



Analysis and Conclusions on NNSA's FY 2012 Performance Evaluation Reports

Fee Award Assessments Show Nuclear Weapons Complex in Disarray; Untested Changes to Reliable Stockpile Planned and Encouraged; NNSA Head Adjusts Profits Up For Contractors After Poor Performance; Greater Federal Oversight of Taxpayers' Money Needed

The National Nuclear Security Administration (NNSA) has recently released fiscal year 2012 Performance Evaluation Reports on its contractors at its eight nuclear weapons sites,¹ following Nuclear Watch New Mexico's successful lawsuit for its FY 2011 Reports. These assessments are the scorecards for Performance Evaluation Plans negotiated between the government and its nuclear weapons contractors, which awards the contractors hundreds of millions of taxpayers' dollars. Public access to these reports is of increasing importance as federal oversight is being continuously diminished. The trend of soaring contractor profits coupled with decreasing accountability should be reversed, especially given sequester budget cuts that will further handicap federal oversight.

The Need for Greater Federal Oversight of NNSA Contractors

In June 2012 the House Energy and Commerce Committee issued a press release entitled "Committee to Examine Eroding Oversight at Nation's Most Critical Nuclear Sites - "Hands Off, Eyes On" Approach Raises Bipartisan Concerns." It stated:

The Committee on Energy and Commerce has focused significant time and attention overseeing the correction of significant safety and security problems experienced in recent years at several of NNSA's nuclear sites. In reports requested by this Committee on safety and security problems at Los Alamos and Lawrence Livermore National Laboratories, for example, GAO has repeatedly documented weaknesses in those sites' performance self-assessment programs. These GAO findings call into question the basis for CAS implementation: that

¹ The eight NNSA nuclear weapons sites are the Los Alamos National Laboratory in northern New Mexico; the Sandia National Laboratories in NM and CA; the Lawrence Livermore National Laboratory in CA; the Nevada National Security Site (formerly the Nevada Test Site); and the four production plants: the Kansas City Plant for nonnuclear components; the Savannah River Site near Aiken, SC for the radioactive gas tritium used to "boost" nuclear weapons; the Y-12 Plant near Oak Ridge, TN, for nuclear weapons secondaries (which put the "H" in H-bomb); and the Pantex Plant for final nuclear weapons assembly near Amarillo, TX.

contractors conduct self-assessments that provide the objective performance information on which the government should rely to make performance determinations worth hundreds of millions of dollars annually.”

The committee leaders continued, “NNSA’s Office of the Administrator is currently conducting a review of NNSA’s Federal workforce planned for completion in December 2013 that may recommend further reduction of its Federal workforce. It is the Committee’s perspective that any planned reduction in force must be supported by thorough analysis of oversight needs and capabilities to ensure that even with a smaller workforce NNSA can adequately assure the performance of its contractors.²

The Committee then directed the Government Accountability Office (GAO) to report on the effective of NNSA’s contractor assurance system. In September 2012 the GAO testified to Congress:

A basic tenet of effective management is the ability to complete projects on time and within budget. For more than a decade and in numerous reports, we have found that NNSA has continued to experience significant cost and schedule overruns on its major projects, principally because of ineffective oversight and poor contractor management³... As discussed above, NNSA remains on our high-risk list as vulnerable to fraud, waste, abuse, and mismanagement.... we agree that excessive oversight and micromanagement of contractors’ activities is not an efficient use of scarce federal resources. Nevertheless, in our view, **the problems we continue to identify in the nuclear security enterprise are not caused by excessive oversight, but instead result from ineffective oversight**... As NNSA is proposing to spend decades and tens of billions of dollars to modernize the nuclear security enterprise, Congress and the American taxpayer have the right to know whether investments made in the nuclear security enterprise are worth the cost.⁴

The concern that there be an adequate federal workforce to effectively oversee NNSA contractors is even more urgent now that sequestration cuts are beginning to take place. Federal oversight is already going in the wrong direction, where the existing “contractor assurance system” consists of the contractors self-assessing themselves subject to the approval of an already stretched-thin federal work force.

² <http://energycommerce.house.gov/press-release/committee-examine-eroding-oversight-nations-most-critical-nuclear-sites>

³ GAO then lists the damning litany of NNSA cost overruns, which include the ~\$7 billion National Ignition Facility (originally ~\$1 billion), the \$10B B61 Life Extension Program (originally ~\$4 billion), the ~\$6 billion MOX Fuel Fabrication Facility (originally ~\$2 billion), the \$6 billion Chemistry and Metallurgy Research Replacement Project (originally ~\$660 million), and the ~\$7 billion Uranium Processing Facility (originally ~\$660 million).

⁴ *MODERNIZING THE NUCLEAR SECURITY ENTERPRISE Observations on the National Nuclear Security Administration’s Oversight of Safety, Security, and Project Management*, GAO-12-912T, September 2012, <http://www.gao.gov/assets/600/592772.pdf>. Bolded emphasis added.

The Department of Energy's own Inspector General has very recently issued a damning report on NNSA's contractor assurance system, concluding

Despite at least 5 years of effort, NNSA and its support offices and site contractors had not yet implemented fully functional and effective contractor assurance systems. During recent Office of Inspector General reviews, we identified significant implementation issues that adversely affected NNSA's ability to deploy an effective contractor governance system. Specifically:

- The contractor governance system was rendered ineffective by what Federal site level officials referred to as an "eyes on, hands off" approach to contract management. Most troubling, while Federal employees knew of problems at the contractor level, they perceived that the contractor governance approach prohibited them from intervening in contractor activities...

NNSA has placed substantial reliance on its contractors' ability and willingness to identify and correct weaknesses that threaten the safe, secure, effective and efficient operation of the Department's national security facilities. Our findings suggest that this reliance may be unwarranted.

The efficacy of contractor assurance systems in improving contractor performance is, in our view, highly dependent on well defined metrics and a transparent relationship between metrics in contractor assurance systems and performance evaluation plans. These elements, functioning together, are essential to a credible pay-for-performance regime; that is, reward excellence in contractor performance and penalize poor performance.⁵

The sad fact is that NNSA is not always penalizing poor performance. To the contrary, in two very notable cases involving the FY 2012 Performance Evaluation Reports NNSA HQ overrode local NNSA Site Offices and granted one waiver and one adjustment that resulted in higher contractor profits and contract extensions.

Despite chronic cost overruns NNSA gave the Los Alamos contractor a waiver and contract extension. Los Alamos National Security (LANS), LLC, the limited liability corporation that manages the Los Alamos National Laboratory (LANL), received only 68% of its possible at-risk award fee of \$46.5 million (which is in addition to the fix fee of \$27.9 million). NNSA docked LANS primarily because of cost overruns that ballooned a security project from \$213 million to \$254 million. Earning at least 80% of the at-risk incentive award fee is the threshold for eligibility to receive a one-year contract extension, which the NNSA Los Alamos Site Office therefore declined to grant. However, the top NNSA award determining official, who is now acting NNSA Administrator Neile Miller, overrode that and granted LANS a one-time waiver, extending LANS' contract through FY 2018.

⁵ Audit Report, National Nuclear Security Administration Contractor Governance, DOE/IG-0881, February 2013, <http://energy.gov/sites/prod/files/IG-0881.pdf>

Lawrence Livermore National Security, LLC, the private contractor managing the Lawrence Livermore National Laboratory (LLNL), earned 78% of its available at-risk incentive fee, still short of the gateway of 80%. However, acting NNSA Administrator Neile Miller overrode that too, adjusting the award fee upwards, giving the lab contractor an extra \$541,527 to help it meet the 80% mark and extending the management contract another year.

Those decisions have been strongly criticized by a senior Government Accountability Office official. According to a recent article by the Nuclear Weapons Materials and Complex Monitor:

GAO Assistant Director Allison Bawden said the “inconsistent” administration of the laboratory contracts raises questions... Bawden suggested that the inconsistent administration of contract incentives could lead companies to “cherry-pick” certain incentives it feels are worth achieving and “counting on the fee determining official to see its wisdom” could erode the ability of field managers to make tough decisions. “What kind of message do these actions send to potential bidders on future M&O contracts? Will they take the contract structures as seriously?” Bawden said.

Neither Los Alamos National Security, LLC (LANS), or Lawrence Livermore National Security, LLC (LLNS), earned enough at-risk fee to meet the 80 percent award term threshold on its Fiscal Year 2012 Performance Evaluation Reviews, with Livermore earning 78 percent of the fee and Los Alamos earning 68 percent. Acting NNSA Administrator Neile Miller, then the agency’s Principal Deputy Administrator and Fee Determining Official, adjusted Livermore’s fee in December, giving the lab contractor an extra \$541,527 to help it meet the 80 percent mark, and waived the requirement for LANS in recognition of the progress the lab had made in recovering from a delayed security upgrade project.

Miller previously told NW&M Monitor that the latitude provided to the Fee Determining Official allows her to take a broad view of the lab’s performance. Each of the labs met five award-term measures needed to trigger the extensions, but fell short in at-risk fee. “That is the flexibility I have as a Fee Determining Official and I believe when I do those determinations I’m taking into account not only what has gone on specifically that the site manager is referring to but sort of bigger picture and strategic objectives that NNSA has at that given site, and I have the fee that I determine reflect that,” Miller said.

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⁶ “GAO scolds NNSA for LANL and LLNL contract extensions,” Nuclear Weapons Materials and Complex Monitor, <http://llnlthetruestory.blogspot.com/2013/03/gao-scolds-nnsa-for-lanl-and-llnl.html>

Prior to moving to NNSA Neile Miller served from 2004 to 2007 as a Senior Program Examiner for NNSA programs in the Office of Management and Budget (OMB). Her duties would have included ensuring that NNSA applied with applicable laws, amongst them the Anti-Deficiency Act that prohibits the executive branch from spending taxpayers' money without Congress appropriating for it. During her time at OMB that Office reportedly granted a waiver to proceed with construction of a new privately financed Kansas City Plant that NNSA would occupy under an "operating lease."

According to the Government Accountability Office (GAO):

An operating lease is a lease that meets six criteria listed in the scorekeeping guidelines in OMB Circular A-11, app. A. Specifically,

(1) ownership of the asset remains with the lessor during the term of the lease and is not transferred to the government at or shortly after the end of the lease term;

(2) the lease does not contain a bargain-price purchase option;

(3) the lease term does not exceed 75 percent of the estimated economic life of the asset;

(4) the asset is a general purpose asset, it is not for a special purpose of the government, and it is not built to the unique specifications of the government lessee;

(5) there is a private sector market for the asset; and

(6) the present value of the minimum lease payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the beginning of the lease term.⁷

The Kansas City Plant will manufacture and/or procure 80% of all new U.S. nuclear weapons components. It is difficult to imagine that NNSA's "operating lease" could possibly meet these criteria, especially (4) "... not built to the unique specifications of the government lessee," hence the need for a possible OMB waiver.

To all honesty, Nuclear Watch New Mexico cannot document in writing that an OMB waiver for the Kansas City Plant exists, and even if it does that Neile Miller played a role in it. However, that possibility should be investigated, especially given Miller's documented waiver for LANS, LLC and adjustment for LLNS, LLC in their Performance Evaluation Reports. What is clear is that stronger federal oversight needs to be exercised over NNSA contractors, and the example set to date by now Acting NNSA Administrator Neile Miller runs counter to that.

To again quote the DOE Inspector General:

The efficacy of contractor assurance systems in improving contractor performance is, in our view, highly dependent on well defined metrics and a transparent relationship between metrics in contractor assurance systems and performance evaluation plans. These elements, functioning together, are

⁷ *NNSA Needs to Better Manage Risks Associated with Modernization of the Kansas City Plant*, GAO-10-115, October 2009, page 6, <http://www.gao.gov/assets/300/297129.pdf>

essential to a credible pay-for-performance regime; that is, reward excellence in contractor performance and penalize poor performance.⁸

But here again the NNSA is going in exactly the wrong direction. In the name of more “cooperative” relationships with its contractors NNSA has stripped evaluation benchmarks from its Performance Evaluation Plans, which the Performance Evaluation Report score. For example, the FY 2012 Los Alamos Lab Plan was 88-pages long with specific benchmarks, but the Lab’s FY 2013 Plan is only nine pages with very general and vague benchmarks such as “Demonstrate effective operations and implementation of policy for mission success.” A nuclear weapons contractor should get paid millions of taxpayers’ dollars for meeting a goal as amorphous as that? Where is the accountability?

Sandia Lab has even stated

Fundamental to the new PEP [Performance Evaluation Plan] are the ideas of trust, transparency, and accountability, Matt says. Whereas previously the PEP model included detailed performance measures and targets prescribed by the government to assess the Labs’ performance, **the performance objectives in the new PEP are unconstrained by measures.** The idea, says Matt, is to promote an “eyes- on/hands-off” approach to oversight and performance evaluation.⁹

We maintain that nuclear weapons contractors indeed have to be constrained by concrete evaluation benchmarks that they have to measure up to in order to get paid. The contractors’ chronic, excessive cost overruns and security infractions are more than ample evidence that federal oversight needs to be strengthened and not diminished. No money for nothing and no federal “eyes- on/hands-off” for free!

“Multi-Site Initiatives”: Untested Changes to Reliable Stockpile Planned and Encouraged

Common to all sites are “Multi-Site Initiatives,” as illustrated here by an excerpt from the FY 2012 LANL Performance Evaluation Report.

⁸ Audit Report, National Nuclear Security Administration Contractor Governance, DOE/IG-0881, February 2013, <http://energy.gov/sites/prod/files/IG-0881.pdf>

⁹ “New Performance Evaluation Plan marks maturation of Sandia/NNSA relationship,” Sandia Lab News, July 30, 2010, page 5, <http://www.sandia.gov/LabNews/ln073010/labnews073010.pdf>. Bolded emphasis added.

PBI 1: Multi-Site Initiatives		AVAILABLE FEE	AWARDED FEE
		\$4,656,091	\$4,306,885 93%
		MULTI-SITE	MULTI-SITE
1.1.1	Execute the Surveillance Program	\$698,414	\$698,414
1.1.2	Ensure W76-1 LEP Production	\$698,414	\$698,414
1.1.3	FY12 B61 LEP Phase 6.3 Development	\$698,414	\$698,414
1.1.4	Conduct Phase 6.X Activities for the W78 LEP	\$349,205	\$349,205
1.2.1	NIF	\$349,206	\$0
1.2.2	Key Experiments and Modeling	\$698,414	\$698,414
1.2.3	Subcritical Experiment at U1a	\$698,414	\$698,414
1.3.1	Cumulative Cost Savings	\$465,610	\$465,610
		\$4,656,091	\$4,306,885

Here we concentrate on the LEPs (Life Extension Programs), which as proposed will intentionally and increasingly introduce major changes to existing nuclear weapons while also arguably endowing them with new military capabilities.

So-called modernization of the U.S. stockpile involves increasingly aggressive Life Extension Programs that prolong the service lives of existing nuclear weapons 30 years or more. LEPs and/or other modifications also provide existing nuclear weapons with new military capabilities, which generally involve substituting lower yield nuclear weapons for higher yield weapons. Two past examples are: 1) a 1997 modification of the B61 bomb into a 350 kiloton earth-penetrator, taking over the mission of the 9 megaton B53 surface-burst bomb to destroy hardened, deeply buried targets; and 2) the current LEP for the sub-launched W76 Trident warhead, retrofitting it with a new-design fuze that is believed capable of selecting more precise heights-of-burst. In combination with increased warhead accuracy, this gives the 100-kiloton W76 the hard target kill capability of the more powerful 450-kiloton W88 Trident warhead. [For perspective's sake, the Hiroshima and Nagasaki atomic bombs were ~16 and ~21 kilotons respectively, together instantly killing at least 130,000 people.]

As a case in point for the need to preserve the tested pedigree of the stockpile, the new-design fuze for the W76 (in part responsible for its new military capability) had initial design problems that delayed start up of its Life Extension Program. Future LEPs could be even more aggressive, with the B61 LEP proposed to consolidate four different modifications into one new B61-12. Initially the nuclear weapons labs were proposing to use new technologies such as optical detonators, which congressional appropriators rejected as both unproven and too costly.

Another case in point is a proposed joint warhead replacing both the W78 ICBM warhead and the sub-launched W88 while using the plutonium pit core of yet a third type of warhead. This inevitably raises the question of at what point does a reputedly refurbished nuclear weapon become a "new" weapon, directly contradicting officially declared policy and creating a terrible proliferation example.

And at what point do cumulative changes to existing nuclear weapons erode confidence in their reliability? Simple logic dictates that the last thing we should do is intentionally introduce unnecessary major changes to our tested, reliable stockpile. An ongoing series of studies have demonstrated that the critical plutonium pit components have far longer reliable service lives than initially thought. The 1,000's of nonnuclear components that go

into a nuclear weapon can be routinely laboratory tested. We believe that all of this argues for a conservative “curatorship” approach to maintaining existing nuclear weapons, one that avoids both unnecessary risk and expense.

But that conservative approach would be of little profit to the nuclear weapons contractors. For example, Los Alamos National Security, LLC was awarded ~\$1.7 million dollars beyond costs in FY 2012 to pursue Life Extension Programs at LANL. In this way we may be perversely incentivizing the undermining of our own national security by paying contractors profits to change our reliable, tested nuclear weapons.

Some Highlights of Site-Specific Performance Evaluation Reports

Los Alamos National Laboratory

“Despite significant progress and achievements on many fronts, LANL experienced two significant operational disruptions during FY2012. The first involved the declaration of an Operational Emergency resulting from accidental spread of Tc-99 Radioactive Materials from the Los Alamos Neutron Science Experimental Facility (LANSCE) in August. The second involved the inability to complete construction of the Nuclear Materials Safeguards and Security, Phase II line item construction project. “

“Poor management of construction projects, inadequate cost tracking and management, inadequate management of subcontractors, and inconsistent delivery of projects on time and within budget....” NNSA gave LANL project management the low grade of just “satisfactory.”

NNSA declined to give LANL any monetary award for nuclear safety improvements and improved fire protection, which clearly indicates the need for improvements.

As already stated, LANL missed the gateway of winning 80% of its at-risk incentive fees, but was granted a waiver by now Acting NNSA Administrator Neile Miller that gave its contractor a lucrative one-year contract extension. In all LANS, LLC was awarded \$59,574,064, or 80% of total available fees of \$74,510,494.

Lawrence Livermore National Laboratory

The Livermore Lab’s flagship National Ignition Facility (NIF) is now costing up to \$7 billion, but has failed to produce promised results. Livermore management has repeatedly pushed the goalposts of nuclear fusion ignition into the future, and Congress is growing increasingly skeptical. Without achieving ignition NIF (and by extension the Livermore Lab) will be of decreasing relevance to its funding base, which is NNSA’s nuclear weapons programs.

The LLNL Performance Evaluation Report has one tantalizing clause “the Contractor did not work effectively across its internal stovepipes of ICF, Science, and Weapons to communicate and resolve the discrepancies of the ICF codes not predicting reality in the implosions.” The National Ignition Facility is the biggest single component of NNSA Inertial Confinement Fusion Program. What this may mean is that what limited data NIF does now obtain are not matching the empirical data collected in explosive tests, and hence of dubious worth to Stockpile Stewardship.

The potential significance of this may be hard to overstate. Tom D’Agostino, former NNSA Administrator from 2007 to 2012, told NukeWatch NM in a face-to-face meeting (circa 2008) that the National Ignition Facility was absolutely essential to future ratification of the Comprehensive Test Ban Treaty. In 2012 a staff member of the House Armed Services

Committee told us that many people like himself would want to return to full-scale nuclear weapons testing in the event that NIF fails to achieve ignition.

Therefore beyond being just an issue of contractor performance we need a clear idea of whether the National Ignition Facility is essential to Stockpile Stewardship or not (and more narrowly whether it can ever have adequate predictive capability for nuclear weapons codes). A number of prominent nuclear weapons scientists, for example Edward Teller, Seymour Sack and Bob Peurifoy, have long been on congressional record that NIF will have little if any relevance to maintaining the nuclear weapons stockpile. They appear to be increasingly vindicated, and Congress should begin to consider pulling the plug on NIF.

The Livermore Performance Evaluation Report also cryptically notes, “Eliminated all NIF special allocations, e.g. SCAP [Self-Constructed Asset Pool] rates, and submitted a revised disclosure statement that corrected other potential Cost Accounting Standards (CAS) non-compliances.” Those SCAP rates gave the National Ignition Facility exclusively low general and administrative costs and site support and management fee rates, thus giving it special advantage and hiding NIF’s true costs at the expense of other Livermore programs.

According to a report by the NNSA Office of Field Financial Management that practice even violated Public Law 100-679 *Cost Accounting Standards*. Nevertheless the LLNL PER describes stopping this illegal activity as a “Notable Achievement” for which the Lab contractor was paid! This is an egregious example of where a nuclear weapons contractor should have been held truly accountable and prosecuted instead of being monetarily rewarded.

Finally it should be noted that despite NIF’s colossal failure Lawrence Livermore National Security, LLC was still awarded \$44,555,181, 88% of its total available fee of \$50,506,024.

The Y-12 Plant

In the Y-12 Site Performance Evaluation Report NNSA judged the contractor Babcock and Wilcox’s work on design of the future Uranium Processing Facility (UPF) to be “Unsatisfactory,” as follows:

The engineering plan delivered on October 19, reported a TPC [total project cost] cost impact of \$539M and 13 month impact to the overall project schedule as a result of the Space/Fit issue, effectively using 45% of the NNSA contingency established during CD [Critical Decision]-1 Reaffirmation in April.

This refers to the fact that not all of the planned uranium processing equipment for new nuclear weapons components production was going to fit into the Uranium Processing Facility after Babcock and Wilcox already spent nearly a half-billion dollars on design. Like many NNSA projects, the UPF has exploded in estimated costs, in this case from an original \$600 million to \$7 billion or more. It is also eating up just short of half of the project’s contingency funds even before ground is broken.

The biggest news was that three Plowshares protesters cut through four fences at the Y-12 National Security Complex and spray-painted messages and splashed human blood on the walls of the uranium storage building before they were detained by security guards. According to the Y-12 PER, "As a result of the July security incident, B&W Y-12 lost a total of \$12.2 million in award fee, which includes 100% of their possible security-related fee and a negative overall management fee adjustment of \$10 million." This security breach has become a seminal event, which may perhaps reverse the decline of federal oversight of nuclear weapons contractors.

In all, NNSA penalized B&W Y-12 fairly heavily, awarding it only \$35,862,741, 59% of its available fee of \$60,863,521. Not directly related to B&W's troubles, NNSA was already in the process of combining Y-12's management contract with the management contract for the Pantex Plant, which it subsequently awarded to a new super team of Bechtel and Lockheed Martin Corporations. Bechtel is already involved in the Los Alamos and Lawrence Livermore Labs, while Lockheed Martin currently runs Sandia. The latter contract is up for competition in September 2013. We wonder if a Bechtel-Lockheed Martin team would bid for that, which would really begin to monopolize NNSA's nuclear weapons complex.

Kansas City Plant

Kansas City Plant was given 97% of award fees, yet its reported errors may cost taxpayers billions. Exploding costs for the B61 Life Extension became highly controversial as the program mushroomed from an original estimate of \$4 billion to more than \$10 billion, despite the fact that the scope of work was reduced. NNSA put much of the blame on Honeywell, the Kansas City Plant contractor, reporting that "....system validation gaps resulted in a significant cost estimation error in the B61 Life Extension Program Weapon Design Cost Report... the magnitude and potential impact of the error was of significant concern."

But oddly the design agencies Los Alamos, Lawrence Livermore and Sandia National Laboratories all received "excellent" awards for bringing the B61 LEP cost study in on schedule. No mention is made in their Performance Evaluation Reports of the explosive growth in estimated costs which if implemented would result in the bombs costing more than their weight in gold.

Sandia National Laboratories

Sandia Lab received 97.5 % of available award, the highest of any contractor (slightly beating out Honeywell at the Kansas City Plant). This was primarily due to its aggressive schedule in Life Extension Programs feasibility studies and plutonium shots at its Z machine (which unlike the National Ignition Facility is of growing relevancy to NNSA's nuclear weapons programs). In terms of FY 2013 money requested, Sandia's nuclear weapons programs at \$1.435 billion are now considerably larger than that of the Los Alamos and Lawrence Livermore National Laboratories (\$1.3 billion and \$987.5 million respectively). This is primarily due to Sandia's leading role in Life Extension Programs.

Meanwhile, a potential water violation could be tied to the huge Kirtland AFB fuel leak. According to Sandia Lab's FY 2012 Performance Evaluation Report:

...the New Mexico Environment Department performed a Safe Drinking Water Act inspection in June and indicated a potential violation. The significance of the potential violation has yet to be determined as it is now associated with the Kirtland Air Force Base underground fuel leak and has been elevated to the Environmental Protection Agency (EPA).

Kirtland AFB has leaked up to an estimated 24 million gallons of jet fuel, directly threatening the City of Albuquerque's groundwater drinking supply. Sandia is located on Kirtland, and any association to the Air Force's huge fuel leak could have serious implications for the Lab as well.

- End of Highlights -

Recommendations

NNSA had been withholding its Performance Evaluation Plans and Reports from public release until Nuclear Watch New Mexico successfully sued to obtain them. Following that, Congress passed the FY 2013 National Defense Authorization Act that requires NNSA to publicly release future Performance Evaluation Plans and Reports.

- Congress needs to go a step further and require NNSA to hold contractors accountable to concrete evaluation measures set forth in comprehensive Performance Evaluation Plans. Reverting back to the formats of the FY 2012 Plans would be a good start.
- But at the same time Congress should also require that both Performance Evaluation Plans and Reports are standardized across the nuclear weapons complex for all sites.
- Waivers and/or adjustments to the findings of Performance Evaluation Reports need to be fully explained and justified in writing by the NNSA Fee Determining Official.
- Contractor fees as percentages of sites' total institutional budgets vary widely. That too should be standardized with the aim of saving taxpayers' money.
- Irregular accounting practices that unduly favor any particular program should be investigated and prosecuted as merited.
- The time to bring an end to excessive, chronic cost overruns is long overdue. Congress should prohibit "design-builds" and insist that project construction begin only when 90% design is certified to be complete with credible cost estimates. Contractors should be heavily penalized for cost overruns.
- As the nation begins to face sequestration cuts Congress should find the courage and political will to pull the plug on exorbitant failed projects, such as the National Ignition Facility and the MOX Fuel Fabrication Facility.
- Untested changes to existing nuclear weapons should be rigorously avoided, while scrupulous surveillance and maintenance (which primarily involves the well-understood replacement of limited life components) should be the primary focus.
- The creation of new military capabilities for existing nuclear weapons should be unambiguously prohibited.

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Please go to <http://www.nukewatch.org/PERs-PEPs.html> for our press release on NNSA's FY 2012 Performance Evaluation Reports, this Analysis and Conclusions, past and present Performance Evaluation Plans Reports, and some relevant Congressional and Government Accountability Office documents.