

Statement of Dennis R. Ruddy

President and General Manager, BWXT Pantex

Before the

U.S. Senate Armed Services Committee

Subcommittee on Strategic Forces

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Mr. Chairman, I respectfully request that my written testimony be included in the record.

My name is Dennis Ruddy. I am President and General Manager of BWXT Pantex, which manages the National Nuclear Security Administration's Pantex Plant near Amarillo, Texas.

Since BWXT Pantex assumed operations of the plant a little more than a year ago, we have made significant progress in fulfilling the site's important national security missions:

- Evaluate, retrofit and repair weapons in support of both life extension programs and certification of weapon safety and reliability;
- Dismantle weapons that are surplus to the strategic stockpile;
- Sanitize components from dismantled weapons;
- Develop, test and fabricate chemical and explosive components; and
- Provide interim storage and surveillance of plutonium components.

BWXT Pantex is preparing to accomplish future work that will provide a safe and reliable nuclear weapons stockpile for many years to come. That preparation involves improving our infrastructure and technology within a new security environment to ensure our ability to meet Stockpile Life Extension Program objectives.

I believe we all recognize the challenge of providing for the security of our facilities and our personnel in the wake of the events of September 11, 2001. Immediately after the tragic events of that day, we implemented a contingency plan to ensure the security of the site and our personnel. Since that time, we have enhanced security in a wide variety of areas. We increased security patrols around the site, tightened our requirements to access the facility, improved our physical security systems and replaced equipment that was beginning to show its age. While our workforce, and particularly our security force, has responded admirably, these enhancements have not come without costs. This fiscal year, more than \$16 million in supplemental funding has been given to Pantex to cover these expenses. This amount is over and above the \$68 million originally earmarked for Pantex security.

Much of this funding has been used to cover overtime for our security force. Before September 11, our security guards normally worked 12 hours a day, on four consecutive days. Then, they had four days off. Since September 11, they have worked six consecutive 12-hour days, then been given two days off. In order to meet the NNSA's new security requirements, reduce our overtime, and put our guards back on a more reasonable work schedule, we established a target to hire 140 additional security officers by the end of this fiscal year. Through operational efficiencies and other security enhancements, we are seeking to reduce this new staffing to 109 additional officers. Either number will be a significant increase in security personnel compared to our staffing before the terrorist attacks. In addition to personnel additions, we are currently considering other security enhancements and their associated costs. In order to develop these security improvements

and retain our new personnel, permanent increases in security funding will have to be made a priority.

Despite the increased attention that we have given to security, our mission to support Stockpile Stewardship remains our primary focus. The nation still depends on a reliable nuclear deterrent to protect our country and our allies, and BWXT Pantex is committed to safely providing weapons of the highest quality to our customer. As we look ahead, we see that the majority of our weapons dismantlement workload will be complete by 2008. Our weapons evaluation workload remains steady for the foreseeable future. Beginning in 2005, we are planning for a surge in work to support the Stockpile Life Extension Program (SLEP) effort. The additional SLEP workload will involve modifications to nine weapon systems and will bring with it additional evaluation requirements.

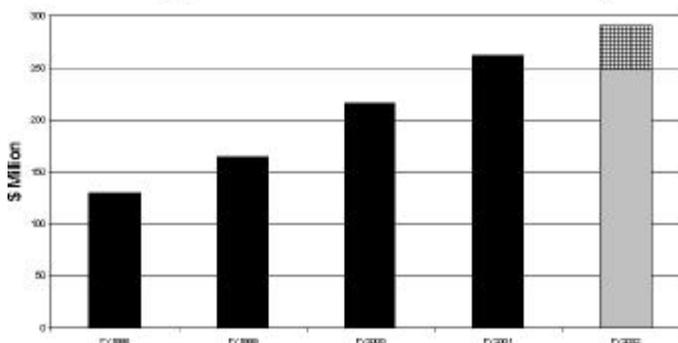
Unfortunately, projected budgets in FY2003 through FY2007 do not currently correspond with our projected workload. Beginning in FY2005, we see a \$12 million to \$16 million per year difference between our budget needs and the NNSA's Future Years Nuclear Security Program (FYNSP) funding targets for weapons work. The FYNSP targets in the Campaigns area are \$2 million to \$7 million per year less than needed beginning in FY2003, a shortfall that impacts technology developments necessary to complete SLEP work. However, the largest reductions are seen in the Readiness in Technical Base and Facilities (RTBF) area. Beginning in FY2004, shortages ranging from \$32 million to \$42 million each year will severely impact our ability to meet NNSA workload needs.

Although much of the budget shortfall is seen in later years, we have particular concern over the effect of Campaigns and RTBF funding in FY2003 and FY2004 on SLEP work. As you know, the military is depending on SLEP to provide a safe, secure nuclear deterrent for many years to come. We see that reductions in Campaigns and RTBF funding in FY2003 and FY2004 will delay or eliminate technological and facility improvements needed to implement the SLEP schedule on time.

As I have testified to this group before, we have significant infrastructure needs at Pantex. I am happy to report that thanks to the increased funding that we have received, we have made progress in improving our infrastructure. The FY2001 plus-up and supplemental funding of approximately \$15 million allowed us to make some roof repairs to prevent leaks in weapons production facilities and replace some aging equipment necessary for our work. In FY2002, we are receiving \$22 million in Facilities and Infrastructure Recapitalization Program (FIRP) funds and a plus-up of at least \$20 million. These monies will be carefully used to make additional roof repairs, replace obsolete fire alarm systems and carry out much-needed maintenance in a wide variety of areas.

Still, there is much to be done. We had a \$218 million backlog in infrastructure needs in FY2000. That number increased to \$262

Figure 1: Deferred Maintenance Baseline



million in FY2001. The FIRP funds mentioned earlier will allow the FY2002 infrastructure backlog to decrease to approximately \$248 million. (See Figure 1.) As this chart shows, we have turned the corner and are beginning to decrease the deferred maintenance backlog. While we are spending our infrastructure funds on the highest-priority items, the fact remains that more than 50 percent of the plant's square footage is over 25 years old. Many building elements are at the end of their service life and require restoration. We cannot meet the future infrastructure requirements of the Stockpile Stewardship Program without continued expenditures to keep our facilities in the condition necessary for high-quality, safe nuclear weapons work.

Another key factor in our ability to support Stockpile Stewardship in the long term is the recruiting and retention of employees with critical skills. BWXT Pantex has taken a proactive approach to recruiting, retaining and developing the critical skills necessary to accomplish future weapons work. We have identified the critical skills in engineering, science and other areas necessary for us to maintain and grow our technical basis for weapons work. Of the 1,174 positions we consider to be critical, we have only 78 vacancies. This is an improvement over the 200 critical skill vacancies we had one year ago. In addition to outside hiring, we have initiated two new programs to develop our employees from within. Late last year, BWXT Pantex announced the development of an Engineering Graduate Studies Program in conjunction with Texas Tech University, West Texas A&M University and the Amarillo Economic Development Corporation. This program is allowing our employees and other workers in the community to earn advanced engineering degrees locally. We also worked with West Texas A&M to develop an Employee MBA program to allow our workers to receive advanced instruction in business. Both of these programs have been very well received by our employees and will provide us with a higher quality workforce in the years to come. As long as our budgets remain stable, we will be able to offer a working environment that helps attract and retain people with the key skills that we need.

As our workload at Pantex increases, so does the amount of oversight at our plant and other sites around the Complex. While we recognize and agree with the need for independent evaluation of our results, the growing oversight into our processes and activities detracts from the attention we are able to give to the day-to-day work that the NNSA requires of us. In this fiscal year alone, we have already had 25 audits from the Inspector General, DOE/NNSA, General Accounting Office and the Defense Nuclear Facilities Safety Board. This trend is sharply up from FY2000 and FY2001.

Looking to the future, we believe that positive gains will be realized as the reorganization of the NNSA continues. A streamlined path of communication will improve our business and make us more agile in responding to requests. The ability of NNSA to use its resources to better support the sites will increase efficiency. Movement of more decision-making responsibility to the field offices will also lead to more efficient operations. We fully support these changes and look forward to the reorganization being implemented as soon as possible.

As I said at the outset, BWXT Pantex is laying the groundwork for important Stockpile Stewardship work to extend the life of our nuclear weapons stockpile. Improvements in technology and infrastructure will prepare the site to meet NNSA's Stockpile Life Extension Program goals. In the interim, we will work with NNSA and Congress to address the challenges that we currently face.

Mr. Chairman, thank you for the opportunity to present these views to you today. I look forward to continuing to work with you and the members of this committee to ensure the safety and reliability of the stockpile in the future. I will be happy to answer any questions the Committee may have.