

The Secretary of Energy  
Washington, DC 20585

July 22, 1993

OL WH McLarty - ES9301679  
07 7/23/93  
ES CENTRAL FILE COPY  
BS93-016797  
FILE CODE: OL WH McLarty

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE  
FROM: HAZEL R. O'LEARY  
SUBJECT: Weekly Report

*Hazel R. O'Leary*

KEY DEPARTMENT NEWS

• The President's Council on Sustainable Development

This week I participated in the inaugural meeting of the President's Council on Sustainable Development. The meeting focused on the council's commitment to developing and implementing a work plan to produce a viable Administration policy which encourages economic growth while protecting our natural resources.

A work plan was developed to build a three-part foundation upon which to explore policy problems confronting our Nation. The foundation will take the form of three structural task forces:

- an assessment group to define principles, goals and key questions on sustainable development;
- a substance group to explore improved government, business and environmental group cooperation on specific policy conflicts, including policy recommendations and showcase demonstrations; and
- a public linkage group to explore better ways to improve dialogue with the general public through education, outreach, and awards programs.

The council listed three major clusters of issues on the horizon that it will begin to explore through these issue task forces:

- energy, transportation, and greenhouse gases;
- coastal resources, fisheries, agriculture, food safety, etc.;
- sustainable communities; equity/economy, etc; and
- eco-efficiency, pollution prevention and sustainable manufacturing.

• Meeting with Utility Industry CEOs on Global Warming

As part of the Administration's initiative to develop a National Action Plan to reduce emissions of greenhouse gases, I met with 20 CEOs from the electric power industry this week. The purpose of the meeting was to facilitate dialogue between the Administration and this industry sector on critical issues confronting the industry and its ratepayers.

The purpose of these discussions was to determine if the Administration can work in concert with the industry to develop a voluntary program which allows industry flexibility to reduce its emissions. In this partnership the Administration would receive voluntary commitments from the industry to achieve verifiable emission reductions. For these commitments, industry would be provided flexibility to achieve these reductions with the

mechanisms they deem most appropriate and cost-effective. We will continue to negotiate the details of this agreement.

If successful, this represents a new way of doing business. Such voluntary agreements answer the "clarion call" of the President's Earth Day speech to develop a cost-effective plan for reducing greenhouse gas emissions. The agreements would also eliminate much of the controversy associated with developing the plan.

- Meeting with Motor Industry and Product User CEOs on Global Warming

Similar to the meeting mentioned above, I held another meeting with CEOs from the motor manufacturing industry and their customer industries. The motor industry accounts for a significant percentage of national electricity use in industrial applications and are thus responsible for high levels of greenhouse gas emissions.

The Department, in conjunction with the Environmental Protection Agency and affected industries, has developed a voluntary program to expedite the development and utilization of more efficient motors in the marketplace. This would reduce electricity use and greenhouse gas emissions. Minimal federal resources would be required to leverage private sector funds for this effort.

This is another voluntary program which achieves the objectives established in the President's Earth Day speech in a cost-effective manner. These types of programs reduce the need for expensive command-and-control legislation or additional regulation and will reduce the controversy in developing the National Action Plan.

- Continuing Issues on Environmental Impact Statement at the Idaho National Engineering Laboratory

A recent decision by the United States District Court for the District of Idaho required that the Departments of Energy and the Navy halt shipment of spent nuclear fuel to the Idaho National Engineering Laboratory until an environmental impact statement is completed. The Senate Armed Services Committee recently reported legislation which would exempt the Navy from Environmental Impact Statements based upon national security grounds. At the current time, the Department of Energy does not believe that legislation is necessary. Based on the Navy Department's statements, it is our judgment that national security is not endangered by the halt in fuel shipments and will not become a national security issue until March 1994 or even as late as October 1995. The Department will attempt to facilitate settlement of this issue with the other agencies and with the State of Idaho.

Both Governor Andrus and I were quoted in a *New York Times* article stating our desire to resolve this issue in a collaborative fashion.

- Department-wide Strategic Plan for Technology Partnerships

The Department has developed a strategic plan for collaborative efforts between the National Labs and industry. This plan, "Partnerships for Global Competitiveness," will be released on July 29, 1993, as part of my testimony before the House Science, Space, and Technology Committee. We used a quality management approach involving broad participation from across the Department and the laboratory system to develop the plan. The plan provides a vision, strategies, and goals for meeting the Administration's policy of increased partnerships between the Department's laboratories and the private sector and includes several initiatives to make the Department and its laboratories more customer-focused and responsive. This plan is intended to be a catalyst for cultural change within the

Department and the National Labs, with the goal of focusing resources of the Department on enhancing American industrial competitiveness and creating jobs.

Staff of the Office of Science and Technology Policy and the Office of Management and Budget, the National Economic Council, and the Department of Commerce were given a preliminary briefing on the plan on July 21, 1993. Following the release of the document, the Department will host a series of stakeholder meetings with industry to gain their input. A final version of the plan will be issued in September.

- Superconducting Super Collider

Several reports have been released in recent months which criticize the management of the Superconducting Super Collider project. These reports have hurt the project's credibility. In order to save this project, management changes must be implemented to increase congressional support and regain public confidence in the project. The Department has been intensively analyzing contractual options for the Super Collider to address management deficiencies at the project. I will select an option within the next week, and likely announce these decisions within 10 days. It is my hope that these management changes will reposition the project in a fashion that brings new management integrity without causing instability. Strategically, our goal is to make management changes which increase confidence while not jeopardizing Senate support. Senator Johnston has scheduled hearings for the first week of August on the Super Collider project and has invited me to testify.

## THE WEEK AHEAD

- Address to Summer Meetings of the National Association of Utility and Regulatory Commissioners (NARUC)

My address on Tuesday, July 27 in San Francisco offers an excellent opportunity for me to advocate the Administration's policy on a variety of energy issues to an audience of the Nation's utility regulatory commissioners, industry leaders, and media. My message will be a new era of State/Federal cooperation with a focus on the following areas:

- Implementation of the Energy Policy Act of 1992
- Global Climate Change
- Economic Competitiveness
- Energy Efficiency

An interview with the *San Francisco Chronicle* will follow my address and the same topics will be covered.

- Visit to Lawrence Livermore National Laboratory

Next week I will visit the Lawrence Livermore Laboratory in Livermore, California. This laboratory is one of the Nation's three nuclear weapons laboratories and will continue to down-size in response to reduced weapons research and development and the President's decision on nuclear testing. The visit provides me an opportunity to express the gratitude that the country owes to our defense complex work force for their efforts to win the Cold War and the importance they will have in enhancing our civilian economic performance.

I will host a roundtable session with private sector representatives to discuss the direction of the Department's technology transfer strategic plan.

## CONGRESS

- Outreach Meetings

I continue to conduct meetings with members of Congress and other elected officials on the Administration's economic initiatives and specific departmental site and project issues:

- Representative Ronald Dellums (D-California).
- Representative Richard Durbin (D-Illinois)- Discussed the adverse impact of Clean Air Act compliance on the coal mining industry and the economic challenges in his district.
- Representative Walter Tucker (D-California)- Discussed discretionary funds for the regional Job Skill Training Center in Compton, California, and jobs associated with the energy efficiency programs sponsored by Southern California Edison in conjunction with the Department and committed to determine what other funds can be made available for training facilities.
- Senator Johnston (D-Louisiana)- To discuss the Administration's reconciliation bill.
- Senator Jeff Bingaman (D-Nevada)- To discuss the Administration's reconciliation bill.
- Senator Ben Nighthorse Campbell (D-Colorado)- To discuss the Administration's reconciliation bill.
- Representative Sam Gejdensen (D-Connecticut)- To discuss renewable energy technologies and energy policy in general.

- Hearings

My testimony today before the House Committee on Energy and Commerce, Subcommittee on Energy and Power (Chairman Sharp, D-Indiana) focused on Environment, Safety and Health issues at the Department.

- My testimony on July 29 before the House Committee on Science, Space and Technology (Chairman Brown, D-California) will focus on Chairman Brown's legislation to develop new missions for the weapons laboratories. As part of the testimony, I will communicate the Department's strategic plan for technology transfer.

## PRESS

- Interview with *Natural Resources Magazine*

My interview on July 23 with *Natural Resources Magazine* will focus on the Administration's energy policy. The magazine has a circulation of approximately 16,000 members of the legal profession.

- Television Broadcast with Senator Trent Lott

Senator Trent Lott's live program is broadcast to citizens of Mississippi on commercial and cable television. I will be his guest today to discuss the Administration's energy policy.

- San Francisco Editorial Board Interview

After my speech to the National Association of Regulatory Utility Commissioners in San Francisco, the *San Francisco Chronicle* Editorial Board will interview me. The focus of their questions will be technology transfer. There will also be press availability that day after my meeting with community leaders at Lawrence Livermore Laboratory.

## WEEK IN REVIEW

- United States-Mexico Border Infrastructure Finance Conference

My Mexican counterpart, Emilio Lozoya, and I delivered keynote addresses at a round table discussion entitled "Independent Power Production" held as part of a first ever conference on the infrastructure finance issues facing border regions of the United States and Mexico. My comments focused on the opportunities for American firms to participate in supplying Mexico's growing energy requirements, the environmental benefits of allowing American firms into Mexican markets, and the economic benefits to the financial community through financing such ventures.

The conference was jointly sponsored by the Department of Commerce and the Mexican Ministry of Social Development and participants included financial leaders from both nations, and the following administration officials and their Mexican counterparts: Secretary Brown, Secretary Cisneros, Secretary Peña, and Administrator Browner. Most importantly, my Mexican colleague and I discussed a large power project in Mexico which is in jeopardy because some believe that the project should have to comply with U.S. environmental standards. Although only one project, this could have a chilling effect on future investment in Mexico's energy sector. I will continue to work with the Environmental Protection Agency to resolve this issue.

- Visit to the Pantex Site

During my visit to the Pantex in Amarillo, Texas, a nuclear weapons producer, I facilitated a stakeholders meeting for employees and community leaders. My message to these stakeholders was that the Nation was grateful for their efforts to win the Cold War, and now the site, which is the Nation's primary weapons disassembly facility, must seek to develop new missions for the future utilizing the site's tremendous scientific resources and providing economic stability of the region in the future. It is likely that the facility will gain business in the future because of the need to disassemble the nuclear weapons.

To achieve the future mission of the Pantex facility, a site-specific Advisory Board will be created to actively research and develop new uses for the Pantex facility.

# Jul-Aug 1993

## WHITE HOUSE SCHEDULE

---

### Jul 26 - Monday

(Tentative) National Economic Council

(Tentative) Cabinet Meeting

Depart for National Association of Regulatory Utility Commissioners (NARUC)  
Meeting in San Francisco, CA

---

### Jul 27 - Tuesday

Address Summer Committee Meetings of NARUC, San Francisco, CA

Tour Lawrence Livermore Laboratory, San Francisco, CA

---

### Jul 28 - Wednesday

Meetings in San Francisco, CA

---

### Jul 29 - Thursday

Hearing: Science, Space and Technology Committee (Congressman George Brown[D-CA])

Congressman Sam Gejdenson (D-CT)

Fermi Awards

Photo Opportunity with The President and Fermi Award Winners

Department of State - Fermi Awards Reception

---

### Jul 30 - Friday

Address - The National Political Congress of Black Women

Vernon Jordan

---

### Jul 31 - Saturday

---

### Aug 1 - Sunday

Minneapolis  
Star Tribune  
7/15/93



Associated Press

Hazel O'Leary, U.S. Energy secretary, spoke to the delegates at the 84th annual NAACP convention Wednesday in Indianapolis, Ind.

## Energy secretary urges NAACP to stand by Clinton

By Wayne Washington  
Staff Writer

Indianapolis, Ind. — Hazel O'Leary, it turns out, didn't need the police escort.

The secretary of the U.S. Department of Energy, fresh from addressing delegates to the NAACP's national convention Wednesday, had a plane to catch.

The escort ran ahead, sirens blaring, as O'Leary followed in a car equipped for (but not using) alternative fuel. She reached the airport with time to spare.

But a sense of urgency is the order of the day.

At the convention yesterday, the former Twin Cities executive for Northern States Power Co. stood up to criticism that the Clinton administration has received from minorities as no other minority Cabinet member has.

Her comments came one day after the association honored law professor Lani Guinier, whom Clinton nominated — then un-nominated — to be assistant attorney general for civil rights. Guinier went to the podium Tuesday as delegates enthusiastically chanted her name.

Many blacks were furious with Clinton for withdrawing the nomination without giving Guinier the opportunity to explain the controversial law review writings that brought fierce criticism from conservatives.

But O'Leary said blacks should allow the issue to fade away, and she exhorted delegates to stand by Clinton.

"You have to hang in there with this guy because he's going to give us the Ron Browns and the Mike Espys and the Jesse Browns," she said, referring to three of Clinton's Cabinet members who are black. "Stand behind this man, because he's going to stand behind us."

The message was well received.

It didn't hurt, of course, that O'Leary also announced an NAACP-Department of Energy scholarship program designed to pay for the college education and summer jobs of 10 students

"We can say we look with pride and with thanksgiving that Hazel O'Leary is our secretary of energy," NAACP Executive Director Ben Chavis said.

She also has won praise from people who say O'Leary takes the time to listen to their views.

"The importance of that cannot be overstated," said George Croker, co-founder of the Minnesota environmental group North American Water Office. "That's important because that means at least she has access to the spectrum of views."

But it is unclear which views she is unwilling to compromise on.

She was a vocal supporter of the Btu levy that would have taxed the heat content of fuels and raised more than \$70 billion for federal deficit reduction.

However, like Clinton, O'Leary was relatively mute on the subject as the Senate passed a deficit reduction plan that did not include a Btu tax. The House included the Btu in its economic plan, and the two sides are now trying to reach a compromise.

O'Leary said yesterday that she still favors the principle of taxing energy.

"My position personally and our administration's position is we are looking for the best compromise out of conference," she said. "I think one has to fight for principle. It's really difficult to fight for specific language, a specific course. If you can hold to the principles that are important to you, I think people can find more common interests around principles than they can with 'my proposal vs. your proposal.'"

O'Leary's and the administration's willingness to compromise on the Btu has frustrated some environmentalists, but they do credit her with giving the department a much-needed overhaul.

One reason she's been able to run the department differently, she said, is because she is different.

"I think being diverse — a woman, a black, being from a utility — I'm allowed to see things in a new way," she said. "Nobody questions dramatic change that I want."

## O'Leary offers to listen to Pantex advisers

by DANNY M. BOYD  
Hobe-News Staff Writer

U.S. Energy Secretary Hazel O'Leary said Thursday she wants to "empower" local residents who want to influence the operations and future of the Pantex Plant.

O'Leary toured Pantex, the nation's primary assembly and disassembly plant for nuclear weapons, after being invited by U.S. Rep. Bill Sarpalius, D-Amarillo.

After the tour, O'Leary met with a group of citizens interested in Pantex operations and then conducted a news conference.

O'Leary met with about 30 "stakeholders" consisting of city and civic leaders and members of groups that have expressed concerns about Pantex operations and possible changes in its future mission.

Officials with the Texas attorney general's office and the Texas Water Commission also attended the meeting.

From the stakeholders group, a Site Specific Advisory Board will be formed to advise the Energy secretary on Pantex-related issues, O'Leary said.

The Keystone Group, a Denver-based consulting organization, will help the stakeholders form the advisory group, which will represent varied interests.

The board will define its mission in more

specific terms after forming, she said.

O'Leary said she plans to return in September and wants to attend an advisory board meeting.

Sarpalius said O'Leary's visit proves she wants to be open to advice from the advisory board.

During the news conference, O'Leary declined to specify what role Pantex might play in the future of the nuclear weapons complex.

But she seemed to indicate that the plant indeed has a role in any future weapons complex configuration.

"I cannot imagine that the community and the nation or anybody involved in this plant would let this rich resource simply slip through our fingers," O'Leary said. "So at issue here is what is the future, because clearly there is the infrastructure and more importantly the human resource for its future, and I have no doubt about that."

The future of Pantex depends largely on "the people in this room," she said, referring to Energy Department and other plant operations officials present.

"And I know them to be wed to the land, wed to the economic enrichment of the citizens in this land, and I have every faith with that vision and the capabilities that exist — as we all partner — is that there is a future here. That's not even open to debate in my mind."

The Department of Energy will conduct a public hearing in Amarillo probably around the end of September or early October, an aide to O'Leary said.

The hearing will allow citizens to comment on proposed changes in the nuclear weapons complex. A notice for the hearing will be published in the Federal Register later this summer, the aide said.

The DOE had initially planned to release a programmatic environmental impact statement and a plan for a newer, scaled-down version of the complex this fall.

However, nuclear arms reductions and changing conditions in the post-Cold War arsenal have prompted the department to hold more hearings and decide the future of the complex late next year.

O'Leary said she welcomed a recent proposal by a group of Texas universities to form a research facility on plutonium at Pantex.

"I think it's an excellent vision," she said.

The Energy secretary said she was "impressed and encouraged by the character and the leadership I see at Pantex."

"The reason I thought I needed to be here as soon as possible was to share the nation's gratitude for helping us really accomplish the peace," she told reporters.

# U.S., Mexican officials pleased by new NAFTA talks

BY JOHN GONZALEZ  
Fort Worth Star-Telegram

A9

SAN ANTONIO — Five U.S. and five Mexican Cabinet-level officials yesterday concluded historic talks on border infrastructure development by acknowledging the need for labor and environmental protections in the proposed North American Free Trade Agreement.

U.S. Commerce Secretary Ron Brown said the encounter succeeded in securing private financing for several public works projects along the border.

The officials issued a joint statement hailing the two-day meeting as a "unique opportunity to debate, discuss and develop critically needed projects."

"The high level of participation at this conference, both in terms of the 400 private and public sector participants as well as the ability of the participants to make and close deals with the necessary financial and political backing, is significant," the statement said.

Brown and other U.S. officials played matchmaker between Mexican planners and developers and U.S. lenders, hoping to find backers for Mexico's long list of projects related to current and future growth

## More on StarText

The full text of the NAFTA Agreement is on StarText, the Star-Telegram's electronic news service

StarText keyword: NAFTA

To subscribe to StarText, call 1-800-742-7000

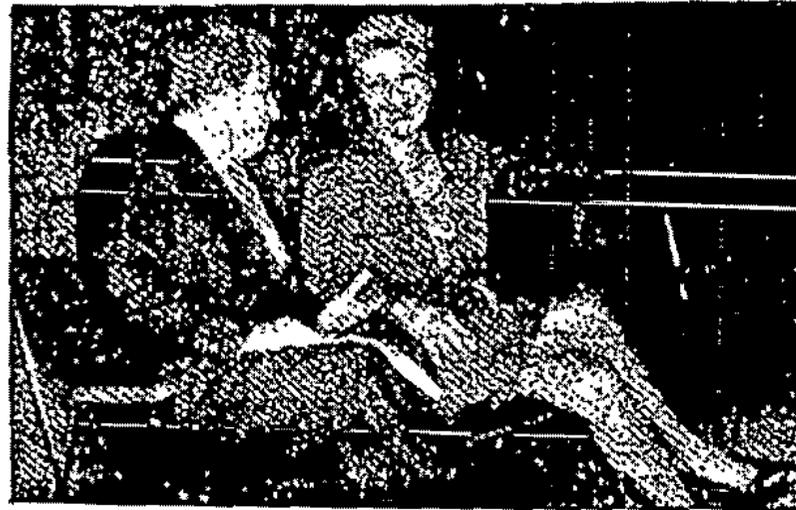
on the 2,000-mile border.

Social Development Secretary Luis Donaldo Colosio, the man heavily favored to be Mexico's next president, said the meetings were "very intense and very fruitful," in part because they allowed Mexico to explain its needs and address environmental concerns.

"Our commitment is stronger than ever" to balance development with ecological caution, Colosio said.

The Sierra Club, which recently won a legal ruling forcing more studies about the environmental impact of free trade, criticized the Conference on U.S.-Mexico Border Infrastructure as ineffective because it wouldn't lead to proper repair and control of environmental damage on the border.

"Although we applaud efforts to engage business and industry lead-



Associated Press

Emilio Lozoya Thalmann, Mexican secretary of energy, mines and industry, shares a laugh with Hazel O'Leary, his American counterpart, before giving a speech in San Antonio yesterday.

ers for environmental management, they cannot solve the border region's environmental problems alone," Sierra Club Chairman Mike McCloskey said.

"Until someone comes up with a better idea, the most important revenue source must be a tax on imports at the border," McCloskey said.

Removing taxes and duties on commerce within the continent is the main goal of NAFTA, which has been approved by the trade representatives of the United States, Mexico and Canada but not the U.S.

Congress.

The pact is headed to congressional review by September.

"If I had to assess where the Congress stands now without a complete agreement, I would estimate that about a third of the Congress is opposed, a third is in favor and a third is in the middle," Brown said.

"From a political perspective, it's not such a bad place to be. What it means is you have to hold the third that is for NAFTA and get 50 percent plus one of the third in the middle. That sounds like pretty good odds to me," Brown said.

**BURRELLE'S**

NEWS EXPRESS

PAGE 2 OF 4

Circulation 17,500 Daily  
18,000 Sunday

**AIKEN STANDARD**  
Aiken, South Carolina

Wednesday, July 21, 1993  
From Page 5A  
Page 1 of 1

# O'Leary Speaks Out For Nominee

By NED MARTEL  
States News Service

WASHINGTON — Energy Secretary Hazel O'Leary firmly backed her embattled assistant secretary designate on Monday, when she compared Senate critics of nominee Tara O'Toole to red-baiting lawmakers of the 1950s.

Senators inspecting O'Toole's qualifications to oversee environmental and safety issues of the nation's nuclear warhead production plants have grumbled about her affiliation with an organization once known as "Marxist/Feminist Group." The Clinton Administration has since explained that the group of female intellectuals meets infrequently to discuss public policy topics, without pledging support for Marxism.



O'LEARY

"Forty years ago they called this kind of nonsense 'McCarthyism,'" O'Leary said in a statement that touted the Capitol Hill technology analyst's expertise in nuclear and health sciences.

"Say it ain't so, Joe," O'Leary added.

But unlike former Wisconsin Sen. Joseph McCarthy's televised inquiries into "un-American" activities, O'Toole's congressional critics have not yet questioned her in a public forum.

O'Toole's affiliation came under attack in late June, when Sen. Malcolm Wallop, R-Wyo., denounced President Clinton for choosing a nominee "from America's radical left fringe." Since Wallop's criticism, other members of the Senate Energy Committee — including some Democrats — have raised similar concerns. The panel has twice delayed O'Toole's confirmation hearing, now put off until at least September.

Because of a technicality, the administration must resubmit O'Toole's nomination to the committee after the August recess. The secretary's strong statement signals that the White House will not back down.

"We have no intention of walking away from this nomination," O'Leary said. "No one else can bring to this task the unique qualifications that Tara O'Toole commands."

O'Toole's career as an analyst with the Office of Technology Assessment gave her detailed knowledge of contamination problems at the nuclear weapons complex. Environmentalists have widely praised her appointment, and some suggest opponents have other issues that irk them.

"We call it mainly a smokescreen," said Peter Tyler, a Washington, D.C.-based spokesman for Physicians for Social Responsibility, a scientific advocacy group. Tyler charged that DOE contractors have persuaded the Senate critics to shield them from O'Toole's scrutiny. "She's known for being tough with contractors in her analysis."

But to date, not one contractor has complained to the Energy Department about O'Toole's selection, said Michael Gaultin, O'Leary's communications director. "They don't have any reservations," Gaultin said. "They have called us up to express their support." He declined to provide names of contractors who had contacted the secretary's office.

In a signed affidavit, O'Toole explained that she belongs to "an informal group of mostly academic and professional women." In 1973, the group's founders sought "to engage in an academic and analytical analysis of women's status in society through a variety of theoretical perspectives which included but were not limited to Marxist economic theory," she added.

The group, which she joined in 1981, has since been renamed Northeast Feminist Scholars. During their three annual meetings, topics of discussion have included the single-payer health care system, AIDS research and "why many women hate science and math."

Spokesmen for Sen. Harlan Mathews, D-Tenn., and Sen. Wendell Ford, D-Ky., confirmed the senators had reservations about O'Toole's nomination that they will air in the much-delayed hearing. Wallop, the highest ranking Republican on the committee, does not oppose the scheduling of a hearing, said Janis Budge, his spokeswoman. But "his concerns persist," she added.

"He has not announced that he would oppose the nomination," said Budge. "He wants to discuss her affiliation with that particular group and other issues." She said she could not elaborate on what other questions remain.

Circulation 17,500 Daily  
18,000 Sunday

## AIKEN STANDARD

Aiken, South Carolina

Saturday, July 17, 1993  
From Page 1A  
Page 1 of 1

# DOE Halts Multi-Year Contract Extensions

By RODDIE BURRIS  
Staff Writer

The Department of Energy Friday announced a temporary halt to its practice of granting multi-year contract extensions to its management and operating contractors, pending further review of management practices, the department said.

Westinghouse Savannah River Co. becomes the first DOE contractor affected by the change. Rather than a multi-year deal, DOE instead authorized a one-year extension for the SRS contractor through March 31, 1995.

Westinghouse's five-year contract at SRS, which went into effect April 1, 1989, had been set to expire at the end of March 1994. DOE and WSRC had been negotiating a multi-year contract as per DOE's normal practice with its contractors.

However, in May, Secretary of Energy Hazel O'Leary announced a series of new initiatives designed to reform the way DOE manages its contractors in an effort to gain better control of the contractors and improve accountability, O'Leary said.

One of those new initiatives was establishment of a review team to scrutinize DOE contracts.

At present, WSRC is one of six companies negotiating new contracts with DOE, all of whom will receive

the one-year extensions, DOE said. Seventeen other management contracts due for renewal by the end of 1994 will be decided on a case-by-case basis, DOE said.

Contracts already negotiated will not be affected.

At the conclusion of the review process, DOE will put new management procedures and new contract

(Please See DOE, Page 5A)

guidelines in place, then decide if the Westinghouse contract and others should be renewed or put out to bid.

In making Friday's announcement, Deputy Secretary of Energy William H. White, like O'Leary previously, said review of DOE's management practices relative to site contractors is necessary for a number of reasons — not the least of which is money.

White will head the review team that will conduct "an aggressive, in-depth inquiry of the department's contracting mechanism and practices," DOE said.

"This unique contracting system that built this nation's nuclear arsenal needs an overhaul to accomplish the changed missions of this department," White said.

"We have an obligation to every American taxpayer to change the nature of our contracting practices so they are as efficient and effective as possible."

The contract reform team will prepare a report by the end of this year.

According to DOE, that report will recommend specific administrative, financial, and legislative improvements to increase accountability, stimulate competition and simplify administration of contracts.

The review team is one of five long-term initiatives announced by O'Leary to address the issue of past management practices at DOE sites. Others include a major realignment of the department which was to begin in June, and the consideration of hiring more federal employees in exchange for reductions in contractor funding.

Paul Jones, a WSRC spokesman, said the company "agrees that a review of DOE contracting practices is appropriate to reflect changing conditions and priorities at DOE sites.

"Meaningful reform is important to the American taxpayers who pay the bills," he said.

"We also believe that meaningful contract reform will require the cooperation and consultation of contractors, legislators, and regulators.

"Westinghouse looks forward to working with DOE as the review moves forward," Jones added.



The Secretary of Energy  
Washington, DC 20585

OLWH-77 MCLARTY-ES93-017286  
07/30/93  
ES CENTRAL FILE COPY  
MCLARTY-ES93-017286  
FILE COPY

July 29, 1993

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE  
FROM: HAZEL R. O'LEARY *Hazel R. O'Leary*  
SUBJECT: Weekly Report

### KEY DEPARTMENT NEWS

- Sandia National Laboratories Contract

On July 26, the Department announced that Martin Marietta, Inc., will take over management of the Sandia National Laboratories when the current contract with AT&T expires on September 30, 1993. AT&T, the contractor since 1949, did not wish to renew its contract to manage the laboratories.

This new contract will allow the Sandia Laboratories to better meet the challenges and achieve the missions of the Department in the post Cold War era, namely applying its technical resources to stimulate civilian economic growth and improve our Nation's international competitiveness. Martin Marietta has an excellent record managing the Department's Oak Ridge facility. The company has been instrumental in creating many new small businesses and jobs in the region surrounding the Oak Ridge facility and has already agreed in the new contract to invest \$40 million at a local university to assist them commercialize technology developed at Sandia Laboratories.

- Idaho National Engineering Laboratory Injunction Update

Several weeks have passed since the United States District Court for the District of Idaho imposed a prohibition on shipments of spent nuclear fuel, including Naval Reactors spent fuel, to the Idaho National Engineering Laboratory until an Environmental Impact Statement is completed. The Department of the Navy has sought a legislative exemption from the National Environmental Policy Act (NEPA) in order to continue shipping their spent fuel. Governor Andrus strongly opposes a legislative exemption. The Department continues to work closely with the State of Idaho and Congress to resolve this issue. We favor a settlement with the State which would allow for shipments of spent fuel in conjunction with developing the Environmental Impact Statement as long as milestones are achieved in developing the statement.

It is hoped that a solution can be agreed upon in the near future. If a settlement can not be achieved, States where the shipments are stalled (Maine, Washington, and Virginia) will impose pressure for resolution and the Administration will be left with options to either appeal the injunction or seek legislative relief.

was to emphasize the importance of converting our vast laboratory resources from defense missions to commercial applications, which will enhance our civilian economy. Finally, I encouraged employees to support this change. This was an important visit. It was the first time a senior Department official has talked to the laboratory employees since the President's decision to continue the moratorium on nuclear testing.

Following a tour of the laboratory, I hosted a round table discussion with representatives of the private sector to discuss the Department's technology transfer initiatives.

Media coverage was very favorable.

- Hearing on Environment, Safety and Health

I testified before the House Subcommittee on Energy and Power of the Energy and Commerce Committee. At the hearing, I unveiled a new, first-ever departmental health and safety policy.

The policy is comprehensive and covers the Department's entire network of activities (nuclear and non-nuclear) and was developed with the input of all affected stakeholders. The new policy incorporates the protection of the worker, the public and the environment as the highest priority of the Department's activities. It establishes a process and principles for implementing this approach and requires the use of innovative technologies and effective training as an integral part of continuous improvement in safety.

## **PRESIDENTIAL INITIATIVES**

- Global Climate Change National Action Plan

The Department continues to negotiate with representatives of the electric utility industry to develop a voluntary program to reduce emissions of greenhouse gases. The Department is seeking to ensure voluntary commitments from industry to reduce greenhouse gas emissions in exchange for flexibility in how to achieve the reductions. If successful, this program would represent a new way of making economic, energy, and environmental policy. The industry would answer the President's call to reduce emissions in a cost-effective fashion and mitigate the Administration's need to propose command-and-control programs. This voluntary program could be announced at a visible event.

## THE WEEK AHEAD

- Superconducting Super Collider Hearing

Next week I will testify before a joint hearing of the Senate Committee on Energy and Natural Resources (Chairman Johnston, Louisiana) and the Senate Committee on Appropriations, Subcommittee on Energy and Water Development (Chairman Johnston, Louisiana) on management issues surrounding contracting, funding and construction of the Superconducting Super Collider. White House Science and Technology Advisor John Gibbons will also testify at this hearing.

This hearing is important because I will communicate new concepts to govern the future management of the project. These changes are necessary to address reported management abuses and provide assurance to the public and Congress that the Administration takes these charges seriously and will spend taxpayers' money more efficiently. Management reform is necessary for this project to move ahead. National media coverage is expected.

## CONGRESS

- Outreach Meetings

I continue to meet with members of Congress and other elected officials on the President's economic initiatives and specific Departmental site and project issues:

- Representative Sam Gejdensen (D-Connecticut) -- to discuss renewable energy technologies and energy policy in general;
- Representative John Dingell (D-Michigan) -- to brief him on management changes which address the problems at the Superconducting Super Collider;
- Senator John Glenn (D-Ohio) and Representative Ted Strickland (D-Ohio) -- to discuss the shipment of Highly Enriched Uranium;

- Hearings

I testified today before the House Committee on Science, Space and Technology (Chairman Brown, California) on the Department's Laboratory Technology Act legislation. This legislation will help shape the future missions of the Department's National Laboratories. At this hearing, I announced a strategic plan for how to increase partnerships between the laboratories and industry.

## PRESS

- Reconciliation Press

I continue to conduct 30-minute radio interviews to advocate the Administration's economic program.

- Press Breakfast

The purpose of a breakfast today with several members of the press was to discuss the Department's efforts to utilize the Department's laboratories to create jobs. Attendees included representatives from *Fortune*, *Wall Street Journal*, *Washington Post*, *New York Times*, and *New Technology Week*.

- Address to National Political Congress of Black Women

My address on July 30 to the biennial convention of the National Political Congress of Black Women will focus on the need for the minority community to support the Administration's and the Department's economic initiatives and programs to create opportunities in minority communities.

- Technopolitics Interview

*Technopolitics*, a weekly series focusing on the politics of science, technology and the environment, will interview me July 30. The program is broadcast on 200 public broadcast stations nationwide. The questions will likely focus on the future role of the Department's laboratories, our environmental clean-up program, and global warming.

- Luncheon with Hearst Newspaper Reporters

The purpose of the luncheon August 4 with reporters from Hearst Newspapers will be to advocate the Administration's economic, energy and environmental initiatives. The newspapers in this chain are: *Albany Times Union (New York)*, *Beaumont Enterprise (Texas)*, *Edwardsville Intelligencer (Illinois)*, *Houston Chronicle (Texas)*, *Huron Daily Tribune (Michigan)*, *Laredo Morning News (Texas)*, *Midland Reporter - Telegram (Texas)*, *Midland Daily News (Michigan)*, *Plainview Daily Herald (Texas)*, *San Antonio News Express (Texas)*, *San Francisco Examiner (California)*, and *Seattle Post*. Syndicated coverage is also expected.

- ABC News Interview

Hal Bruno of *ABC News* will interview me August 5 for a 30-minute radio program to be aired on *ABC Radio* August 7 and 8. The program will be carried on 500 ABC affiliated radio stations. Topics will likely include reconciliation, the changed mission of the Department, and issues associated with nuclear power and waste disposal.

## WEEK IN REVIEW

- Address to Summer Meetings of the National Association of Utility and Regulatory Commissioners (NARUC)

My address July 27 in San Francisco offered an excellent opportunity to advocate the Administration's policy on a variety of energy issues to an audience of the Nation's utility regulatory commissioners, industry leaders and media. The theme of my address was the need to develop a new era of State/Federal cooperation in the following areas:

- Implementation of the Energy Policy Act of 1992
- Global Climate Change
- Economic Competitiveness
- Energy Efficiency

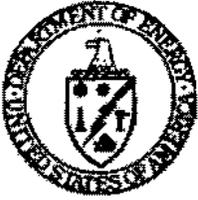
Media coverage was very favorable.

- Visit to Lawrence Livermore National Laboratory

My visit July 28 to the Lawrence Livermore National Laboratory in Livermore, California had three objectives. The first was to express the gratitude that our country owes to our defense complex work force for their role in our Cold War victory. The second purpose

U.S. DEPARTMENT OF ENERGY  
OFFICE OF THE EXECUTIVE SECRETARIAT  
**DISPATCH DOCUMENT TRANSMITTAL FORM**

CONTROL NO. ES- 93-017286		AGENTS NO.		DATE SENT 7-30-93		DATE DUE	
TYPE OF DOCUMENT/ADDRESSEE Memorandum to Mack McLarty signed by the Secretary				SUBJECT Weekly Report			
FROM EXECUTIVE SECRETARIAT							
TO		ACTION COPY TO	INFO COPY TO	TO		ACTION COPY TO	INFO COPY TO
THE SECRETARY				OFFICE OF DOMESTIC AND INTERNATIONAL ENERGY POLICY (EP)			
DEPUTY SECRETARY				MIS DIVISION			
UNDER SECRETARY				CONSERVATION AND RENEWABLE ENERGY (CE)			
INTELLIGENCE (IN)				NUCLEAR ENERGY (NE)			
DEPARTMENT ADVISORY COMMITTEE (AC)				FOSSIL ENERGY (FE)			
ARMS CONTROL AND NONPROLIFERATION (AN)				DEFENSE PROGRAMS (DP)			
SECURITY AFFAIRS (SA)				ENVIRONMENT, SAFETY AND HEALTH (EH)			
PUBLIC AFFAIRS (PA)				NEW PRODUCTION REACTORS (NP)			
NUCLEAR SAFETY (NS)				ENERGY RESEARCH (ER)			
ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT (EM)				INSPECTOR GENERAL (IG)			
CP 1, 10, 20, 30, 40 & 50				ADMINISTRATION AND HUMAN RESOURCE MANAGEMENT (AD)			
GENERAL COUNSEL (GC)				CHIEF FINANCIAL OFFICER (CF)			
ENERGY INFORMATION ADMINISTRATION (EI)				PROCUREMENT ASSISTANCE AND PROGRAM MANAGEMENT (PR)			
ECONOMIC REGULATORY ADMINISTRATION (ER)				DEFENSE NUCLEAR FACILITIES SAFETY BOARD (DNFSB)			
CIVILIAN RADIOACTIVE WASTE MANAGEMENT (RW)				MINORITY ECONOMIC IMPACT (MI)			
OFFICE OF ENERGY PLANNING AND OPERATION (OE)				OFFICE OF CONTRACTOR PROTECTION (OC)			
OSE O'Leary (Central Files)			X				
<b>ACTION REQUIRED (ES USE ONLY)</b>				<b>STAFF ACTION SUMMARY</b>			
	SIGNATURE			OFFICE	NAME/INITIALS	DATE	
	APPROVAL			1			
	INFORMATION			2			
	CONCURRENCE			3			
	COMMENTS AND/OR REMARKS			4			
X	OTHER (SEE REMARKS)			5			
REMARKS: The attached memo was signed by the Secretary and hand-carried to the White House. This action is closed in ES files.				6			
				7			
				8			
				9			
				10			
				REMARKS:			
ES CONTACT: ARLENE MITCHELL 6X8924							



The Secretary of Energy  
Washington, DC 20585

*McLarty - ES93 017759*  
ES CENTRAL FILE COPY  
FILE CODE  
*92*

August 5, 1993

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE

FROM: HAZEL R. O'LEARY

SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

• Superconducting Super Collider Hearing

Yesterday, I testified before a joint hearing of the Senate Committee on Energy and Natural Resources (Chairman Johnston, Louisiana) and the Senate Committee on Appropriations Subcommittee on Energy and Water Development (Chairman Johnston, Louisiana). White House Science and Technology Advisor John Gibbons also testified.

My testimony's focus was the announcement of the Department's plans to correct management deficiencies at the Superconducting Super Collider (SSC) Laboratory. The current management and operating contractor is a not-for-profit consortium of leading research universities in the United States and Canada. Until now this consortium has been responsible for research and development, design, engineering, construction and operation of the SSC project. The new contractual arrangement will divide the responsibilities into two categories: Design/Operate for design and scientific work and Execute/Integrate for conventional construction work.

The existing contractor will retain the Design/Operate responsibilities while the new Execute/Integrate contractor will be responsible for project management and control systems, business systems, management of existing major subcontracts and compliance with small and minority business requirements. Our goal in this effort is to establish a new management team comprised of two major contractors that have complementary strengths necessary for this project to proceed in a manner which demonstrates the Administration's commitment to spend the taxpayer's money more efficiently.

This announcement came after a 30-day review of contractual options including: terminating the existing contract; renegotiating the contract to strengthen the Department's policy and oversight role in the program; and breaking the scope of project work into two contracts, one for conventional construction activities and one for scientific oversight of the project.

Changes in this project are analogous to the changes implemented in the Space Station project and are necessary to resolve current management deficiencies and gain congressional support. The press has reported these changes favorably. (Press coverage is attached.) It is my hope that the Senate will give favorable consideration to the project in September before going into conference committee.

- Global Climate Change Mitigation

I continue to hold discussions with leaders from the electric utility industry to develop a voluntary program to reduce emissions of greenhouse gases. These discussions may culminate in the near future with several utilities signing letters of intent to work with the Administration to draft such programs. As mentioned in previous reports, this would be a win-win deal and could be promoted with a visible Administration event. This type of approach represents a new way of doing business.

- Idaho Injunction Update

The Department and the U.S. Navy are negotiating with the State of Idaho to arrive at a mutually acceptable solution that could preclude the need for a legislative remedy to exempt the Navy's shipments of spent fuel to the Idaho National Engineering Laboratory while an Environmental Impact Statement is completed. Given the importance of this issue and the controversy surrounding spent fuel disposal issues in the West, it is my strong preference to reach accommodation. If we cannot find a mutually beneficial solution, the Navy and the Department will have to seek legislative or judicial relief.

## CONGRESS

- Outreach Meetings

I continue to conduct meetings with members of Congress and other elected officials on the President's reconciliation package and specific Departmental site and project issues:

- Senator John Glenn (D-Ohio) and Representative Ted Strickland (D-Ohio) - to discuss the shipment of highly enriched uranium.
- Representative Norm Dicks (D-Washington) - to discuss the disposal of weapons grade nuclear material.

- Congressional Floor Actions and Markups

The Senate Appropriations Subcommittee on Interior and Related Agencies may mark-up its FY 1994 appropriations bill this week. The legislation contains funding for ten percent of the Department's programs, including energy efficiency and fossil energy programs.

## PRESS

- CBS 60 Minutes Cleanup and Contract Reform Story

CBS is airing a segment on cleanup of the nuclear weapons facilities on *60 Minutes* in the fall. *60 Minutes* declined to interview Assistant Secretary for Environmental Restoration and Waste Management Tom Grumbly to hear the Department's viewpoint. To preempt the potential negative slant of the CBS coverage, the Department has arranged for CNN to interview Grumbly as part of a documentary they are airing on the end of the Cold War and the subsequent environmental cleanup.

- ABC News Interview

Hal Bruno of ABC News interviewed me today for a 30-minute radio program to be aired on ABC Radio August 7 and 8. The program will be carried on 500 ABC affiliated radio stations. Topics will likely include reconciliation, the changed mission of the Department and issues associated with nuclear power and waste disposal.

- USA Today International Interview

On August 12, USA Today International is sponsoring a newsmakers breakfast with members of the foreign press corps including representatives of: *The Independent (United Kingdom)*, *The Financial Times (United Kingdom)*, *El Pais (Spain)*, *Izvestia (Russia)*, *Le Monde (France)*, *The Saudi Gazette (Saudi Arabia)*, *The Jerusalem Post (Israel)*, *The Korea Times (South Korea)*, *O Estado De San Paulo (Brazil)* The topics of the interview will include global climate change mitigation and Russian reactor safety.

- US News and World Report Interview

US News and World Report will interview me on the negatives frequently associated with the Department, such as the clean-up of the weapons facilities. We will be communicating the positive initiatives that we have undertaken under this Administration. These initiatives include ensuring the participation of affected communities in Department decisions.

- Technology Transfer Press

An interview with interested trade press on the Department's strategic plan to expand our technology transfer activities yielded very positive coverage. (Press coverage is attached.)

## WEEK IN REVIEW

- Address for Governor Florio

On Tuesday at the request of the White House I travelled to Newark, New Jersey to address a meeting of Minority Professionals for Governor James Florio. My address focused on Governor Florio's courageous efforts to address New Jersey's fiscal problems by making tough decisions and its comparison to the Administration's efforts to implement a similarly responsible policy.

- Reconciliation Press

I continued last week to conduct 30 minute radio interviews to advocate the Administration's economic program.

- Address to Political Congress of Black Women

My address on July 30 to the biennial convention of the National Political Congress of Black Women focused on the need for the minority community to support the

Administration's and the Department's economic initiatives to create opportunities in minority communities.

• Luncheon with Hearst Newspaper Reporters

The purpose of my luncheon yesterday with reporters from Hearst Newspapers was to advocate the Administration's economic, energy and environmental initiatives. The newspapers in the chain are: *Albany Times Union (New York)*, *Beaumont Enterprise (Texas)*, *Edwardsville Intelligencer (Illinois)*, *Houston Chronicle (Texas)*, *Huron Daily Tribune (Michigan)*, *Laredo Morning News (Texas)*, *Midland Reporter-Telegram News Express (Texas)*, *San Francisco Examiner (California)* and *Seattle Post Intelligencer (Washington)*.

MONDAY, AUGUST 09, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM - 8:00 AM DEPART RESIDENCE FOR DOE  
Met by Lee Morris

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

8:30 AM - 9:00 AM Rich, Dan, Dirk

9:00 AM - 10:00 AM HOLD

10:00 AM - 12:00 PM Senior Staff Meeting

12:30 PM - 1:30 PM Lunch

1:30 PM - 3:30 PM Staff Time

5:15 PM - 6:15 PM Appointment

TUESDAY, AUGUST 10, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM DEPART RESIDENCE FOR DOE  
Met by Lee Morris

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, Lawanna

9:00 AM - 10:00 AM Norman Augustine, Martin Marietta

WEDNESDAY, AUGUST 11, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM DEPART RESIDENCE FOR DOE  
Met by Lee Morris

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, Lawanna

12:30 PM - 2:00 PM Team Lunch  
(B. DeGrasse, P. Didisheim, D. Dreyfus,  
A. Durham, D. Forrister, M. Gauldin,  
T. Grumbly, J. Hakes, J. Keliher, M. Krebs,  
C. Moody, B. Nordhaus, T. O'Toole, D. Pearman,  
D. Reicher, Vic Reis, R. Rosenzweig,  
T. Cornwell-Rumsey, K. Simpson, W. Taylor,  
S. Tierney, B. White)

5:15 PM Appointment

THURSDAY, AUGUST 12, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM DEPART RESIDENCE FOR DOE  
Met by Lee Morris

8:00 AM - 9:00 AM Attend U.S.A. Today International Newsmaker  
Breakfast

12:30 PM - 1:30 PM Lunch - Allen Weinstein

FRIDAY, AUGUST 13, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM DEPART RESIDENCE FOR DOE  
Met by Lee Morris

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

8:30 AM - 10:00 AM HOLD

10:00 AM - 10:45 AM Philip Lader, Deputy Director for Management,  
Office of Management and Budget

11:15 AM - 12:00 PM Trip Meeting - Chicago

12:30 PM - 1:30 PM Lunch

2:00 PM - 4:00 PM Vice President's National Performance Review

4:00 PM - 4:15 PM Pam Derensis, American Indian Ambassador

4:30 PM - 5:00 PM Planning Meeting  
(B.White, R.Rosenzweig, S.Tierney,  
D.Reicher, K.Simpson)

6:00 PM HOLD

# The Oak Ridger

P.O. Box 3448  
785 Oak Ridge Turnpike  
Oak Ridge, Tennessee 37830 (615) 482-1021  
A locally-managed division of Stauffer Communications, Inc.

Peter J. Esser, Publisher  
Jim Campbell, Editor

Kevin Kane, Advertising Director

Carol Skyberg, Business Manager

Richard D. Smyser, Founding Editor

Friday, July 30, 1993

## OUR VIEWS

### Secretary O'Leary and tech transfer

The plan is intended to eliminate cumbersome procedures for setting up technology partnerships with private business.

That was Department of Energy Secretary Hazel O'Leary's focus in congressional hearings Thursday on a new technology transfer initiative. She had with her a group of people from Tennessee — east, middle and west — to tell a House subcommittee all the good things that are already going on with DOE technology transfer programs, and more than that, what could happen if the government processes are further refined.

O'Leary said she wants her department to make its national labs "user friendly, market driven and consumer oriented."

The plans, released Thursday, are in draft form. They will be circulated for two months for comment from other government agencies and from private sector partners who seek to make use of DOE's scientific capabilities.

Technology transfer has become and must continue to be an important player in the work done at the federal facilities in Oak Ridge. One need look no further than the front page of today's newspaper, where announcements of layoffs at the Y-12 Plant dominate the local news.

Technology transfer does two good things for our nation and our local community. It helps

businesses build better products, products that will eventually enhance our nation's position in the global economy. And it keeps local skilled workers employed solving problems for a new generation.

Technology transfer certainly isn't the answer to all of Oak Ridge's employment problems at the federal plants. But it keeps the creative juices flowing filling important national needs, and that is important.

Today's Oak Ridger contains a special 20-page supplement on the Department of Energy user facilities operated by Martin Marietta Energy Systems. They are facilities — available to universities and private businesses — that have been around for many years, in some cases, or just opened in others; and that have tremendous applications for our nation.

Energy Systems wants to get more people involved in using the facilities, in working with its technical and research staff to take advantage of the opportunities these facilities offer.

And we hope that happens, too.

The level of talent, the scope of knowledge that is contained "behind the fences" is now available to a wide range of people. Our nation needs to take advantage of this opportunity, and we hope O'Leary's initiatives are aggressively carried out.

# Energy secretary announces plans to change SSC contractor

BY RON HUTCHESON

Fort Worth Star-Telegram Washington Bureau

WASHINGTON — Energy Secretary Hazel O'Leary, delivering on her promise of a management shakeup at the Superconducting Super Collider, announced plans yesterday to hire a new contractor to oversee construction of the \$10 billion atom smasher.

O'Leary also reaffirmed her strong support for the project and disputed assertions that it is behind schedule and over budget.

"It is not my intention, nor has it ever been my intention to sacrifice this project," she said in presenting the management plan to Congress. "I believe that this project is so important to the United States of America that it cannot be sacrificed."

The changes that O'Leary announced significantly reduce the role of the current lead contractor, Universities Research Associates, a nonprofit corporation formed by 80 universities.

Under the new management plan, URA will surrender control of the collider's construction and will concentrate solely on the project's scientific aspects. O'Leary, who indicated that it will take at least two months to hire a new construction management firm, said most of the current SSC workers and subcontractors will remain with the project.

Collider backers welcomed the change as a way to shore up Congressional support for the project. The SSC is fighting for survival in the Senate after a June 24 House vote to cancel the Ellis County research effort.

"I think it's a very positive step. Potentially, it helps us pick up votes in the Senate," said Rep. Martin Frost of Dallas, whose district includes part of the collider site. "It helps us with some folks who may be wavering."

The overhaul did not impress



Hazel O'Leary: Says URA was out of its league at the SSC

project critics, who dismissed O'Leary's efforts as insignificant.

"It's just one more chapter in the convoluted story of the SSC," said Rep. Sherwood Boehlert, R-N.Y. "They can bring in a whole new team, and I don't think that's going to change anything."

Officials with Universities Research Associates, who in the past fought to retain full control of the collider, expressed a willingness to accept their diminished role. The plan calls for SSC lab director Roy Schwitters to keep his job but to give up control over construction.

"We welcome that kind of help," Schwitters said. "I'm fully supportive of finding ways to improve it."

The role of scientists in building government-funded science projects has long been a source of tension between the Energy Department and some of the nation's leading researchers.

Universities Research Associates was formed in 1963 to build and operate the world's first particle ac-

celerator, the Fermilab in Chicago. The thinking at the time was that scientists should play a major role in construction to guarantee that the end product met their needs.

But O'Leary said she became convinced that URA was out of its league at the SSC, which is far larger than the Chicago accelerator. The energy secretary revealed plans for a management overhaul last month in launching an intensive review of the Waxahachie project.

In addition to a 54-mile underground accelerator — the world's largest tunnel through hard rock — the super collider requires 2 million square feet of offices and laboratories, and two 7-story underground detector facilities.

"The project represents the marriage of world-class science and world-class construction," O'Leary said. "Our goal is to establish a new management team comprised of two major contractors."

Most of O'Leary's complaints about URA's management focused on lax accounting controls. But she gave the current management team high marks on meeting budget and schedule targets.

"We are today on schedule and on budget," she said. "Everything I know at this moment says, 'On budget, on time.'"

O'Leary's assessment and her renewed commitment to the project cheered SSC supporters, who have been desperately seeking some good news after weeks of damaging leaks and criticism by collider opponents.

"I think any fair-minded person ought to be very reassured by what we've heard," said Sen. Bennett Johnston, D-La., who arranged for O'Leary's appearance at a joint hearing before the Senate Energy and Natural Resources Committee

and an appropriations subcommittee with jurisdiction over the project. "I only wish every member of Congress could have heard what has gone on here."

# O'Leary collides with contractor

## Atom-smasher consortium demoted

A2

By WILLIAM E. CLAYTON JR.  
Houston Chronicle Washington Bureau

WASHINGTON — Energy Secretary Hazel O'Leary shoved the main super collider contractor to the scientific background Wednesday and announced that a new contractor will take over construction and get a handle on costs.

"It had not been well-managed," she told a Senate committee hearing.

In testimony designed to quiet critics of the collider's spending and management practices, O'Leary said that Universities Research Association, the consortium that is the main contractor, will be relegated to the scientific aspects of the project and operation of the atom-smasher when completed.

A new contractor will be named, probably with competitive bidding, to take over project management and control, including the manufacture of huge electromagnets that are the heart of the science machine, and cost controls.

In announcing the shake-up of the troubled \$10 billion project, O'Leary spoke more warmly about it than before. That seemed part of the Clinton administration's strategy to salvage the atom-smasher while the Senate is considering its fate.

"The scientific potential of the superconducting super collider is so important to our nation, our economy, and future generations that the project cannot afford anything less than the best possible project management and financial systems expertise," she said.

Considering other nations' progress in manufacturing and high technology, "We have only one edge left, and that is in high-energy physics," she said. "That is why I think this project should not be sacrificed."

Whether heads will roll in project management will not be clear until a peer review is finished, O'Leary said.

Collider laboratory director Roy Schwitters listened to O'Leary from the front row at the hearing and then told reporters he did not consider the testimony a slap at him.

"We have always supported the notion of strengthening those areas

that are considered deficient," Schwitters said.

The House voted by a nearly 2-1 margin June 24 to kill the project. The Senate, which breathed life back into the collider last year, also by a nearly 2-1 margin, has yet to decide this year.

In a carefully orchestrated cheer-leading session for the project, Sen. J. Bennett Johnston, D-La., held a daylong joint hearing Wednesday of his Energy Committee and the appropriations subcommittee that handles the collider budget. The hearing was timed to give senators more pro-collider materials to consider as they head into a summer recess.

The single opponent of the project among four panels of witnesses was a soft-spoken physics professor sandwiched between two high-visibility backers, Professor Steven Weinberg of the University of Texas and Chairman Robert Galvin of Motorola Inc.

Johnston told the hearing he agrees with much of the criticism of the project management.

He displayed an internal project memorandum that said Schwitters should be fired and then produced a letter from Schwitters' deputies, who said Congress, through repeated funding shortfalls, was more to blame for low morale on the project than was Schwitters' management.

"With a project of this kind... you have to change and modify and merge and massage as it goes along," Johnston said.

He contended canceling the project "would send a horrendous message to the rest of the world," in view of the U.S. hope that several nations will take part. The collider is intended to become the world's focus for high-energy physics — the search for more knowledge of the origins and nature of matter, such as what happened in the big-bang formation of the universe.

Johnston said the nation must stay "on the cutting edge" of science.

But Sen. Ernest Hollings, D-S.C., said: "We have got to get on the cutting edge of paying the bills. There comes a time when we have to discern between the necessary and the desirable." The collider is desirable, but not now, he said.

1/1  
**BURRELLE'S**

NEWS EXPRESS

PAGE 4 OF 7

HQ  
KNSB  
DP  
Egri

CS • The Knoxville News-Sentinel, Friday, July 30, 1983

# Energy secretary praises Oak Ridge lab

By Richard Powellson  
News-Sentinel Washington Bureau

WASHINGTON — Energy Secretary Hazel O'Leary Thursday praised the Oak Ridge National Laboratory's "success" in helping local industries with technical problems and said she hoped its work would be a model for other national laboratories.

"The Oak Ridge process is one that needs to be replicated" elsewhere, O'Leary told the House Science, Space and Technology Committee. "We recognize success when we see it."

O'Leary's praise for Oak Ridge came at a time when all the na-

tional laboratories are concerned about getting enough civilian work to justify their existence despite defense cutbacks.

She was testifying about ways to improve a House bill proposed to speed up government-industry partnership agreements across the country. A frequent complaint from industry has been that DOE takes too long to negotiate contracts for assistance to industry, several members of Congress said.

The energy secretary also introduced John Boatman, president of Vemistor Corp. of Sevierville, who testified how DOE's experts at Oak Ridge saved his

plant last year from a shutdown.

The Defense Department, the plant's biggest buyer, issued a stop order on shipments because of quality testing problems with the company's electrical components and resistors. Boatman got free help from DOE's Y-12 employees, who had sophisticated testing equipment that his small company couldn't afford.

DOE tests showed the Defense Department that the integrity of the plant's product was OK, Boatman said, and helped resolve a problem with components exposed to high temperatures.

Joe Culver, a spokesman for DOE's contractor in Oak Ridge,

Martin Marietta Energy Systems, said any industry in Tennessee or TVA's seven-state service region can get up to four days of free technical assistance. Companies also can get long-term assistance if they sign an agreement with DOE that includes a fee.

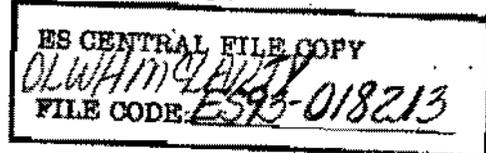
O'Leary said DOE's success story at the Sevierville plant "is what we ought to be measuring to show the American public that we are about positive results."

DOE's Oak Ridge office also had on display at the hearing a 25-foot-long, eight-foot-high exhibit that uses a computer to show industrial visitors ways that DOE can help them.



The Secretary of Energy  
Washington, DC 20585

8/16



August 13, 1993

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE  
FROM: HAZEL R. O'LEARY *Hazel R. O'Leary*  
SUBJECT: Weekly Report

### KEY DEPARTMENT NEWS

- Global Climate Change

As mentioned in several recent weekly reports, the Department has been encouraging the electric utility industry to negotiate a voluntary agreement with the Administration to reduce or limit emissions of greenhouse gases. Bringing the industry to the table is important because the electric utility industry is responsible for 35% of the Nation's emissions of greenhouse gases. By encouraging the industry to develop a Greenhouse Gas Reduction Program, we believe, from a substantive perspective, that the private sector will determine how to achieve reductions most cost-effectively. As a result, the Administration's role is to ensure that the reductions are being achieved and registered. If this agreement is negotiated with industry, it will reduce the need for command-and-control legislation or additional regulation, mitigate controversy in developing the National Action Plan, and answer the President's "clarion call" for "creativity and ingenuity" from the private sector to address the challenges articulated in his Earth Day speech.

This voluntary approach is proving successful. The president of the Edison Electric Institute (the association of investor-owned utilities) and a significant player in the public power arena, have submitted their intent to work with the Administration over the next several months to negotiate a voluntary program. Individual companies are also showing their support by sending their own letters, including letters from two of the largest emitters in the country. Knowing this industry well and having been a senior executive of a large utility, I believe this is a historic first step.

The National Action Plan is due to the President in September. We have mentioned the potential for an event with the President, Vice President, and myself with the industry's chief executives to announce our intent to negotiate this agreement which has several benefits to the Administration and the American public.

- Vice President's National Performance Review

During my meeting with the Vice President on August 13, we will discuss Department initiatives to be included in the National Performance Review. DOE initiatives include improvements in the way the Department manages its contractors, carries out environmental clean-up, and operates its national laboratories.

- Nevada Stakeholders Meeting

Tuesday, the Department convened a meeting in Las Vegas, Nevada, for stakeholders affected by the Civilian Radioactive Waste Management program. The meeting's intent was to solicit their ideas on an independent review of the Department's program to determine if Yucca Mountain is an adequate site to dispose of the Nation's spent nuclear fuel. I have committed to conduct a review of the program's strategy and management with broad external collaboration.

The meeting, which included formal presentations and breakout work sessions, was attended by more than 200 participants. The results of this meeting are important in determining the approach taken in the independent review, which will be initiated soon. Prior to making final decisions on the scope of the review and then initiating the review, we will discuss our plans with Governor Miller and the Nevada congressional delegation.

- Motorola University

Key managers from Department Headquarters, Field Offices and the National Laboratories will attend a second three-day quality and leadership training session at Motorola University in Chicago next week. We will continue the process of building an expanded Department of Energy management and leadership team. Our goal is a dedicated team which meets the expectations of our stakeholders and customers (the American public) by providing quality products and services in a timely manner. This training is part of an overall quality management initiative designed to meet this Administration's and Department's goal to become more responsive to customers while delivering services more efficiently.

- Meeting with Labor Representatives

I am meeting with leaders of organized labor on August 18 to discuss concerns about the impact of the Department's programs on the contract work force and ways we can improve worker health and safety at the Department's facilities. I will solicit their support for building a more positive relationship and assisting in implementing the Department's contract reform and health and safety initiatives.

## CONGRESS

- Outreach Meetings

No congressional meetings are planned for next week.

## PRESS

- USA Today International Interview

*USA Today International* sponsored a newsmakers breakfast with members of the foreign press corps. Attendees included representatives of: *The Independent* (United Kingdom), *The Financial Times* (United Kingdom), *El Pais* (Spain), *Izvestia* (Russia), *Le Monde* (France), *The Saudi Gazette* (Saudi Arabia), *The Jerusalem Post* (Israel), *The Korea Times* (South Korea), *O Estado De San Paulo* (Brazil). We discussed the energy tax, weapons dismantlement and the future of Pantex, environmental issues such as recycling and

renewable energy, the Superconducting Super Collider, the status of NAFTA and its side agreements, and the nuclear waste program.

- US News and World Report Interview

US News and World Report interviewed me last week. The interview questions focused on the negative issues historically associated with the Department of Energy (including clean-up of the weapons facilities). My responses centered on the positive initiatives that the Department has undertaken during the past six months which include ensuring the participation of affected communities in Department decisions.

- Wall Street Journal Interview

Jeff Bailey interviewed me by phone. Our discussion focused on the Department's goals for waste clean-up at nuclear facilities and the Department's health and safety initiatives.

- Address to The Black Human Resources Network

This address is before an audience of 500 at the Washington Post's fifth annual conference on August 16, at the Marriott Hotel. I will focus on "Human Resources as a Business Driver" in a 20 minute presentation. This event will likely receive press attention.

## WEEK IN REVIEW

- Idaho Injunction

This week the Department announced an agreement with the State of Idaho and the Department of the Navy which allows spent nuclear fuel to be shipped to Idaho. The agreement strikes a balance between environmental concerns and national security.

The Department facilitated the agreement which responds to a U.S. District Court's injunction against shipments of spent fuel from naval nuclear reactors to DOE's Idaho National Engineering Laboratory (INEL). The injunction halted all further shipments until an Environmental Impact Statement is completed on management of spent nuclear fuel at INEL. The agreement allows some shipments of spent fuel to occur while the Statement is being prepared. The Navy can make additional shipments if the Secretary of Defense certifies the need and the judge concurs.

This was an extremely important settlement. The Department and the Administration are confronted with challenging waste disposal and sensitive clean-up issues in many western states. Prior Administrations would have simply gone to court or sought legislative relief to resolve this kind of issue. Our good faith effort to resolve the issue between the three parties will be favorably viewed by the States and highlights the continued changes taking place at the Department of Energy.

The settlement received favorable media attention.

- China: Electric Power Technology Export Initiative

On August 9, representatives from 20 U.S. companies briefed Commerce Secretary Brown, representatives from other Executive Branch agencies, and me on their Electric Power Mission to China. They discussed their findings and recommended policies to

allow U.S. firms to compete for a share of China's growing energy market. As China's economy continues its robust growth, significant opportunities for U.S. firms in electric power generation, currently estimated to be a \$90 billion dollar market over the next decade, exist. United States participation is important, not only from an economic perspective, but because it allows U.S. firms to replace obsolete technology with technology that addresses global environmental issues.

The Administration officials gained an understanding of specific actions the Government must take to eliminate barriers which prohibit the U.S. electric utility industry from competing on a level playing field in China. An interagency task force led by the Departments of Energy and Commerce will be formed to act on solutions to keep U.S. industrial interests in China competitive with their foreign counterparts. Secretary Brown and myself will hold a meeting within one month to review the accomplishments of the task force.

Industry participants are cognizant of the political barriers (for example, human rights and non-proliferation) that must be addressed before trade with China can be expanded. The industry wants to collaborate with the Administration to develop U.S./China trade, as well as support endeavors to encourage human rights programs.

MONDAY, AUGUST 16, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM - 8:00 AM DEPART RESIDENCE FOR DOE  
Met by Reggie Sellers

8:00 AM - 8:30 AM Beth, Carolyn, Johannali, LaWanna

8:30 AM - 9:00 AM Rich, Dan, Dirk, Bob, Steve

9:15 AM - 9:45 AM Computer Training  
(Ethan Weiner)

10:00 AM - 11:30 AM Senior Staff Meeting

12:00 PM DEPART DOE FOR J.W. MARRIOTT HOTEL  
Met by Reggie Sellers

12:30 PM - 2:00 PM Speak - The Black Human Resources Network's Fifth  
Annual Conference - Luncheon  
Room - Salon 1 & 2  
J.W. Marriott Hotel  
(Corlis Moody, Barbara Semedo)

2:15 PM DEPART J.W. MARRIOTT FOR DOE  
Met by Reggie Sellers

2:15 PM - 3:00 PM HOLD

3:00 PM - 5:00 PM Swearing In Ceremony

5:15 PM Appointment

6:30 PM DEPART DOE FOR GERMAINE'S  
Met by Reggie Sellers

7:00 PM Dinner  
Germaine's  
2400 Wisconsin Avenue, N.W.

TUESDAY, AUGUST 17, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM DEPART RESIDENCE FOR DOE  
Met by Reggie Sellers

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

10:00 AM - 11:00 AM Arch Durham

11:00 AM - 12:00 PM Trip Meeting - Chicago/Detroit-  
Katie McGinty, Deputy Assistant to the  
President for Environmental Affairs

12:15 PM DEPART DOE FOR THE WHITE HOUSE  
Met by Reggie Sellers

12:30 PM - 1:30 PM Lunch - Mack McLarty

1:45 PM DEPART THE WHITE HOUSE FOR DOE  
Met by Reggie Sellers

2:00 PM - 4:00 PM Program Review- Tom Grumbly (Program)

4:15 PM \*\*\*\*\* START STAFF TIME \*\*\*\*\*

4:15 PM - 4:30 PM Toni Joseph

4:30 PM - 4:45 PM

4:45 PM - 5:00 PM

5:00 PM - 5:15 PM

5:15 PM - 5:30 PM

5:30 PM - 5:45 PM

5:45 PM - 6:00 PM

6:00 PM - 6:15 PM

6:15 PM \*\*\*\*\* END STAFF TIME \*\*\*\*\*

WEDNESDAY, AUGUST 18, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM DEPART RESIDENCE FOR DOE  
Met by Reggie Sellers

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, LaWanna

9:00 AM - 10:00 AM Union Meeting

10:00 AM - 11:00 AM HOLD

11:00 AM - 11:45 AM Blood Drive  
Room 1E-245

11:45 AM - 12:30 PM Interview

12:30 PM - 1:30 PM HOLD: Lunch - Mr. Broadnax

1:30 PM - 2:30 PM Corlis Moody

2:30 PM - 3:00 PM HOLD

3:00 PM - 4:00 PM Planning Meeting  
(B.White, R.Rosenzweig, S.Tierney,  
D.Reicher, K.Simpson)

4:30 PM DEPART DOE FOR NATIONAL AIRPORT  
Met by Reggie Sellers

5:00 PM Depart National Airport for Chicago, IL,  
Motorola/Milliken Quality Seminar

THURSDAY, AUGUST 19, 1993

SCHEDULE FOR HAZEL R. O'LEARY

8:00 AM - 6:00 PM Motorola/Milliken Quality Seminar-  
Chicago, IL

FRIDAY, AUGUST 20, 1993

SCHEDULE FOR HAZEL R. O'LEARY

8:00 AM - 6:00 PM Motorola/Milliken Quality Seminar-  
Chicago, IL

## Energy Dept. working on 'green' oil plan

By Hearst News Service

WASHINGTON — Energy Secretary Hazel O'Leary said yesterday that the department is developing a plan to help the nation's embattled oil and gas industries, but she provided few details of a strategy she said would also be designed to safeguard the environment.

The domestic petroleum industry has been pounded in recent years by sagging prices for oil and gas, which have discouraged production, led to a surge in imports and caused massive job losses in the industry.

Working with the energy industries, "We will develop a joint plan that will lead to expanded opportunities for domestic oil and gas producers," O'Leary said in an interview with the Hearst Newspapers Washington bureau.

While seeking to boost domestic production of oil and natural gas, the plan will also "maintain a strong commitment to protecting the environment," O'Leary declared.

The petroleum industry has often been at odds with environmentalists over the production and transportation of fuels.

**BURRELLE'S**

NEWS EXPRESS

PAGE 3 OF 7

3

# ENERGY ADVICE

FR

## If Clinton has ears to listen, oil industry has message

President Clinton has ordered his secretary of energy, Hazel O'Leary, to come up with the outline for a new domestic energy policy by Labor Day.

Good. There is much to be done. And, if the administration has ears to listen, the domestic oil and gas industry has much constructive advice to offer.

It is unfortunate that the need for a more cohesive national energy policy has been so much obscured by the fight over the federal budget and the long-anticipated debate over national health care reform.

Proper energy policy is no less urgent. Petroleum imports are pushing toward 50 percent of national consumption, and could stand at 70 percent by early next century unless trends are reversed. Besides the self-evident ramifications for national security, this circumstance continues to add billions to the country's trade deficit.



Meanwhile, the situation in the domestic energy sector, well known to Houstonians but scarcely noticed elsewhere, is critical.

Quietly, the domestic industry is being all but dismantled. Over the past decade, more than 400,000 jobs have been lost in the oil and oil services sectors. In the summer of 1993, the domestic rig count — the number of oil and gas drilling rigs working, the traditional barometer of the industry — is less than one-fifth of what it was at its peak in the early 1980s.

The country is increasingly vulnerable to a cutoff in supplies and to price manipulation by the Organization of Petroleum Exporting Countries. What is worse, years of cheap and plentiful oil have lulled Americans into a false sense of energy security.

In some respects, the domestic industry has been its own worst enemy. When it comes to making a case to the Washington politicians and the American public, the industry's approach has more often than not been clumsy and ineffective.

1/2  
**BURRELLE'S**

NEWS EXPRESS

A persuasive case is there to be made. Revitalizing the domestic sector would stimulate economic growth and reduce the trade deficit. While not well understood, it would also contribute greatly to another Clinton priority — safeguarding the environment.

The Independent Petroleum Association of America, the national organization of independent oilmen, has identified three priority areas for dealing with the industry's most serious concerns: capital formation, regulatory certainty and access to resources and

technology. These appear to offer a sound framework for making constructive changes in policy. If it is willing, the Clinton administration can help make a difference for the better in each of these areas. Specifically:

■ **Capital formation:** Creating a floor on oil prices would foster stability in the oil markets, making domestic drilling more attractive for investors. Less price volatility would also save thousands of marginal "stripper"

wells which become uneconomic as prices fall. The recent drop in oil prices of \$3-\$4 a barrel means that thousands more marginal wells will almost certainly be abandoned, their production lost forever. Instituting a price floor would help put a halt to that.

■ **Regulatory certainty:** Communication between regulatory agencies would bring savings to the industry. The use of long-term natural gas contracts could also be expanded. On this latter point, the industry can help itself by clearing up lingering impressions that gas supplies are unreliable and short.

■ **Access to technology and resources:** From the standpoint of risk to the environment, drilling for new domestic oil supplies is vastly preferable to the risks of damaging spills posed by the increasing traffic of tankers now transiting American ports. But first, those supplies must be made more widely available for drilling. Currently, no less than 1.24 million acres of the total 1.45 million offshore acres owned by the federal government are off-limits to development for one reason or another.

What is more, the Clinton administration is committed to stopping new efforts to drill for oil and natural gas offshore. Such a policy defies common sense. It should be reconsidered.

One educated and highly placed ear-to-listen in the Clinton administration's Energy Department belongs to Houstonian Bill White, the deputy secretary. White has long experience, dating back to the 1970s, in the field of natural gas regulation. He knows the problems the industry faces.

The IPAA maintains that the steps it recommends can be accomplished in a manner that is revenue-neutral — without cost to taxpayers. That should be documented and made more widely known in Washington's corridors of power.

If the political capital can be found to take them, these steps to strengthen the domestic oil and gas industry offer the country a bargain.

2/2

**BURRELLE'S**

NEW EXPRESS

PAGE 1 OF 2

AUG 10 1993

## Storing Nuclear Waste

P. 18

**I**DAHO Gov. Cecil Andrus recently turned a spotlight on a nuclear waste disposal problem that specifically affects his state and several others, but is in fact of major national concern: storage of radioactive residue from submarines and surface vessels that patrol the oceans in the effort to preserve peace.

What started as "temporary" storage (some critics call it "dumping") of radioactive waste has been going on for 50 years in Idaho and Washington.

The waste has seeped into soil and water in those two states.

One Environmental Protection Agency official described the situation as "an unprecedented legacy of environmental contamination."

Two permanent underground facilities for storing atomic residue — one in New Mexico and another in Nevada — are nearing completion and are ready for testing, but controversy over their long-range practicality and safety continues.

Meanwhile, radioactive residue continues to pile up in temporary facilities such as the Idaho National Engineering Laboratory, a 890-square-mile facility. On June 28 federal district court Judge Harold Ryan, responding to concern expressed by Governor Andrus and others, ruled

that the United States Department of Energy was violating environmental regulations requiring studies to determine if the storage of the nuclear residue could adversely affect the environment or public health.

US Navy officials turned to the Senate Armed Forces Committee for help, and they got it — at first. A subcommittee approved a one-year exemption from the court's decision.

But then something significant happened. The full Armed Forces Committee — challenged by Andrus, US Sen. Dirk Kempthorne (R) of Idaho, and other Senate members — reversed the decision.

Next, Hazel O'Leary, the Clinton administration's new secretary of energy, a staunch advocate of environmental protection, joined the Andrus cause.

These developments seem to signify that in Congress, in affected states, in the military and the courts, and among Americans generally, this "genie in the bottle" problem should no longer be seen as someone else's responsibility.

This doesn't mean that the problem of use and storage of radioactive substances will quickly be solved, but it remains urgent that this challenge be confronted.

# Idaho agrees to allow Navy to store nuclear fuel in state

By Keith Schneider

NEW YORK TIMES

The Department of Energy has negotiated a compromise between the State of Idaho and the Navy to allow the storage of spent nuclear fuel at a federal atomic reservation in the southern part of the state.

The Navy had planned to ship 64 containers of the spent nuclear fuel over the next two years to the Idaho National Engineering Laboratory, near Idaho Falls.

The agreement allows the Navy to send 19 containers, with a provision for more containers if the secretary of defense formally declares that national security is threatened.

In its statement Monday, the Navy said such a declaration was likely before 1995 in order to prevent disruptions in refueling the Nimitz, a nuclear-powered aircraft carrier. The ship is to be refueled in 1996, and the Navy wants to make room for spent fuel on a storage barge in Virginia that is already full, said the Energy Department.

Spent fuel is likely to be

removed from the barge and shipped to Idaho, said the Energy Department. Neither the Navy nor the Energy Department would say how many more containers would be shipped to Idaho.

In the compromise, Idaho Governor Cecil Andrus gained the following commitments from the Navy and the Energy Department:

- More money to modernize nuclear waste storage programs at the Idaho laboratory, including the closing of one old building that Andrus says is a potential safety hazard.

- A promise by the Navy not to seek legislation in Congress that would waive a federal environmental law that applies to how the Navy manages atomic wastes from its nuclear submarines and surface ships.

- A promise by the Navy and the Energy Department to abandon any appeal of a federal court order made in June.

The agreement was negotiated by Energy Secretary Hazel O'Leary, with help from Andrus and Navy Secretary John Dal-

ton. The compromise must be approved by Judge Harold Ryan of the U.S. District Court in Boise.

On June 28, ruling in a case brought by Andrus against the Energy Department, Ryan barred the engineering laboratory from accepting any more spent fuel from the Navy until the government completed an environmental study of the area.

Andrus said the compromise could set a new precedent for the rights of states to gain more authority to decide how military nuclear wastes are managed within their borders.

"It gives the state a role we should have had a long time ago," the governor said.

Dalton said the Navy was "pleased" with the agreement, and a potential harm to national security had been avoided.

The Idaho National Engineering Laboratory is the only place in the United States that the Navy has the equipment for storing naval nuclear wastes for long periods of time.

Circulation 17,500 Daily  
18,000 SundayAIKEN STANDARD  
Aiken, South CarolinaTuesday, August 10, 1993  
From Page 1A  
Page 1 of 1**DOE Emphasizes Regional Economics  
In Suggesting New Mission For SRS**By ERICK K. WARD  
Staff Writer

Develop a regional economic approach.

That was the message several officials from the Department of Energy and Savannah River Site repeatedly stressed in a public meeting Monday night that focused on the continuing topic of future site missions.

Those are President Clinton's wishes and Energy Secretary Hazel O'Leary's directions, Bob DeGrasse, a special assistant to Ms. O'Leary, said during the meeting.

DeGrasse said the president wants America to follow the lead of its economic competitors in forg-

ing partnerships between business, industry, government and education and investing in the future.

He said site employees are genuine heroes for having toiled under relative anonymity for years to help the country win the Cold War.

But now, he said, the goal is to take the site's extensive resources and transfer them to the private sector to help the economy, a move Ms. O'Leary is committed to, he added.

Pointing to an example, DeGrasse applauded the recent formation of the Savannah River Regional Diversification Initiative. It is a 16-member group of representatives from Georgia and South Carolina from fields related to the

partnerships the government is encouraging.

"And that's the message that I want to leave you with," he said in concluding his remarks.

There was much discussion in the meeting of reductions in the site's workforce.

But Ernest Chaput, executive assistant to the manager of Westinghouse Savannah River Co., said there was still no word on where layoffs would be made.

The pain of that sore topic was lessened last week by roughly 1,000 employees deciding to take up the offer of incentive packages to retire early or quit on their own

(See DOE, Page 3A)



DOE's Hazel O'Leary eyes new directions.

volition.

Despite this, and nearly 1,000 other jobs being eliminated through various methods, layoffs are still pending, Chaput said.

A large portion of the meeting was given over to public comments on the site's Workforce Restructuring Plan and topics in general.

A.T. Hope took an opportunity at that time to inform DeGrasse that he and five men sitting next to him were denied early retirement packages and he wanted to know why.

"We've all worked and contributed to SRS for all of our lives," Hope said, adding that he's repeatedly tried to find out why they did not qualify, to no avail.

Hope, 63, said they did not begrudge the people who were granted packages but felt as though they were entitled to them as well and were particularly concerned about health care coverage.

DeGrasse said Hope made an eloquent case and promised an answer to his question.

"But I do think we owe you a very careful review of the problem you are facing," he said. "I can't promise you an answer one way or another."

# O'Leary supports military-civilian N-waste solution

By Paul Hoversten  
and Rae Tyson  
USA TODAY

CA

The nation should consolidate its nuclear waste disposal programs instead of pursuing separate — and expensive — solutions for military and civilian wastes, Energy Secretary Hazel O'Leary said Thursday.

"Everything I know about strategic planning says if you've got a problem that's pretty common you try to deal with it together," O'Leary told reporters at a breakfast hosted by USA TODAY's International Edition.

Currently, there is a three-tiered effort to address nuclear waste disposal needs.

The Department of Energy has built an underground storage site in New Mexico for military nuclear wastes and is planning a separate repository in Nevada's Yucca Mountain for highly radioactive fuel rods from private power plants.

In addition, states have responsibility for building a number of new disposal sites to handle low-level nuclear waste from places such as hospitals and research labs.

But O'Leary stopped short of saying that the two federal projects — New Mexico and Nevada — be abandoned. "I'm not suggesting we make changes to decisions now made and pretty well on course, but it's clear that the planning has to be combined," she said.

O'Leary's consolidation suggestion brought a nod of agreement from environmentalists opposed to the current waste disposal plan.

"We'd like to see a reassessment of the whole system," said Diane D'Arrigo of the Nuclear Information and Resource Service, a Washington, D.C.-based anti-nuclear group.

O'Leary also conceded that some of the government's most contaminated nuclear weapons sites will never be the same. Cleaning them up could take decades and cost more than \$500 billion.

"All this land cannot be returned to its original condition," O'Leary said, "because it's too costly, and I'm not certain that the technology exists to take everything back to its original pristine condition."

"Promises were made in good faith to clean up before we understood whether we had the technology to do so," she said.

O'Leary has asked for an inventory of nuclear sites under the department's jurisdiction, along with a detailed study of health risks to workers and nearby communities.

And, though she dismissed the prospect of a major nuclear accident at any of the weapons plants, O'Leary said conditions troubled her a great deal.

"There's not a night when I put my head down on my pillow that I am not concerned about each one of these sites because there exists always the potential for harm to employees, to contractors," she said. "It hums in my brain every moment that I'm in this job."

O'Leary also said:

► The department erred in not consulting oil-producing countries about proposed new energy taxes. In failing to allay their fitters, "I overlooked a very important part of my job."

Instead of President Clinton's proposed broad-based energy tax, Congress increased the gasoline tax by 4.3 cents a gallon.

► U.S.-built power plants in Mexico should follow strict environmental guidelines spelled out under side agreements to the proposed North American Free Trade Agreement. She said there is an "anxious segment" of the energy industry ready to build there.

The future of one such project — a huge \$1.6 billion coal-fired power plant in northern Mexico — is now in doubt because of concerns that its air pollution could blow over the border into Texas' Big Bend National Park.

► If Congress doesn't kill the supercollider atom-smasher being built in Texas, she said, the United States will need international partners, and more than \$1 billion in foreign assistance, to finish the \$10 billion project. Russia and China have pledged \$400 million. Help also is sought from Japan. But O'Leary declined to speculate about the project's future. The House has voted to end it; the Senate votes after the August recess.



O'LEARY: Let's 'deal with it together.'

# O'Leary seeks nuke waste ideas

□ The new energy chief says she is trying to find short-term solutions for a growing long-term problem.

By Keith Rogers  
Review-Journal

Energy Secretary Hazel O'Leary says she is seeking short-term solutions for the long-term problem of storing high-level nuclear waste given the time lag for assessing the Yucca Mountain site.

Her comments came in a transcript released Monday of a July 30 interview that will air later this month on public television.

"My sense as secretary of energy is we have a moral obligation to come up with some solutions for the short-term period that causes the Department of Energy to live up to that either legislative or moral commitment to take (possession of) waste" by 1998, the transcript says.

James Freeman, associate producer of the show "Technopolitics," released the transcript. The public television program is produced by The Blackwell Corp. of Arlington, Va. The show with O'Leary is scheduled to air at 3 p.m. on Aug. 25 on KLVX-TV, Channel 10.

In the July 30 interview, O'Leary said she is trying to form a group of "stakeholders" — environmentalists, regulators, citizens, and officials from industry and government — "to help us come up with a shorter term solution."

"Right now we continue to focus on Yucca (Mountain). The Congress of the United States says that's what I must do. Looking at the timetable for Yucca (Mountain), my good common sense tells me, O'Leary, You'd better find some other solutions."

Among these "other solutions" that O'Leary referred to are temporary waste storage facilities, also known as monitored retrievable storage sites, where the waste in the form of spent fuel rods from commercial power reactors can be stored above ground until a repository is licensed.

Yucca Mountain, 100 miles northwest of Las Vegas, is the only site being studied by the U.S. government to dispose high-level radioactive waste. If the site is found suitable for safely containing 77,000 tons of this waste for 10,000 years, a repository probably won't be built and licensed until about 2011 at the earliest, O'Leary said.

Meanwhile, federal officials are trying to persuade Indian tribes, counties

Please see NUCLEAR/5B

# Nuclear

---

From 18 and other jurisdictions outside Nevada to host temporary storage sites.

One tribe, the Mescalero Apaches in southern New Mexico, has received two grants totaling \$300,000, and is seeking a third for \$2.8 million to study the advantages and disadvantages of hosting an MRS site.

After the third grant, the tribe must decide if it wants to negotiate a deal with the federal government, one that stands to bring in tens of millions of dollars for the tribe in addition to other benefits, such as road improvements and sewage plants.

In an Aug. 4 letter to O'Leary, Wendell Chino, president of the Mescalero Apache tribe, said the

tribe had passed a resolution, requesting to enter into "credible, formal discussions with the Nuclear Waste Negotiator which may lead to an agreement to be presented to Congress for siting" an MRS site.

New Mexico Gov. Bruce King has opposed making his state the site of the nation's first temporary storage facility for high-level nuclear waste. Federal law allows for three licensed temporary sites in the nation.

The National Environmental Coalition of Native Americans, headquartered in Yale, Okla., also has opposed turning tribal lands into nuclear waste sites. Last week, the coalition joined forces with Nuclear Free America to keep nuclear waste off of Indian reservations.

"Because of their love of the land, most elected Indian officials and their tribal members have not taken the DOE bait, but they are certainly vulnerable. Most need jobs. They are poor. They need money," the coalition said in a statement Friday.

"The DOE is promising jobs, millions of dollars, hospitals, schools, roads, community centers, etc.," the coalition's statement says. "Dumping on the West appears to be the ultimate solution to the nuclear waste problem of the industrial East."

"Keep accumulated nuclear waste where it was generated and stop producing it until a safe method of disposal has been found," said the coalition's president, Grace Thorpe.

ACTIVITY REPORT

TRANSMISSION OK

TRANSACTION #	0688
CONNECTION TEL	84582983
CONNECTION ID	WH C VARNEY
START TIME	08/13 13:58
USAGE TIME	03'06
PAGES	5

f  
a  
X

Date: August 13, 1993

To: Honorable Mack McLarty

From: Hazel R. O'leary  
Secretary of Energy

Transmittal consists of 4 pages, excluding this form.

Notes:

ACTIVITY REPORT

TRANSMISSION OK

TRANSACTION #	0690
CONNECTION TEL	84567028
CONNECTION ID	DOM. POL
START TIME	08/13 14:25
USAGE TIME	02'38
PAGES	5

f

Date: August 13, 1993

To: Brian Burke, Domestic Policy Council

From: Hazel R. O'Leary

Secretary of Energy

Transmittal consists of 4 pages, excluding this form.

Notes:

a

X

Department of Energy  
Office of the Secretary

# Autopen Authorization

Date: 8/13/93

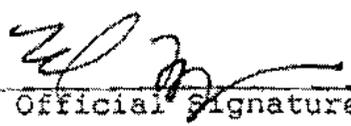
\_\_\_\_\_

Memo  Certif.  Directive  Other

Signature requested:

Hazel R. O'Leary

Hazel



\_\_\_\_\_  
Authorizing Official Signature

The Secretary of Energy  
Washington, DC 20585



August 19, 1993

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE

FROM:

HAZEL R. O'LEARY

SUBJECT:

Weekly Report

**KEY DEPARTMENT NEWS**

Hanford Accident

Last week a Kaiser contract worker at Hanford, a former weapons production facility in Washington State, was contaminated after he taped a rock to a rope and lowered it 28 feet into a high-level radioactive waste storage tank to determine if the tank's pipe was plugged. The incident is being investigated, and the contractor's nonessential work at the Hanford tank farms has been suspended. Westinghouse, the prime contractor, has reassigned a senior manager and disciplined several workers and managers for the incident and has initiated a safety training program for its workers. These initiatives have been widely communicated to the interested public in the region.

I met with the president of Westinghouse to communicate the Department's extreme displeasure with this type of worker performance. We discussed the Department's commitment to worker safety and our intent to restructure future contracts to include penalties for inadequate worker performance and mechanisms to address this type of incident quickly.

Meeting with Organized Labor Representatives

On August 18, I met with 11 union spokesmen who represent approximately 20 percent of the Department's management and operating contractor work force. Our discussion focused on jurisdiction over the environmental clean up work and worker safety and health. Several unions believe they should complete the environmental clean up work. This is extremely important as job creation will be in the environmental restoration area as defense reductions continue. The Union leaders agreed to participate in a collaborative process to arrive at an equitable distribution of the work. We also had a positive discussion about the Department's initiatives to improve worker health and safety at our facilities.

### Global Climate Change

Since last week, I have received 16 letters from electric utilities stating their commitment to developing a voluntary greenhouse gas reductions program with the Administration. I am expecting a total of approximately 50 letters. Several letters have been received from the largest emitters of greenhouse gases in the United States. We will work to develop these voluntary initiatives in the next several months.

### Motorola University

Key managers from Department Headquarters, Field Offices and National Laboratories are attending a second three-day quality and leadership training session at Motorola University in Chicago. Our goal is to continue the process of building an expanded Department of Energy management and leadership team dedicated to serving our stakeholders and customers (the American public) by providing quality products and services in a timely manner. This session is part of an overall quality management initiative to achieve the goal of the Administration and the Department to provide government services more efficiently and productively.

## **THE WEEK AHEAD**

### Meeting with the Big Three Automobile Manufacturers

On Monday I will visit with the presidents of the Big Three Automobile Manufacturers (Ford Motor Company, Chrysler Corporation, and General Motors) in Detroit. We will discuss the Administration's desire for the auto companies to sign the clean car initiative.

### Houston

I will lead an Administration delegation to meet with Russian Prime Minister Chernomyrdin in Houston on August 30. The Prime Minister is visiting Texas and Florida before coming to Washington to meet with Vice President Gore for the first meeting of the Gore-Chernomyrdin Commission for Cooperation in Energy and Space on September 1 and 2. Although at this time itineraries are somewhat uncertain, the Prime Minister is planning to meet with natural gas and oil companies and tour the Johnson Space Center and Cape Canaveral. I will plan to accompany the Prime Minister on these tours and raise several important issues such as nuclear safety and U.S. investment in Russia's natural gas and oil industry prior to the meeting in Washington.

## CONGRESS

### Outreach Meetings

--Congresswoman Eddie Bernice Johnson: I will visit the Congresswoman's district and make a speech on her behalf before an audience of supporters.

## PRESS

### NBC Stories on Nuclear Terrorism

On August 16 and 17, *NBC Nightly News* and the *Today Show* highlighted the Department's Nuclear Emergency Search Team's contributions to the Nation's terrorist deterrence effort as part of two programs focusing on nuclear terrorism.

### Today Show Interview

On August 17, the *NBC Today Show* interviewed me as part of a program on the 30th anniversary of the Civil Rights March on Washington. During the interview I recounted my remembrances of the event. The program will be aired on August 28.

### Business Week Interviews

Interviews with both Deputy Secretary Bill White and I will appear in an upcoming issue of *Business Week Magazine*. The topic of Bill White's interview was reinvigorating the domestic natural gas and oil industries. My interview will focus on:

- Balancing the environment and boosting the economy;
- The Department's changing mission and;
- Budgetary issues.

### USA Today Breakfast

My breakfast with *USA Today* and several foreign publications generated coverage on the need to address both civilian and defense waste in a holistic manner.

### Address to The Black Human Resources Network

My address before an audience of 500 people at the *Washington Post's* fifth annual conference on August 16 centered on "Human Resources as a Business Driver." The speech was taped and broadcast on C-Span.

## WEEK IN REVIEW

### Economic Conversion at Mound Plant

Last week during Mound Business and Industry Day, the Department awarded a \$200,000 grant for economic planning activities to the city of Miamisburg, Ohio. The event showcased the Mound Plant's facilities and technological capabilities to industry representatives in the hope of generating interest in economic development at the site. Several creative commercialization proposals were discussed.

The Mound Plant is part of the Department's weapons complex and will terminate its defense operations by the end of 1995 causing significant work force reductions. The Department has formed a partnership with the city of Miamisburg and EG&G, the managing contractor of the plant, to develop a proactive approach to the situation at the Mound Plant by:

- examining commercialization opportunities at the site;
- inviting industry representatives to tour part of the facility; and
- making a part of the site available for commercial reuse as soon as possible.

The citizens living proximate to the site, local and state officials, and members of the Ohio congressional delegation have expressed their support and appreciation for the proactive efforts of the Administration and the Department in mitigating the adverse impacts of defense reductions on their community.

# Energy Dept. prepares a plan to revive the U.S. oil and gas industry

By Andrea Shafiq-Zae

**WASHINGTON** — The Department of Energy plans to unveil detailed recommendations next month for rejuvenating the domestic oil and gas industry, which has lost 400,000 jobs in the last decade as sagging prices have squeezed margins.

Energy Secretary Hazel O'Leary announced her "Domestic Energy Initiative" in April, pledging to boost U.S. oil and gas output without compromising environmental protection.

Energy Department officials said a senior team was winnowing a list of concrete proposals that emerged during talks with industry officials, environmentalists and others.

A comprehensive plan is expected to be released in September.

The oil and gas sector cut its workforce by an additional 7 percent in the first quarter of 1993 alone — to a total of 20,000 jobs — as declining prices continued to drag down production levels, and as bans on new drilling kept operators from finding new reserves.

In July, domestic oil production reached its lowest level since 1933, while steadily rising demand boosted imports, which already account for 50 percent of the U.S. trade gap.

Industry executives say further declines in domestic oil production are in the offing unless the Clinton administration acts quickly to stimulate new drilling, reduce regulatory compliance costs and ensure access to new reserves.

They are discouraged by O'Leary's initiative but say some of the thorniest questions — moratoriums on new off-shore drilling and a ban on any work in the Alaska National Wildlife Refuge — are unlikely to be resolved now.

"We're really encouraged by what she's doing ... but we'd rather not speculate on the outcome," said Clinton in Wilmington, vice president of exploration for Phillips Petroleum Co. Wilkinson does not expect Clinton to back drilling in the Alaska refuge but says oil firms are lobbying hard against any move to declare the region a wilderness, which would effectively put it off limits forever.

Energy Department officials are reluctant to talk, but say the plan will likely include legislative changes as well as administrative actions, such as relief from high royalties to encourage increased production in marginal and difficult areas.

Formal negotiations on detailed proposals are set to start soon with other agencies, including the Environmental Protection Agency, the Interior Department and the Treasury Department.

Energy Department spokesman Joey Lucas said both O'Leary and the White House viewed the initiative as a top priority, "it is realistic to expect a great deal to be accomplished by this undertaking," he said.

Industry groups, meanwhile, have submitted detailed "wish lists" of changes they think would help revive the flagging oil sector and give an extra boost to natural gas.

The Independent Petroleum Association of America last week outlined its ideas in a letter to President Clinton, warning that

production of nearly two million barrels a day of domestic oil would become unprofitable if prices continued to slide.

Recommendations made by the Domestic Petroleum Council, the American Petroleum Institute, the Natural Gas Supply Association and other industry groups include:

- Royalty relief to encourage drilling in deep-sea areas and continued production in marginal wells.
- A floor price for imported oil, or a tanker fee.

- Targeted tax credits.
- Expansion of alternative minimum tax relief, granted last year to independent producers, to major producers.
- Additional spending on natural gas and oil-exploration technology.

# Entrepreneurs tour Mound

The Department of Energy handed a \$200,000 check to the city of Miamisburg on Thursday, giving the Mound Labs a boost in its attempt to become the first nuclear weapons facility to become a commercial venture.

The department awarded the grant at a news conference timed to coincide with Mound's Business and Industry Day, in which 170 Miami Valley business officials got their first glimpse at the technology

## CONVERTING The MOUND

and talent that had been veiled in secrecy for decades.

Other key announcements:

□ A promise of at least \$4 million more by December for conversion efforts.

□ A parts and precision machining building will be dedicated exclusively to commercial business in six months; other buildings will follow.

□ A partnership among officials from DOE, Miamisburg and EG&G, Mound's operator.

□ Jack Clark will replace Don Michel as Mound's top manager.

EG&G officials also clarified Michel's move to Washington, saying his new position is intended to expand the company's business with federal agencies other than DOE and was in the works for several weeks.

Since DOE's announcement two months ago that it will shut down Mound's nuclear weapons production in 1995, city and EG&G officials have pressed the DOE to help Mound commercialize by providing grants and cutting through red tape to open the facility to entrepreneurs.

The \$4 million in seed money will be set aside for Mound's conversion at the beginning of the next fiscal year, said Robert DeGrasse, special assistant to DOE Secretary Hazel O'Leary. In addition, Mound will split a \$3 million grant with two other DOE sites, he said.

"We must act quickly and decisively," DeGrasse said. "This initial grant is just for the rest of the fiscal year."

About \$109,000 of the initial grant will fund the second phase of a study by the University of Dayton to identify commercial prospects for some of Mound's technologies. The rest will be used to support the city's newly created Mound transition office, managed by Michael Grauwelman.

The DOE also said it will turn Building 105, dedicated to parts and precision machining work, into a commercial operation in six months. After that, other buildings will be converted more quickly, said Larry Kirkman, who oversees the 206-acre site for the DOE.

"(Building) 105 will be a model," Kirkman said. "It will be like having a cookie cutter to make the process faster."

But DOE officials said they realize entrepreneurs may be deterred by the rigid security in place at Mound and are trying to do something about it.

"We need to move the security fences back, and put security into a smaller role," DeGrasse said.

For example, he said foreign citizens will now be able to tour the facility with only a few days' notice. Until Wednesday, the DOE forced non-U.S. citizens to wait for months.

But Kirkman said it will take time to make the facility more accessible, because security, not entrepreneurship, has been DOE's top concern for years.

"It's mind boggling for a federal employee to see all these uncleared people," he said, joking about the overflow crowd of business professionals touring the site.

Officials also took advantage of the event to christen a pair of partnerships to promote conversion.

The DOE announced the formation of a seven-member "fast track working group" to accelerate economic development. Members comprise top officials from DOE, Miamisburg and EG&G Mound.

In addition, Miamisburg officials said they will join more than two dozen representatives from all levels of government, the unions at Mound, and several community and business groups.

"We'll be working to see that legislation is passed, and that more money is forthcoming," Mayor Richard Church said.

# Pantex opens doors to public

WASHINGTON - Growing up at Cal Farley's Boys Ranch, there was always whispered talk about that strange facility on the other side of Amarillo.

"What do you think they do out there at Pantex?" was the question all of us asked, and the answer was always, "You don't need to know." I've even heard that back when Procter & Gamble managed the facility in the '50s, the rumor was that they made soap out there. What really amazes me is that the public was willing to let whatever was going on at Pantex remain a secret.

It is nice to see that the next generation isn't being told they don't need to know what's going on at Pantex. There is no longer any need to whisper about the facility, and the public is no longer willing to let the activities at the plant remain secret. In addition, the Department of Energy has done a lot in recent months to "open up" to the public, and I believe that is due to the advent of Hazel O'Leary as energy secretary.

Almost immediately upon taking office, Secretary O'Leary began a reorganization of the DOE and a restructuring of its priorities. While it is true that she has jurisdiction over the nation's energy policy, over \$12 billion of the DOE's \$20 billion budget goes toward defense programs and environmental restoration related to nuclear activities. That's why the nuclear weapons program receives a lot of attention from O'Leary. In addition, the end of the Cold War and the disarmament it has gen-



Bill Sarpalius

erated has raised the consciousness of everyone about these issues.

The primary focus of O'Leary's attention has been a new emphasis on the environmental soundness of the DOE's programs. She has shifted almost \$1 billion from weapons development to the environmental restoration and management of waste in the nuclear weapons complex. She is dedicated to making sure all DOE programs are run cleanly.

She also wants the public to be more aware of what goes on within the Pantex facility. Who would have ever imagined that the public would be allowed to take a guided tour of the facility? But the tours, which started a few months ago, have been a great success. In fact, they are booked for months in advance. Just that small step shows we have come a long way from the time when no one talked about what went on at Pantex.

O'Leary has also instituted the establishment of site-specific advisory committees at

DOE sites across the country, including at Pantex. These committees will give taxpayers the chance to examine activities at the plant, and to have a say in what goes on there. This is another step away from the old, secretive DOE, and in the direction of the new, open DOE.

O'Leary has expressed support for the recently formed research consortium at Pantex between Texas Tech, the Texas A&M University System and the University of Texas System. She has encouraged the enhancement of the DOE's partnership with the state of Texas in oversight and research at the plant. As a former state senator, I am pleased to see that the state is playing a major role in ensuring the safety of Pantex, its workers and its neighbors.

On July 15, O'Leary accepted my invitation to visit the Pantex facility, making that one of the first trips she had taken to a weapons facility since she became secretary of energy. I am pleased to say she plans another trip to Pantex on Sept. 17.

With the reorganization of the nuclear weapons complex, there is a possibility that Pantex could be expanded, creating several thousand new jobs. One thing I am certain of is that if Pantex is expanded, O'Leary will give us all the assurances we need to know it will be done safely, and in an environmentally sound fashion.

Bill Sarpalius is U.S. representative serving the 13th Congressional District.

# Energy Goes Greener

BY LESLIE KAUFMAN

**E**nergy's atomic weapons complex may slowly be going out of business, but a new set of environmental initiatives will keep contractors plenty busy for years to come. Energy Secretary Hazel O'Leary signaled the Clinton Administration's intention to continue the dramatic greening of the department with her unveiling of its budget this past spring. Energy's budget for fiscal 1994 is \$19.6 billion, of which more than 95 per-

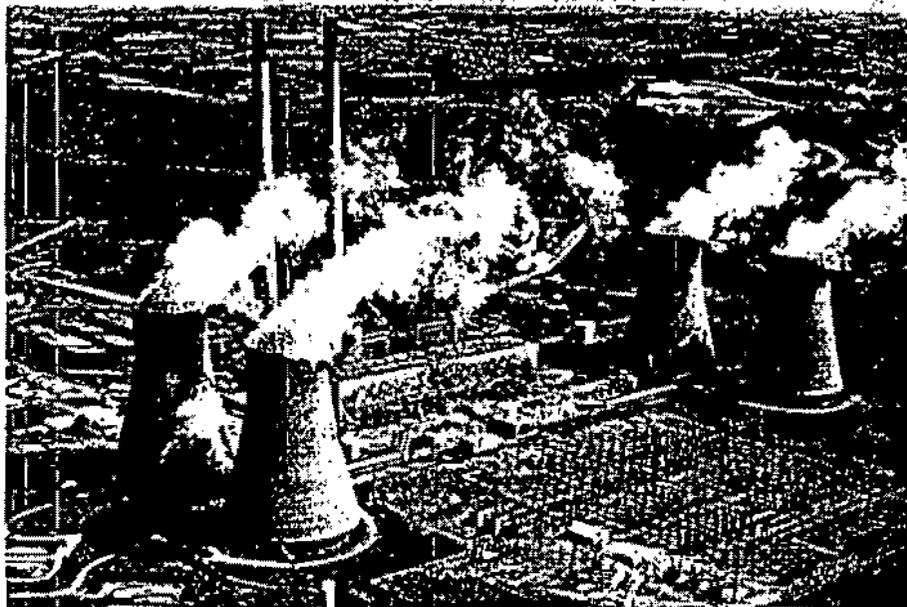
cent—some \$19.1 billion—will be spent to buy goods and services from the private sector. DOE has long been one of the federal agencies most dependent upon contractors.

While the majority of DOE's fiscal 1994 budget will stay targeted for defense, the department is shifting funds from weapons production and research to cleanup of nuclear wastes.

Meanwhile, programs that come under the banner of energy conservation, out of favor since the days of the Carter Administration, are enjoying bigger budgets. Energy-efficiency programs stand to receive a 35 percent boost, to \$789 million in 1994.

The new budget also includes a twofold increase—to \$300 million in 1994—in funding for research aimed at reducing oil use in the transportation sector. DOE is handling the research for an electric or battery-operated car, as well as coordinating government-wide efforts to increase federal purchases of ethanol-fueled automobiles.

Since its founding 16 years ago, Energy has spent at least half its budget building and housing the extensive U.S. nuclear arsenal.



Energy's formidable atomic weapons complex may be slowly going out of business, but environmental restoration of polluted sites will keep contractors busy for years to come.

Now, DOE's budget for defense projects will drop from \$7.3 billion to \$5.9 billion, with \$4.7 billion going specifically for atomic weapons production. Funds allotted for the cleanup of polluted defense production sites will increase, however, from \$5.5 billion to \$6.5 billion.

DOE's journey away from nuclear weapons manufacturing toward conservation is slowly showing up in its procurement numbers and will do so more strongly in future years. Of the \$18.8 billion DOE spent on procurement in fiscal 1992, 45 percent, or \$8.6 billion, was for building atomic weapons. Spending for cleanup of polluted sites was \$3.7 billion, or 20 percent of total procurement spending. For fiscal 1993, which is almost over, DOE says it will spend \$18.3 billion on procurement, of which 40 percent will go for weapons and 26 percent for cleanup. And of the \$19.1 billion requested for DOE procurement in the fiscal '94 budget, only \$6.1 billion, or 31 percent, would go for weapons production. Cleanup will be almost 30 percent of the total.

The trend is not easy to detect in *Govern-*

*ment Executive's* list of top DOE contractors, however. The reason is that most companies hired to manage Energy's plants use subcontractors for environmental work. Among the giants in this field are Fluor-Daniel Environmental Restoration Management, which will earn \$2.2 billion for a five-year contract to clean up the Fernald atomic weapons plant in Ohio, and Bechtel National Corp., which will earn \$900 million for environmental restoration projects over four years.

As in previous years, Westinghouse Elec-

tric, which runs both the Hanford and the Savannah River nuclear weapons production facilities, was DOE's largest contractor in fiscal 1992, with \$3.7 billion in revenues. The amount Westinghouse receives for these facilities is slowly declining, though, as DOE pares its total production back. In April, for example, DOE decided to end production of tritium at Savannah River, which resulted in Westinghouse eliminating 2,500 jobs.

Number two on DOE's top contractors list, with \$2.5 billion in sales last year, was the University of California, which runs two huge national laboratories: Los Alamos in New Mexico and Lawrence Livermore in California. Phil Keif, a DOE spokesman, says these complexes will eventually be cut back, but for the next few years they will provide steady income to the university.

While these contractors can expect continued work, there are some big changes on the way. AT&T, DOE's fifth-largest contractor, has pulled out of Sandia National Laboratory, also in New Mexico. AT&T received all but \$1 million of the \$1.42 billion it

# ENERGY DEPARTMENT

(Total purchases: \$38,558,666,000)

Rank	Parent Company	Group/Subsidiary/Division Receiving Most Contract Dollars	Parent Location	Fiscal 1992 Awards (\$ 000s)	Market Share
1	Westinghouse Electric	—	Pittsburgh	\$3,697,441	19.92%
2	University of California System	—	Sacramento, CA	2,500,793	13.48
3	Martin Marietta	Martin Marietta Energy Systems	Bethesda, MD	1,956,088	10.54
4	EG&G	—	Wellesley, MA	1,878,578	10.12
5	AT&T	Sandia	New York	1,421,065	7.66
6	Universities Space Research Association	—	Washington	677,471	3.65
7	General Electric	—	Fairfield, CT	449,678	2.42
8	University of Chicago	—	—	428,742	2.31
9	Associated Universities	—	Washington	365,296	1.97
10	Morrison-Knudsen	—	Boise, ID	330,235	1.78
11	Ohio Valley Electric	—	Pikeston, OH	323,000	1.74
12	Allied-Signal	—	Morristown, NJ	321,250	1.73
13	Battelle Memorial Institute	—	Columbus, OH	261,249	1.41
14	Mason Hanger-Silas Mason	—	Lexington, KY	253,643	1.37
15	Bechtel Group	—	San Francisco	244,277	1.32

Rankings are based on R&D, services and production prime contracts of \$25,000 or more.

1. Martin Marietta acquired General Electric's aerospace businesses for \$3.05 billion in November 1992.

earned from DOE for managing Sandia, which means AT&T should soon disappear from its list of top contractors.

In addition, DOE has decided to consolidate two of its uranium enrichment facilities—one at Paducah, Ky., and one at Portsmouth, Ohio—under the flag of a new, quasi-independent agency called the U.S.

Enrichment Corporation. The corporation will sell enrichment services abroad as well as at home. The department's third uranium plant, at Oak Ridge, Tenn., will go out of business. This move will principally affect Martin Marietta, which managed all three plants. That company's fiscal 1992 contract awards from DOE, totaling \$1.96 billion, are

some \$800 million below the 1991 level. Part of the reason for the drop was elimination of some Oak Ridge activities as part of the facility's phase-out. Martin Marietta also dropped management of Fernald, another atomic weapons facility in Ohio, and no longer manages part of the Strategic Petroleum Reserve. □

NEWLY RENOVATED!

## Presenting The Executive Quarters Club!

**\$99**  
per room  
Includes  
Continental  
Breakfast.

The Carlton Hotel is the best value in New York, a special retreat for those who know distinction is more than an uptown address.

- Located on Madison Avenue at 29th Street in the ultra-fashionable Gramercy/Chelsea area.
- Close to all major Government offices and installations.
- The best of New York's cuisine and premier nightlife are within walking distance.
- 400 spacious, newly renovated deluxe guest rooms.
- Carlton Executive Quarters Club Floors, featuring complimentary Continental Breakfast, New York Times, in-room modems and fax.
- Early check-in, late check-out.

- Les Clefs d'Or Concierge and expertly trained Staff.
- Automatic upgrades based on availability.

*The Carlton,  
a distinctive  
choice.  
A distinctive  
value.*

**THE CARLTON.**  
DISTINCTIVELY NEW YORK.  
A Carlton International Hotel  
22 East 29th Street, NYC, NY 10016  
212-532-4100 • FAX 212-689-8685  
**TOLL-FREE 1-800-542-1502**



SPECIAL GOVT. RATE

The standard rate, subject to a \$10.00 service charge from \$129. Deluxe rooms from \$129. Rates are based on availability and subject to change without notice. Certain restrictions apply. Taxes and gratuities are not included.

# Energy secretary defends assessment of SSC budget

Associated Press

p. 9A

WASHINGTON — Energy Secretary Hazel O'Leary said Thursday that she is "very comfortable" with figures showing that the Superconducting Super Collider remains on budget, two days after a House chairman asked her to explain that assessment.

House Energy and Commerce Chairman John Dingell, D-Mich., is asking Mrs. O'Leary to reconcile statements she made at a Senate committee hearing last week with information given a day later by her staff to Mr. Dingell's aides.

In a letter Tuesday to Mrs. O'Leary, Mr. Dingell noted that Energy Department officials told his staffers that the "current DOE analysis of the high-risk areas shows a \$2 billion increase in the project's cost."

But Mrs. O'Leary said Thursday at the USA Today International Newsmaker Breakfast that there's a difference between cost overruns and problem areas that could lead to overruns if not tackled now.

Last month, Mrs. O'Leary dispatched a team of about 30 auditors to the collider's Ellis County construction site to identify "high-risk cost elements" that could result in overruns at the giant particle accelerator, on which \$1.6 billion has been spent so far.

That study is part of a broader management review that Mrs. O'Leary ordered in June. Last week, she stripped responsibility for construction of the collider from Universities Research Association Inc., a nonprofit consortium. The Energy Department is seeking a new contractor to take over construction and business responsibilities.

Mrs. O'Leary is expected to receive the team's report on "high-risk" areas within two weeks.

"The way some people have tended to interpret that report, which interestingly enough is not even written yet ... is to say that those represented 'cost overruns,'" Mrs. O'Leary said.

"The more important piece in my



Hazel O'Leary ... is expected to receive a report on collider costs within two weeks.

view is to let us know what areas we could be working on so as to bring costs down and make that project much more cost effective," she told reporters.

The latest, unofficial estimate of the collider's total cost is about \$10 billion.

SEATTLE POST-INTELLIGENCER

AUG 14 1993

# Hanford shake-up promised

## Expert cites unsafe incidents in need to alter management

The Associated Press *PPI*

PASCO — A management shake-up at Hanford was promised yesterday in the wake of safety violations announced earlier by the U.S. Energy Department.

Assistant Energy Secretary Tom Grumbly said a Tuesday incident in which a worker laped a rock to a piece of rope and lowered it into a nuclear waste storage tank was disturbing.

"That is one of the more stupid activities I've heard about on a reservation," Grumbly said at a news conference.

Hanford made plutonium for nuclear weapons for four decades and now is the most polluted nuclear site in the country, with 177 underground tanks holding the most radioactive waste.

Many of the tanks have leaked, while others could explode. Despite years of effort, the Energy Department has been unable to resolve safety problems, two of which prompted Hanford officials to stop all nonessential work at the tanks on Thursday until workers are retrained.

One was last week's accidental start of a mixing pump inside the most dangerous tank. The rock incident, in which the worker involved became contaminated while trying to unplug a drain, was the other.

Grumbly said there would be management shake-ups at Westinghouse Hanford Co. and at Kaiser Engineers Hanford, contractors responsible for the tanks. He also said the department would take action to improve tank management.

"This will not be business as usual," Grumbly said. "We expect management changes."

Grumbly declined to provide specifics about the shake-up, but he stressed that none of the lapses posed any danger to people off the 560-square-mile site.

Grumbly, who was concluding a three-day visit to the reservation, said he was generally pleased by the amount of environmental cleanup he saw.

He said much more work is under way at Hanford than the public believes.

Grumbly said yesterday that the Energy Department needed to improve safety training for its more than 170,000 workers at more than a dozen sites.

"We need a comprehensive examination of the entire worker safety system," Grumbly said.

A safe work environment will help ensure protection for the public, he said.

# **BURRELLE'S**

NEWS EXPRESS

PAGE 2 OF 2

## Crapo applauds Navy spent fuel compromise

POCATELLO—A compromise agreement between the Department of Energy, the Navy and the state of Idaho gets high marks from Idaho 2nd District Representative Mike Crapo. The agreement was announced August 9, and was expected to be signed later that day by Governor Cecil Andrus, Energy Secretary Hazel O'Leary, and Navy Secretary John Dalton.

"This compromise is what's best for Idaho and for our country," Crapo said. "It provides for environmental safeguards and future technology development as well as national security concerns. It allows the Navy to adequately address the national defense and national security needs. I applaud the parties involved in hammering out this agreement. I am also pleased that this compromise avoids the need to address this issue through legislative action by Congress. It is clear to me that such action did not have support and would likely have resulted in an outcome much less favorable to all concerned."

The plan released today by the Department of Energy allows for:

- + a detailed schedule for completion of the Environmental Impact Statement (EIS) at the Idaho National Engineering Laboratory (INEL);
- + shipment of up to nineteen containers of Naval spent fuel;
- + protection of national security concerns relating to the shipment of spent naval fuel to INEL;
- + acceleration of removal of spent fuel from certain facilities at the INEL;
- + acceleration of potential treatment technologies regarding high-level waste at INEL;
- + formation of a financial partnership to encourage economic growth regard-

ing INEL.

"Hopefully this compromise will help to continue the momentum toward formulating a national nuclear spent fuel management policy," Crapo concluded. "The partnership forged between the Department of Energy, the state of Idaho and the Eastern Idaho Economic Development Council should help advance the efforts to strengthen the INEL and enhance its missions."

MONDAY, AUGUST 23, 1993

SCHEDULE FOR HAZEL R. O'LEARY

6:28 PM

Return to Washington, D.C.

TUESDAY, AUGUST 24, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM DEPART RESIDENCE FOR DOE  
Met by Reggie Sellers

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, Lawanna

9:00 AM - 10:00 AM HOLD

10:00 AM - 11:00 AM Business Week - Mary Beth Reagan

11:30 AM - 12:15 PM Trip Meeting - Texas

12:30 PM - 1:30 PM Lunch - Sam Graham

2:00 PM - 5:00 PM HOLD

WEDNESDAY, AUGUST 25, 1993

SCHEDULE FOR HAZEL R. O'LEARY

7:30 AM DEPART RESIDENCE FOR DOE  
Met by Reggie Sellers

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, Lawanna

9:00 AM - 9:45 AM SSC Strategy  
(Bill White, William Taylor, Jim Decker)

9:45 AM DEPART DOE FOR OMB  
Met by Reggie Sellers

10:00 AM Leon Panetta, Director, OMB  
(Betty Smedley, Jim Decker, Vic Reis,  
Tip Brolin)

12:30 PM - 2:00 PM Team Lunch  
(B. DeGrasse, P. Didisheim, D. Dreyfus,  
A. Durham, D. Forrister, M. Gauldin,  
T. Grumbly, J. Hakes, J. Keliher, M. Krebs,  
C. Moody, B. Nordhaus, T. O'Toole, D. Pearman,  
D. Reicher, Vic Reis, R. Rosenzweig,  
T. Cornwell-Rumsey, K. Simpson, W. Taylor,  
S. Tierney, B. White)

2:30 PM - 3:15 PM Tara O'Toole

4:00 PM Bob Forrest, Mayor of Carlsbad, New Mexico  
(Dan Reicher)

5:15 PM Appointment

THURSDAY, AUGUST 26, 1993

SCHEDULE FOR HAZEL R. O'LEARY

8:00 AM - 8:30 AM Beth, Carolyn, Johannah, Lawanna

9:00 AM - 10:00 AM Planning Meeting  
(B. White, R. Rosenzweig, S. Tierney,  
D. Reicher, K. Simpson)

10:00 AM - 11:30 AM Senior Staff Meeting

12:30 PM - 1:30 PM Lunch

2:00 PM - 4:00 PM Staff Time

FRIDAY, AUGUST 27, 1993

SCHEDULE FOR HAZEL R. O'LEARY

9:00 AM	Address - The Friday Network (Congresswoman Eddie Bernice Johnson(D-TX))
11:00 AM	SSC Site Visit

(BEST AVAILABLE COPY)

SPOKESMAN REVIEW  
Spokane, WA

AI

pg. 1 of 2

# Fifty Hanford workers suspended

## Two safety violations reported at toxic tanks

Karen Dorn Stricker  
Hanford officials Thursday ordered an immediate halt to work in tank farms where dangerous high-level waste is stored following safety violations in the past week. The officials suspended 50 workers from Kaiser Engineers Hanford Co. without pay and ordered approx-

imately 300 Westinghouse Hanford Co. employees off the job with pay. They will not return to the tank farms until completing an intensive training program, said William Alunkal, executive vice president for Westinghouse Hanford's tank waste remediation division.

"The public should be reassured we are taking the right steps to protect workers and the public," Alunkal said at a news conference in Richland.

Only essential monitoring work to comply with environmental laws will continue in the tank farms while the workers are retrained. Hanford's 17 tanks contain millions of gallons of high-level radioactive waste. The two tanks involved in the safety violations are among those considered most dangerous.

The mass suspension is unprecedented in a recent Hanford history. Nothing similar has occurred since a formal pact was signed in 1989 by federal and state officials to clean up Hanford by 2018.

The suspensions were prompted by two incidents that officials said were the "last straw" in a series of worker injuries and two deaths within the past year.

"Ultimately, our errors could cause some sort of off-site effect," said Phil Hamm, deputy manager of the U.S. Department of Energy's Richland operations office.

Hanford suspended tank farm work while Thomas Grumbly, President Clinton's top nuclear waste cleanup official, was touring Hanford and a number of elected officials, including Sen. Slade Gorton, were in town for a forum on Hanford cleanup.

Grumbly was briefed on the suspensions Wednesday night, a Westinghouse Hanford spokesman said.

The most recent incident occurred Tuesday at one of Hanford's most dangerous high-heat tanks, 106-C. Two workers followed unauthorized procedures to try to unplug a pipe inside the huge tank.

"They tied a string around a rock and dumped it down a riser to see if the riser was open," said Sonja Anderson, a Kaiser senior scientist documenting safety issues for the 30-year Hanford cleanup program. "They shouldn't have even been out there."

The riser is an opening into the

underground tank, and workers were trying to determine if a pipe inside the riser was plugged.

Liquid waste from the rock splashed on one worker's hands and clothing, but the contamination was minor, according to Westinghouse spokesman John Britton.

The workers were not supposed to do any work inside the dangerous tank, one of 53 on a "watch list" for safety dangers.

Grumbly's personal signature is required to do any work inside the "watch list" tanks.

"I just can't tell you how stunned I was when I read the report. This

## Hanford

shows a continued lack of respect for safety when one is in the tank farm, our riskiest area," Hamm said at the news conference.

The incident was declared an "off-normal event," the least severe of three accident categories at nuclear sites.

Used since 1947, 106-C is a single-shell tank with a 530,000-gallon capacity. It is about half full of dangerous high-level waste.

Kaiser Engineers Hanford Co. president Dick French said he decided to suspend all 50 of Kaiser's tank farm employees without pay even though only two were involved in the rock-lowering incident.

"The taxpayers should not have to foot the bill if we can't work safely," French said.

The other safety violation occurred on Aug. 4, when a huge mixer pump inside Hanford's most dangerous high-level radioactive waste tank, 101-SY, was turned on by mistake.

The incident happened while two crews from Westinghouse Hanford were at the tank, which periodically vents potentially flammable hydro-

CONTINUED

pg

507

3

CONTINUED

# Fate of tank workers unclear

Late Thursday night it was unclear whether 50 Kaiser Engineers Hanford Co. workers were terminated or just suspended without pay.

■ They were terminated, said Bill Wilcoxson, business representative for the International Brotherhood of Electrical Workers Local 112 late Thursday night. Local 112 represents about 15 of the 50 workers.

■ Kaiser President Dick French said Thursday afternoon the workers would not be allowed back to work unless they went through ex-

tra safety training.

Kaiser is in the process of setting up that training, he indicated.

Other appropriate union officials could not be reached for comment Thursday.

Wilcoxson said his head is talking with Kaiser officials about reinstating the 15 electrical workers. He was optimistic they would be reinstated in the next few days.

"I think we can probably work it out," Wilcoxson said.

None of the 15 IBEW workers were at Tank 106-C Tuesday when a

Kaiser worker improperly used a rock taped to a rope as a drain pipe probe. That act prompted the suspension or termination.

"My people were terminated for something someone in another craft did," Wilcoxson said.

The 15 IBEW workers "were upset about it," he said.

The unions support safety measures, he said.

"We're going to do everything we can to work with Mr. French on safety, although we feel we already work hard at it," Wilcoxson said.

OLWHMCLARTY-0593-019232  
07 8/27/93



The Secretary of Energy  
Washington, DC 20585

August 26, 1993

ES CENTRAL FILE COPY  
1093-019232  
FILE CODE OLWH-McLarty  
Ch

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE  
FROM: HAZEL R. O'LEARY *Hazel R. O'Leary*  
SUBJECT: Weekly Report

KEY DEPARTMENT NEWS

• Premeeeting of the Gore-Chernomyrdin Commission

I will lead an Administration Delegation to meet with Russian Prime Minister Chernomyrdin in Houston, Texas, Sunday and Monday of next week. Prime Minister Chernomyrdin will lead a delegation of senior Russian officials, including the Minister of Energy and Atomic Energy. Bill White, Deputy Secretary, will accompany me to Houston and has provided valuable support. The list of meetings and activities include a dinner hosted by the Mayor of Houston; a private meeting between the Prime Minister and myself; the signing of an agreement between ENRON and Russia; a luncheon with 500 business leaders in attendance; a private meeting with the Russian Energy Minister; and a meeting between representatives of the energy industry, senior American officials, my Russian counterpart and myself. The Prime Minister will also tour the Johnson Space Center. Governor Richards will host a dinner Monday evening. On Tuesday, the Prime Minister and his delegation will travel to Florida to tour Cape Canaveral and a nuclear power plant.

This trip to Houston will precede the Prime Minister's trip to Washington for the first meeting of the Gore-Chernomyrdin Commission for cooperation in energy and space which was established by the Vancouver Summit. My meeting with the Prime Minister will allow for a preview of issues that the Russians are likely to put on the table in Washington. I will fly back early Tuesday morning to brief the Vice President.

### Yucca Mountain Independent Review

During my June 15 meeting with Governor Miller of Nevada and in subsequent meetings with other Nevada officials, I agreed to initiate an independent financial, management and business review of the Yucca Mountain facility. The goal of the review is to evaluate the management practices, performance and efficiency of the Yucca Mountain project within the context of the regulatory and statutory requirements of the program. The preliminary scope of this review will be communicated to the Nevada Congressional delegation and to the Governor's office next week. These details include:

- The review will encompass project financial and business management practices, the project schedule and milestone credibility, and contract practices. It is possible that many programmatic changes that have been suggested over the years will be made.
- The review will examine funding priorities and the adequacy of funding levels.
- To ensure the independence of the review, I will propose the establishment of a review oversight panel consisting of three appointees; one to be selected by me, one by Governor Miller and one by the Nuclear Waste Technical Review Board.

Prior to finalizing the details of this review, I will ask Nevada's elected officials to concur on the scope of the undertaking in order to ensure that as many of their concerns as possible are addressed within the existing regulatory and statutory framework. This is an extremely delicate undertaking, given the feelings of many of the State's elected officials towards this project, and represents a sincere attempt by the Department to address past criticisms while improving program performance and meeting our statutory obligations. These officials will be contacted next week and senior Department officials will hold a briefing for staff after the recess. This information has not yet been discussed and needs to remain confidential until we notify officials from the State.

### Global Climate Change

As I have been reporting in recent weekly reports, electric utilities continue to write the Department stating their intention to enter into discussions with the Administration to develop voluntary programs to reduce their greenhouse gas emissions. Over the last two weeks, 33 electric utilities have committed to work with our Administration to develop and implement a voluntary emissions reduction program. I project over 50 electric utilities will express their intentions to enter into such agreements with our Administration. These utilities represent a significant amount of the electricity

generated, sold and coal-combusted in this country. Developing voluntary agreements to reduce emissions constitutes a major initiative for our Administration in the energy and environmental arena and proves that energy, environmental and economic policy need not be in conflict.

These agreements represent a positive development and will generate favorable media attention when the agreements are announced in conjunction with the release of the Administration's plan to reduce emissions of greenhouse gases at the end of September.

#### Contract Reform Initiative

The Department is working to evaluate and reform its contract arrangements. The primary goals of this initiative are to:

- Develop performance measurements for contractors;
- Incentivize contractors to decrease costs and;
- Increase contractor accountability.

The first phase of the initiative will be a national stakeholders meeting to be held on September 1 to discuss performance expectations and methods of reforming contracts. The second phase is to hold nine regional stakeholders meetings in the following locations: San Francisco, Las Vegas, Richland, Idaho Falls, Chicago, Washington, DC, Albuquerque, Oak Ridge and Savannah River.

The contentious political issue that arises from this effort to increase efficiency and reduce costs is a possible reduction in the work force. This effort is part of the Department's comprehensive strategy to improve the quality of service that we provide to our customers (the American public) and to reinvent government in the context of the Vice President's National Performance Review. A briefing for media is planned for mid-September to kick off this initiative. This will compliment the earlier announcements on the National Performance Review. The event will showcase the aspects of the initiative and explain the benefits of reforming the current contract culture.

## CONGRESS

### Outreach Meetings

#### Congresswoman Eddie Bernice Johnson

I will travel to Dallas to address a fundraising event for Congresswoman Eddie Bernice Johnson (D-Texas) on Thursday night and Friday. An audience of over 1,000 Texas State Democratic contributors, including leaders from the African-American community and the Dallas-area oil and natural gas industry is expected.

I will also attend an event in Dallas arranged by the Democratic National Committee with a group of prominent Texas State Democratic contributors. This group is also the steering committee for the Texas President's Dinner scheduled for October.

## PRESS

### Business Week Interview

The subject of my interview covered a wide range of topics, including:

- the changing mission of the Department;
- and global climate change.

The majority of time was spent discussing the Department's quality initiative. This initiative continued during our second session held at Motorola University last week. At Motorola, senior Department members began developing strategic plans for the areas which drive our business, including: human resources; business practices; environmental safety and health; and internal and external communications. A group dedicated to business priorities identified energy policy, environmental restoration, global management of nuclear materials, basic science, and technology transfer as the lines of business that the Department should be in 20 years from now.

### Deputy Secretary White's Speaking Engagements

Deputy Secretary Bill White will address an audience of over 100 independent petroleum producers at the Texas Independent Producers and Royalty Owners Convention in San Antonio, Texas. The topic of his speech will be the Administration's natural gas and oil policies and the Department's domestic gas and oil initiative.

## WEEK IN REVIEW

- Meetings with the "Big Three" Automobile Manufacturers

On Sunday evening (August 22), I met with Bob Lutz, President of Chrysler Corporation; Jack Smith, President of General Motors; and Alex Trotman, President of Ford Motor Corporation, to discuss generally the long-term efforts to develop a working partnership between the Department and the auto industry. A significant part of a very candid and frank discussion focused on the clean car initiative. My sense is that the Vice President can negotiate language in a letter which commits the auto industry to the clean car initiative if the target is expressed as arranged rather than a specific target. The Big Three are reluctant to commit to specific targeted results in my view from a long history of dealing with a series of Administrations whose policies have over time been inconsistent. Continued personal encounters by the leadership of our Administration and business people will result in building the level of trust which will result in agreements like the clean car initiative. I plan to provide a more detailed discussion of my meeting to the Vice President personally next week. Follow up meetings at Chrysler, Ford, and General Motors reaffirms my impression that these companies want to work in a collaborative fashion with our Administration.

- Motorola/Milliken Quality Institute

Key managers from Department Headquarters, Field Offices and National Laboratories attended a three-day quality and leadership training session at Motorola/Milliken Quality Institute in Chicago. Four of the major accomplishments of this session were:

1. Leadership training on quality management tools and techniques.
2. Training on behavioral skills and competencies required in a participatory management environment.
3. A consensus was gained among the leadership team on the new directions and new priorities for the Department including:
  - A focus on providing a quality service to customers;
  - Applying the Department's large scientific and technical resources to assist in economic development through partnerships with the private sector;
  - Retaining competencies critical to national security and nuclear stockpile maintenance.

4. Development of a corporate strategic strategy to achieve the Department's goals and honor our commitments.

The Department is committed to being a leader in the Administration's "reinventing government" initiative and the Motorola/Milliken training has provided our leadership team with the necessary training to do so.

## PRESIDENTIAL INITIATIVES

- Superconducting Super Collider

Early next week I will release an independent report developed over the past month which identifies costs risks associated with the Superconducting Super Collider. This report was completed as part of the management initiatives that I announced before Chairman John Dingell's Oversight and Investigations Subcommittee on June 30, 1993. The report is the most comprehensive assessment of the project status in three years and will serve as an essential management tool for containing program costs.

This report is likely to receive considerable attention from the press and Congress, since it states that without management initiatives the cost of the SSC could increase \$1.6 billion above the existing baseline. In releasing the report, I will emphasize the central conclusion of the document: the project is 20 percent complete--which is precisely where it should be. I will also make very clear that the cost risks identified in the document should not be confused with cost overruns. I have set in place an aggressive strategy for improved management of the SSC, including bringing a new contractor on board to manage project construction. This report validates the Department's decision to improve contract management experience at the project.

In the press statement for this report, I will clearly state that the project will be managed in a fashion to eliminate or minimize cost risks. Specifically, I will describe a plan for identifying, assessing, and prioritizing project trade-offs that will be implemented to counter cost risks that cannot be remedied through management efficiencies.

The message that I hope to convey is the one that I started in June during testimony before Chairman Dingell: the Department of Energy is serious about managing the SSC in an aggressive fashion so that we realize the project's potential for world-class science in the most cost-effective manner possible.

# Relying on Domestic Energy

By ELMU BERGMAN

Energy Secretary Hazel O'Leary has introduced a welcome note of realism into the administration's energy policy by launching an inquiry into ways to increase energy production while protecting the environment.

Secretary O'Leary's Domestic Energy Initiative aims directly at domestic oil and gas production. It includes a study of the potential for enhanced oil recovery, gas producers' jobs in the domestic oil and gas industries, and fostering a climate which will increase production from domestic resource bases and reduce our reliance on foreign oil.

To develop the plan, Secretary O'Leary's staff is conducting a series of meetings this summer with domestic oil and gas producers. Though there is no guarantee the administration will incorporate their "wish lists" into the plan, at least those groups are being brought into the policy-making process.

For energy producers, this is a welcome contrast to the transition and to the early days of the Clinton administration, when energy policy-making seemed dominated by environmental interests. A common theme on the environmentalist agenda was to exclude new domestic oil and gas production.

A growing dependence on imported oil is the Achilles heel of the

nation's energy system. And whatever its other ingredients, any energy strategy that seeks to promote economic growth and jobs must address this dependence directly.

The numbers are distressing. Oil imports this year are heading toward that dangerous 50% threshold; the cost of these imports reached \$44.8 billion last year and, were the import ban in the balance of trade, would be \$1.5 billion in the second quarter of 1993, and our largest domestic oil resource at Prudhoe Bay is running out.

Meanwhile, the major oil producers, influenced by the lack of access to domestic opportunities, are moving overseas. Natural gas producers, whose fuel is everybody's favorite these days, worry whether they can meet production targets if they are foreclosed from access to promising domestic sources.

If Americans needed another wake-up call about the danger of depending on Persian Gulf oil, it was provided by the recent attack on Baghdad and the ongoing outlaw behavior of the Iraqi regime. The Persian Gulf accounts for 75% of the world's known oil reserves. Iraq holds a major share of those reserves.

Although 20 years have passed since the traumatic Arab oil embargo,

the United States still has no definitive solution to its dependence on imported oil. One reason it is so difficult to make sensible energy policy in this country is the diversity of players and interests affecting that process.

The federal government alone has a proliferation of departments, branches, committees, commissions, and panels, all with different views on energy policy. The complexity is replicated in the states, many of which have important decision-making powers in energy production and use. Consumer and producer interests clash at all these levels.

Under the circumstances, it's a wonder anything gets done. And it's no wonder Americans occasionally look enviously to simpler decision-making structures in Japan, France and Switzerland.

In those countries, the government gathers the main players around a table, announces energy goals, determines how to achieve them and makes it possible for everyone to do what is necessary.

Not everyone favors a U.S. goal of energy independence, a policy that implies maximum freedom of choice in national decisions on consumption and production.

The disagreements were evident during the debate over the National Energy Bill in 1992, which saw the demise of two valuable energy inde-

pendence measures: improved automobile fuel economy and permission to tap a giant Alaska oil field.

Both of those provisions fell because they were deemed "too controversial." Yet together they would have made a major contribution to reducing our dependence on foreign oil.

Some suggest, for example, that energy conservation alone will provide energy independence. Others exaggerate the contribution that the new renewable sources — solar, geothermal and wind — can make.

Certainly, the United States requires every economical and reliable energy source available. The nation cannot afford to exclude promising renewable sources or to spurn proven traditional technologies.

But it's heartening to know that, among all the options, this administration now is also considering traditional domestic oil and gas resources. Secretary O'Leary's initiative provides a balance that is much needed in this process.

Elmu Bergman is executive director of Americans For Energy Independence, an energy policy association in Washington.

# Technology doesn't exist for Fernald

Energy chief says cleanup won't be perfect

BY PAUL BARTON

Enquirer Washington Bureau

WASHINGTON — Energy Secretary Hazel O'Leary said Thursday that much of the technology needed to clean up former nuclear weapons sites doesn't exist.

That's one of the major reasons the Department of Energy (DOE) has had trouble keeping cleanups on schedule at sites nationwide.

"These promises were made, in good faith, to clean up before we understood whether we had the technology to do so," she said at a USA Today International Newsmaker Breakfast.

The cleanup will not be perfect, she said.

"All of this land cannot be returned to its original condition because it's too costly," she said. "and I'm not certain at the moment — and I believe no one else is — that the technology exists to take everything back to its original pristine condition."

O'Leary's comments supported statements made last month by Thomas Grumbly, the new official in charge of the department's environmental restoration and waste management program.

Grumbly said the former Fernald uranium foundry in northwest Hamilton County would be especially hard to return to its original condition because activity at the site was so concentrated.

“ “ These promises were made, in good faith, to clean up before we understood whether we had the technology to do so. ” ”



— Energy Secretary Hazel O'Leary

The fact that Fernald cannot be completely cleaned up now does not mean that the government should stop trying to improve the technology used to restore the site, said Lisa Crawford, president of the Fernald Residents for Environmental Safety and Health.

"We realize the site is not going to go back to its original pristine condition," Crawford said Thursday. "My concern here is that we move ahead and do what we can, and as we move ahead, new technologies will be developed. After

all, we are talking 20 years down the road."

Recent congressional assessments have suggested that the nationwide cleanup could turn out to be more costly than the \$200 billion savings and loan bailout. The cost of cleaning up Fernald is not known. Previous estimates were \$10 billion over 20 years.

O'Leary said the DOE is trying to get a better idea of just how much taxpayers are willing to spend on the cleanup effort.

"Those of us who are living nearby sites have said earlier on, 'Spend as much as is required,'" Crawford said.

O'Leary said the DOE is seeking more public comment on setting the criteria governing the cleanup, especially in regard to health risks.

"In my view, we have tended always to do cost-benefit analysis without including some of the things . . . that all of us care about, which are health risks," she said.

The DOE has established committees near its sites to help gather that feedback, she said.

TRI-CITY HERALD *AT*  
Tri-Cities, AUG 19 1993

# O'Leary sets summit topics

U.S. Energy Secretary Hazel O'Leary and Washington Gov. Mike Lowry will be hosts to a two-day summit in Kennewick Sept. 19-20 to examine opportunities, barriers and new relationships that are designed to make Hanford a model of economic development partnership.

The 560-square-mile federal site once produced nuclear material for America's defense program.

It now is the site of the most complex and challenging environmental restoration project in the nation, according to the Department of Energy.

"The Hanford Summit: A National Forum on Environment, Technology and the Economy" will explore five issues considered key to expanding the economic opportunities created by the cleanup of Hanford: economic development and partnership; training and education; regulatory issues; public involvement; and technology transfer.

"Our goal in hosting this summit is to establish Hanford as a model for cleanup and revitalization of similar national defense waste sites around the country," O'Leary said in a prepared statement.

Lowry said Hanford is an economic leader in the state and represents a potential for keeping Washington at the forefront of technology development.

Both O'Leary and Lowry are scheduled speakers at the summit when it opens at the Tri-Cities Coliseum.

THE OAK RIDGE, OAK RIDGE, TN., TUESDAY, AUGUST 24, 1993

# DOE takes new approaches on the environment

by Paul Sloca  
Oak Ridge staff

Despite personnel holes in the Department of Energy's new administration, there are efforts to move away from the business-as-usual approach to environmental restoration, a top DOE official said Monday.

Pat Whitfield, deputy assistant secretary for DOE's Office of Environmental Restoration in Washington, D.C., spoke to a large crowd at Oak Ridge Associated Universities' Pollard Auditorium Monday. He said safety issues and the role of contractors will change as DOE, under secretary Hazel O'Leary, initiates new strategies.

"We are still missing a lot of key players in the administration, and in my view, that is continuing to hurt the progress we are trying to make," Whitfield said in his speech during the first day of the ninth annual Oak Ridge Model Conference.

Whitfield noted that O'Leary in a recent letter aimed three or four times that there will be no more business as usual.

"I believe that the current administration believes that, and I think that's a good message to be receiving and considering," Whitfield said.

Looking at the current system by which DOE awards management and operating contracts nationwide, such as the contract Martin Marietta Energy Systems has to operate DOE's facilities in Oak Ridge, Whitfield said change is in the air.

That change includes, in Whitfield's opinion, more management responsibility for M&O contractors "so that the contractor clearly and cleanly becomes a management contractor" to help DOE.

"Anyone expecting to bid on a contract these days should take a look at that, at least as a checkpoint to see where they are," Whitfield said.

Another issue Whitfield broached was the role of DOE and its contractors in relation to requirements of the various sites, especially when it comes to individual worker compliance.

Last year, there were four serious incidents involving environmental restoration projects. Three of them resulted in worker deaths, including the fatal accident last November at the Oak Ridge K-25 Site.

Whitfield said there have been failures in the system that need to

See MODEL, Page 4

## MODEL: DOE deputy director speaks at the Model Conference

Continued from Page 1

be corrected quickly, something the new DOE administration is committed to. Labor leaders have claimed that the reason for these incidents are linked to the failure of management to adequately train workers.

"What we need to do is find a mechanism to train the workers, to monitor compliance of workers, and somehow — and this is my personal opinion — find a way to make continuity of employment go along with safety rules," Whitfield said. "If the employers on the front line had followed basic common sense ... they'd be alive today."

Despite his notion that employment should be linked to compliance, Whitfield said DOE and its contractors should also bear the responsibility "for not implementing our own rules and making them stick."

Whitfield also noted there needs to be more progress in the development of environmental restoration technology, which is tied to the purse strings in Congress.

The problem is communication, not only with Congress but also with the public, according to Whitfield, who said educating the public is the best way to overcome the public distrust of DOE's cleanup efforts.

Still, the battle is an uphill one, both in the trenches and on Capitol Hill.

"What the congressman wants to know is how many sites we've cleaned up and crossed off the list," Whitfield said. "I believe the progress we've made is going to start working against us if it hasn't already, given where the Congress is coming from."

Whitfield praised a recent meeting in Oak Ridge where the public voiced its displeasure at an estimated \$140 million price tag for cleaning up Waste Area Grouping 6

on the Oak Ridge Reservation. Plans to spend the money were scuttled when the need for the project was found not to be a top priority because the site posed no imminent risk to either the environment or the public.

"We have to let the public know where we're coming from, what we're doing and where we're going," Whitfield said.

Recycling materials as part of decontamination and decommissioning of DOE sites is one way DOE can improve its operations, Whitfield said.

"I believe (recycling) can save us tens of millions of dollars and would save a lot of virgin land that we'd have to bury metal and concrete in," Whitfield said. "I believe it's better to put the metal back in the economy than into the ground."

DOE, the Environmental Protection Agency and the Nuclear Regulatory Commission have been working for some time on the "how clean is clean" question relating to decontamination and decommissioning work at former and current DOE sites. The Oak Ridge K-25 Site is one of the facilities that have become an important focus of decontamination and decommissioning because of the massive structures once used for enrichment of uranium.

DOE is spending millions of dollars maintaining facilities that cannot be decontaminated and decommissioned because of a lack of standards.

"We need to start doing D&D work on buildings and find ways to bury only a fraction of the rubble and use the remainder some other way," Whitfield said.

The Model Conference, being held at the Garden Plaza Hotel and Pollard Auditorium, will continue through Thursday with exhibits and discussions.

# The browning of Oak Ridge, and sundries

**Y**es, the pine trees are dying near the east end of the Department of Energy's K-25 Plant in Oak Ridge.

Lots of evergreens are turning brown.

The damage is visible to drivers who pass the plant on Blair Road. Very visible. Some folks have called to express their concern and speculate about the cause.

One theory blames the tree deaths on the thousands of rusting drums of hazardous wastes stacked outdoors on a nearby asphalt pad at K-25.

Another scenario ties the pine problem to emissions from the plant's toxic-waste incinerator that burns around the clock.

Ace forester Dennis Bradburn says there's another culprit: the Southern pine beetle.

Bradburn also said the pine problem is not limited to the forests bordering K-25's east end. The affliction is taking place at spots all around DOE's Oak Ridge reservation, he said, involving thousands of pine trees.

He said he and others are busy trying to remove the dying trees to prevent the spread of bugs. "You can't physically hand-treat all the trees," he said.

Bradburn said the bug infestation isn't limited to Oak Ridge, either. He said he's seen



**FRANK MUNGER**

Smokies and other East Tennessee sites with older pine stands.

The forest manager said the pine beetle problem comes about once every 10 years. It's exacerbated by this summer's high temperatures and low rainfall, which place the trees under stress, he said.

"It's just one of those things," Bradburn said.

**UGH, UGA:** Susan Barnes, Oak Ridge's most trustworthy (there was an obvious dearth of competition in this category) public relations practitioner, has fled town.

It's the biggest loss of the post-Cold War era. Worse yet, Her Orangeness has taken up residence in the Land of the Bulldog, Athens, Ga.

The erstwhile info pro at Oak Ridge Associated Universities and Science Applications is now just another fund-raiser to be avoided. (She's masquerading, however, as director of development for Georgia's College of Journalism.)

This must be the end of life as we used to know it.

Come back, Ms. Barnes, come back. Nobody here is telling the truth, and, just as critical, football season is about to start.

**ON THE RECORD:** DOE apparently has decided to put to rest the budding issue of tritium and the Advanced Neutron Source.

Some readers may recall a recent column where I wondered why the federal agency was letting linger the speculation about possible defense uses at ANS. Critics of the proposed reactor complex had raised concerns that DOE

might use tritium produced there for nuclear warheads.

DOE has since forwarded a copy of a memorandum from Everett Beckner, acting assistant secretary for defense programs, to Joe La Grone, DOE's Oak Ridge manager.

The text:

"I understand that you have recently received a number of inquiries regarding the department's intentions for disposition of tritium which may result from the operations of the Advanced Neutron Source planned to be constructed in Oak Ridge.

"The Office of Defense Programs has no plans to obtain tritium from the Advanced Neutron Source. As I understand the planned design and operations of the ANS, the quantities of tritium which might be derived as a byproduct of normal operations would be inconsequential vis a vis the long-term tritium supply requirements of the nuclear weapons stockpile. Tritium which may result from future operation of ANS will not be introduced into the nuclear weapons stockpile.

"The weapons complex reconfiguration Programmatic Environmental Impact Statement will address plans for a future, replacement production source of tritium late in the next decade. The replacement tritium production source will be of a size and technology required to meet the needs of the weapons stockpile in a cost effective, environmentally sound manner."

The last sentence of the memo's second paragraph appears to be a commitment.

Frank Munger covers the Department of Energy for The News-Sentinel.

NO. 062  
PUBLIC INFORMATION OFFICE • 202 586 9987  
08:29  
1/25/93