

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1 down the job. He brought it to the contractor's
2 attention, and they shut down the job. Had he not
3 been there, they would have continued on, so in my
4 view, he basically shut down the job, which was the
5 right thing to do. The contractor did it. As a
6 result of him being there and bringing it to their
7 attention, and now we're into a corrective action
8 plan. Next slide please.

9 Okay. What I'd like to do here is
10 highlight some self-assessments that I've done
11 throughout the year that I've been there. On both
12 the Vit Plant [vitrification] as well as the Tank
13 Farm, we've had external Integrated Safety Management
14 System [ISMS] reviews. I've brought in an external
15 team to not only look at my contractor, but also at
16 myself, and we've implemented corrective actions as a
17 result of that. We had a vapor event response
18 assessment team. As a result of that issue coming
19 up, I brought in Tom Pestorius who came in and did an
20 independent assessment of my organization, and gave
21 me some recommendations on how I can improve my
22 oversight in that area. We did an independent
23 assessment on project management. One of my
24 weaknesses is the project management on the Vit
25 Plant, so I brought in Don Ruotolo and Paul Rice to

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1 do an independent assessment of my project managers,
2 and how we're managing the WTP project, and I got
3 valuable input from that.

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

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

25 CHAIRMAN CONWAY: Those were suggestions,

1 not recommendations.

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

7 CHAIRMAN CONWAY: It says 116 up there.

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

10 CHAIRMAN CONWAY: Did you fire seven?

11 MR. SCHEPENS: That didn't get it fixed.
12 It's 109. Of the 109, I have 86 of them are
13 technical, so you can see that I really emphasize the
14 technical side of the house. Of the 86, 78 of them
15 are qualified. 91 percent of them are qualified. 13
16 of them hold doctor degrees. I have one person at
17 Tulane University getting a doctoral degree and will
18 have it within a year, and I also have 25 master's
19 degrees. I've recently brought on 125 years of
20 nuclear experience, so that needs to be updated.
21 It's 125 years of nuclear experience. Over the year
22 that I've been in there, I've brought in people that
23 have over 125 years of nuclear experience. The
24 Facility Reps have been increased from seven to 11.
25 Now why did I do that? I did that because our

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1 workload has increased. Over the past year we're
2 doing more work in the Tank Farms. I've increased
3 the Fac Reps from six to eight, and we're doing more
4 work in the Vit Plant, so I increased the Fac Reps
5 from zero to three in the Vit Plant.

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

20 I will continue to evaluate future
21 staffing in technical disciplines as we go out
22 through the phases of this contract. Currently I
23 have the staffing for the phase that we need, but I
24 know from experience as we get further along and we
25 start into electrical, I'll need some more electrical

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1 engineers, I'll need some more I&C [instrumentation
2 and controls] engineers, software, QA engineers, and
3 start-up engineers, so I'll have a staffing plan that
4 we continually revise and update. Next slide,
5 please.

6 This just shows you our current level of
7 staffing and qualifications. We have senior
8 technical safety managers, Fac Reps. One of the
9 things that I've institutionalized since I've been
10 there is I've qualified two Fac Reps. What I've done
11 there is: I have a board consisting of the operations
12 manager, an engineering manager, and a program
13 manager. They give a written and an oral exam to the
14 Fac Rep, and once they are satisfied with the Fac
15 Rep, then they recommend them to me for final
16 authorization and qualification, and I interview the
17 Fac Rep, I review their exams, as well as I take them
18 for a walk-through. For example, I've done two at
19 the Tank Farms, and by doing that, I test two things.

20 Is the Fac Rep up to the rigor that I want the Fac
21 Rep to be, and did the program produce the quality of
22 Fac Rep that I wanted?

23 Safety system oversights: we have 12
24 people slated for that. Those people are currently
25 approved by the TQP [Technical Qualification Program]

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1 but now we have more rigor that we're going to bring
2 them through, and that's why we're showing were zero
3 percent complete on that. We're just starting that
4 this calendar year, and then the total TQP, like I
5 said, is 89 percent -- actually I need to update
6 that. Okay. Next slide please.

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

15 In the area of continuous improvement and
16 personnel competence, performance indicators, I agree
17 with those. There is good words in there. I think
18 we could use some more definition on performance
19 indicators, but I agree with those concepts. The
20 things I put that I disagree with in reality, I have
21 provided comments to bolster these areas up, because
22 I've heard managers within DOE say that we can back
23 off and just rely on contractor self-assessment
24 program. I don't think that was the intent of the
25 policy, and that's not the intent of me. So I've

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1 provided words for clarification on how to improve
2 the wording in the policy in that area so people
3 can't misinterpret it. I do believe there needs to
4 be redundancy in oversight. That's the checks and
5 balances that you need. Now, you need to do that
6 efficiently and effectively and proactively, but just
7 to say you don't need that redundancy is
8 inappropriate, because you need that checks and
9 balances. And then one can read and interpret the
10 policy that you just focus on high-risk areas, and I
11 provided a comment that I believe you need to leave
12 the flexibility for people to look at peripheral work
13 activities, and that's what I've done with my
14 operations, and those are the comments that I
15 provided into the system and we'll follow up on.
16 Next slide please.

17 I guess what I'd like to say here is that
18 when I first got to the ORP, I started on this first
19 bullet, and that was ensuring that line managers and
20 the senior staff clearly understand the technical
21 details and issues. Now how do you do that? One
22 thing that I did when I first got there was I
23 required that the managers bring me the drawings to
24 look at, bring me the procedures to look at so I can
25 see what the operator is reading, so I can see what

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1 the drawing says, and that clearly has come out as a
2 result of the Davis-Besse event as well as the
3 Columbia event. So I use those two events to
4 reinforce my management philosophy that I embarked
5 upon when I got there.

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

21 I continually insist that we as
22 management understand the extent of a condition and
23 push for resolution of the issues. We continually
24 work on sharing lessons learned. We had an event at
25 the 222-S lab. I put out a lesson learned to

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1 Savannah River on that, and shared that across the
2 complex.

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

11 CHAIRMAN CONWAY: Thank you. Dr.
12 Eggenberger?

13 VICE CHAIRMAN EGGENBERGER: I have a
14 comment. I don't disagree with too much that you
15 have. One thing that we have found, the Board has
16 found, with respect to the largest project in DOE and
17 the one that is consuming the most money, which is
18 your project, is that first, there is nobody in an
19 engineering/architectural firm, that knows how to do
20 it, because it's never been done before. There are
21 people that know bits and pieces, and your engineer
22 is one of them. So what that means to me as far as
23 oversight is concerned is you need to watch it
24 carefully, and again, I say to you, there are many
25 parts of the project, there's operations, there's

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1 engineering, there's construction, and all of that
2 needs to be watched, because we've never done this
3 before, even though we've done bits and pieces of it.

4 So I emphasize your slide about the people and
5 having the appropriate people with the appropriate
6 knowledge to help you, and I believe you recognize
7 that is a problem. For example, you talked about
8 that the Board has been talking with you on some
9 civil structural issues. We have and when we talk
10 with you about that, our staff is composed of eight
11 people that are pretty expert in their field, so we
12 just don't use one, we don't just use two, we use
13 several, and I encourage you in your oversight role
14 [to rely] on the various disciplines that are
15 required for this project, to have those people
16 available.

17 Now another thing that I would be shaking
18 in my shoes a little bit is that you're in charge of
19 this project, and you don't want anything to go wrong
20 with it, so I would certainly encourage my boss to
21 give me some good oversight with people that are
22 better than the ones that you have, and my point
23 being, oversight is a good thing, and it's especially
24 good when you have a tremendously complex project
25 that has lots of ramifications on successful

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1 completion. So, I believe you recognize these
2 things, but I'm continuing to encourage you on the
3 people issue, and I'm also encouraging your
4 Headquarters organization likewise, and I would also
5 say the same thing to Bechtel, because Bechtel has
6 those type of people available also.

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

11 MR. SCHEPENS: I agree.

12 CHAIRMAN CONWAY: Dr. Mansfield?

13 DR. MANSFIELD: Thank you, Mr. Chairman.

14 I'm concerned a bit about, and the Board has
15 communicated this to you, about how much time it's
16 taking to implement the SSO [Safety System Oversight]
17 qualification programs. Do you have any comment on
18 how that can go faster?

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

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

25 MR. SCHEPENS: Well, I'm going to do it

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

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

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

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

18 MR. SCHEPENS: Right.

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

23 MR. SCHEPENS: We can for the phase that
24 we're in, and then we'll upgrade them as the plan
25 evolves further down the road.

1 DR. MANSFIELD: The people getting
2 qualified are subject, it seems to me in this
3 situation, to an unusual urgency. They -- it seems
4 to me that you ought to expect them to do more than
5 the normal amount of walk-downs and involvement with
6 the contractor during the design phase. A number of
7 them haven't, just haven't been doing field walk-
8 downs for some time, according to our Site Rep. I
9 don't think that's healthy. Do you think that walk-
10 downs are important at this stage of the game?

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

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1 but I've got it on my list of things to do.

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

8 MR. SCHEPENS: Right.

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

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

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

25 MR. SCHEPENS: I've got what I need.

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1 DR. MANSFIELD: You've got what you need?
2 Okay.

3 MR. SCHEPENS: Yes.

4 DR. MANSFIELD: Okay

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

23 DR. MANSFIELD: That corroborates my
24 impression, that the level of engineering focus is
25 increasing the way it should at ORP. What about Tank

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1 Farms. Are you -- how are you utilizing the Tank
2 Farms engineers? Do you believe that that's working
3 the way it should?

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

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

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

21 DR. MANSFIELD: Oh, you are doing that?

22 MR. SCHEPENS: Yes, like for example,
23 we've got Jeff Bruggeman who was a construction guy,
24 and we just qualified him as Fac Rep, so he's got
25 construction experience, and now he's got operational

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1 Fac Rep experience. The other thing that we're doing
2 is we're rotating our Fac Reps into engineering
3 positions for three-month assignments, and what I've
4 found, that's been value added to the individual,
5 gives them a perspective on how the Plant is being
6 designed, as well as it brings that rigor and
7 discipline of the Fac Rep into the engineering
8 organization, so it's good for my organization, and
9 it's good for the individual to develop them so that
10 they'll be good management material one day.

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

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

22 DR. MANSFIELD: Okay, that's --

23 MR. SCHEPENS: I've retained that
24 authority. Now let me tell you why I did that. It's
25 because, quite frankly, we weren't doing our reviews

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1 efficiently and effectively. The contractor would
2 submit an Authorization Basis change to us, and we
3 would look at it for the first time, and then we'd
4 have lots of questions on it, and the way we were
5 asking questions was sending e-mails back and forth.

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

20 DR. MANSFIELD: Have you --

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

25 In the past there was a lot of talk about we need

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1 it, but we really didn't -- the schedule really
2 didn't need it that soon, so we've integrated so we
3 can do it efficiently and effectively, and I still
4 can have my approval authority.

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

7 MR. SCHEPENS: Yes.

8 DR. MANSFIELD: Okay. That's good. I
9 said it was my last question. Could I have one more?
10 The Challenger report indicated the importance of
11 strong engineering oversight, and pointed to
12 successful organizations like Naval Reactors, for
13 which engineering oversight is reserved for the very
14 top of the organization, and it continually exercises
15 its pressure and presence at the site level. Do you
16 feel that there's sufficient technical strength at
17 Headquarters to provide that kind of oversight to
18 you?

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

24 DR. MANSFIELD: So the -- and that points
25 out the difference between, Mr. Chairman, between

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1 NNSA and EM: that EM has constituted a technical
2 organization that can provide that kind of oversight,
3 whereas NNSA hasn't. Thank you, Mr. Chairman.

4 CHAIRMAN CONWAY: Dr. Matthews.

5 DR. MATTHEWS: Yes. We had some
6 interesting testimony yesterday from William Hicks,
7 and I think Dr. Eggenberger suggested everybody read
8 that, but I'm going to pull one part of that out and
9 get your reaction to it. Basically, and I'm going to
10 read from his testimony: "The Undersecretary of
11 Energy focused on the importance of speed in the
12 clean-up and risk reduction and the detrimental
13 effect of non-value added requirements. In many
14 cases, the non-value added requirements are the
15 defense-in-depth safety management programs that are
16 mandated to ensure the accident with unacceptable
17 consequences does not occur." And listen to this
18 one, because it's cute, but it's relevant. His
19 discussion approach and analogy to an argument for
20 speeding on the highway since less time will be spent
21 in a dangerous highway environment. Now, I think Mr.
22 Hicks' point is that he's really concerned that the
23 new contract management policies compromise a
24 defense-in-depth. They're really important to
25 preventing the high-consequence, low probability

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1 nuclear accident, not the slips and falls that we
2 worry about and we see a lot of data on. I can't
3 imagine that anybody would, you or anybody else,
4 would want to increase the probability of a
5 significant nuclear event, but I'm curious, you know,
6 how would you counter Mr. Hicks' concern that in the
7 focus here we may be missing the big issue?

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

23 Now I do see that I have removed
24 unnecessary work that we, DOE, were put -- and I'll
25 give you an example of that. In the contract for the

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1 Vit Plant, there was a clause in there that said
2 submit interface control document every six months.
3 Well, there's 12 of those documents. They're that
4 thick, so every six months we were requiring the
5 contractor to submit that when, in fact, I could go
6 look at that at any point in time, and I will do
7 that. So we remove some layers of requirements like
8 submitting documentation that we would approve once
9 and then once it's approved, we'll just provide
10 oversight of it. So those are the kinds of things
11 that we worked on streamlining them, I don't see
12 where we've done any reduction in requirements or any
13 reductions. The thing that we did on Tank Farms,
14 quite frankly, through this new DSA, was we put a DSA
15 in place that's appropriate for the phase of
16 operations that we were in. We had an FSAR in place
17 for an operating plan. We've changed it to a DSA
18 that's for the phase of project we're at and that is
19 removing waste from tanks and closing tanks. So what
20 that has done is it's clearly defined what are the
21 real accidents that can happen, so the operators can
22 focus on those, so my engineers can focus, I can
23 focus on that and make sure we've got the right
24 controls in place.

25 DR. MATTHEWS: Okay. I was going to use

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1 the Tank Farms as an example, and we've talked about
2 that earlier in the week. You're about to embark on
3 a very aggressive schedule to find more space, and to
4 pump out the single-shell tanks, is that correct?

5 MR. SCHEPENS: Right.

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

12 MR. SCHEPENS: Right.

13 DR. MATTHEWS: It's just -- the message
14 is, let's not lose sight of that big accident that is
15 really what -- I have another question, if I could,
16 and it's along the line of you know, we've seen words
17 about manage the contract, not the contractor: tell
18 them what, but not how. I have to be honest, from
19 your testimony, I don't see you doing that at all.
20 In fact, you know, I don't see Mr. Allison or Mr.
21 Klein doing that. It sounds like you really are
22 managing the contractor in a lot of ways, in the
23 oversight activities, and stop work experiences. I'm
24 curious if you would comment on that: the instruction
25 you've gotten relative to that?

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1 MR. SCHEPENS: My best example of manage
2 the contract is for example, when I came to ORP we
3 had about \$400 million worth of requests for
4 equitable adjustments from the contractor. DOE had
5 not appropriately resolved those with the contractor.
6 We were not managing the contract. Was that safe?
7 Was that proceeding down the right path of design?
8 No, you need to resolve those real time. So since
9 I've been there, I've resolved those and to this day
10 we don't have any requests for equitable adjustments.

11
12 So I made decisions, and one of the
13 things that I've talked to my staff, I've asked my
14 staff, I said, what do you think of how I'm managing
15 the job today? What do you think of how Roy Schepens
16 is doing? And they said they like the fact that you
17 make decisions. They liked the fact that -- in the
18 past, quite frankly, management would get issues and
19 they'd push it back down to the staff, and then the
20 staff would have to send letters back and forth.

21 So to me what managing the contract
22 means, I'm responsible, I'm accountable, I'm the one
23 that signs my name to the letter that sends it to
24 either Mr. Aromi or Mr. Henschel and they respond to
25 me. In the past, at ORP, we had contracting officers

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1 sending letters back to contracting officers, and the
2 presidents of the company or the managers of DOE may
3 or may not even have known about the letter, nor was
4 the letter clear and communicated what the issue was
5 or what the resolution of the issue was.

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

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

15 DR. MATTHEWS: Good. Thank you.

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

20 MR. SCHEPENS: Right.

21 CHAIRMAN CONWAY: Mr. Aromi.

22 MR. AROMI: I think it's still morning.
23 Good morning. Before I say the first words, while
24 the screen is coming up, I think that managing the
25 contract or managing the contractor notwithstanding,

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