

# UPF UPDATE

APRIL 2014

IT'S OFFICIAL: PROJECT FAILING  
IN EVERY CONCEIVABLE WAY

## IT'S NOT ANY ONE THING; IT'S EVERYTHING.

That is the upshot of the most recent report from the Government Accountability Office. The GAO has been reporting on the UPF since its earliest days, identifying successes and failures as the project has moved forward, stalled, moved backward, hit the reset button, and foundered.

The most recent attempt to salvage the project is a measure of the desperate straits of the UPF. A secret "Red Team," hastily assembled by the National Nuclear Security Administration, did a six-week blitz review of the UPF project and is expected to repackage the previously announced "three Phase" project as a "modular approach" to building the UPF.

The Red Team submitted its report on April 15, but NNSA has so far refused to let the public see even so much as an Executive Summary.

Enter the GAO, tasked by Congress with assembling quarterly reports on the UPF.

### PROBLEMS PERSIST

For anyone who might be interested in figuring out exactly how the UPF Project has wasted a billion dollars and has virtually nothing to show for it, the GAO report provides remarkable insights.

The report is ostensibly a look at the innovative technologies planned for the UPF, but the chief insight in the report is deeper—the management problems that lie behind the billion dollar UPF failure have not been corrected. In fact, they not only haven't gotten better, they have gotten worse. They persist, and they plague virtually every aspect of the project.

Among other things a perceptive reader will find in the report:

- Management has failed to "adequately address" two of the key findings made by the GAO four years ago.

1] NNSA refuses to use industry best practices which require technology development to Readiness Level 7 before incorporating technology into designs—in other words, they are making irreversible commitments to the design of the building without knowing if the stuff they

are designing it for will work.

2] Management refuses to provide any reality-based cost or schedule performance baselines to Congress.

- Management can't seem to tell a cart from a horse. Plan after plan (each costing hundreds of millions of dollars) has been prepared for the UPF despite the fact that key pieces of information about technology needs—whether

the technology will work, whether it can be used safely, how much space equipment will require, how much utility infrastructure will be needed—remain unknown.

- Management has painted an overly-rosy picture of its capacity and progress—an independent assessment of the "readiness" of new technologies found NNSA inflated the readiness assessment level for six of the nine technologies under development. Taken with NNSA's persistent low-balling of the cost estimates for the UPF, it is clear that management has consistently misled Congress about the UPF Project

- Management does not recognize these persistent failures as problems at all. Despite the disastrous results—a now abandoned \$500million design plan that was too small for the equipment, and a second \$500million plan NNSA is backing away from—NNSA's current plan

is to repeat the failed process.

### NOT NEWS—STILL IMPORTANT

When NNSA first decided to leap-frog over some fundamental questions, like "Will this technology work?" and to compress DOE's usual planning process by combining critical decision points, and to gloss over safety concerns and ignore requirements to integrate safety

into the plans from the ground up, and to throw its hands up in the air when asked for legitimate cost projections, a number of agencies and organizations raised red flags. The Defense Nuclear Facilities Safety Board, the GAO, the Office of Health, Safety and Security, the Inspector General's Office, the Project on Government Oversight, the Alliance for Nuclear Accountability and the Oak Ridge Environmental Peace Alliance all went on the record with concerns. But no

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VATISM OUT THE  
WINDOW.

one could prove in advance the NNSA scheme was a recipe for failure.

The time for speculation has passed. We now know every one of those decisions was a mistake—they've cost at least a billion dollars, dramatically crippled the original UPF vision, and created a schedule crisis for the NNSA in Oak Ridge. The existing Uranium processing facilities cannot continue to operate safely for the dozen years it will take to build the UPF. Find-

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ing an interim solution will require hundreds of millions of dollars and significant compromises on safety. It will also delay action on construction of a facility the United States will actually need in 2030—a facility to dismantle the thousands of thermonuclear warheads retired from the US stockpile.

The latest GAO report reveals a team—NNSA and contractors—and a culture that are oblivious to the breadth and depth of their problems. Despite repeated failures, they continue to employ the same management practices and expect a different outcome. The new UPF is being designed around technology that does not exist or has not been proven to work. Safety questions are being deferred. Cost estimates are pulled out of thin air. Industry-standard planning practices are being modified in ways that undercut their very purpose.

## NO INCENTIVE TO CHANGE

At this point it is impossible to imagine NNSA reforming itself; it lives in a culture of management incompetence which permeates every major project NNSA undertakes. The UPF is only the latest and perhaps the most glaring example. NNSA's idea of taking responsibility is to congratulate itself for identifying its problems after wasting only half a billion dollars.

And why should NNSA reform? To date, Congress has let the NNSA get away with it. Money continues to be shoveled at the UPF even when it has no project plan—\$300 million this year and \$335 slated for next year. There is no incentive at all to change its way of doing business: Congress didn't even hold hearings on the \$500 million UPF space/fit fiasco.

Tennessee Senator Lamar Alexander, nominally a conservative Republican, is the single most responsible member of Congress for this ongoing boondoggle. The UPF represents bil-

ions of dollars for his state, so he has thrown fiscal conservatism out the window. As the ranking member of the Energy and Water Appropriations Subcommittee, Alexander has the power to hold hearings, to demand accountability, to put a hold on funding, to commission studies to find out what in the world is going on with this disaster.

Instead, he has held a series of secret meetings with contractor and NNSA personnel, the results of which appear to be more of the same mismanagement that have got the UPF into the mess it is already in.

Compounding the challenges at the UPF is the change in managing contractors at Y12. The problems of B&W Y12 will soon become the problems on Consolidated Nuclear Security LLC. We can expect the transition to become yet another excuse for delays, cost inflation, and schedule slippage.

## STOP FUNDING FAILURE

The United States cannot afford to continue mindlessly flushing hundreds of millions of dollars down the UPF Bomb Plant To Nowhere drain. Members of Congress who approve the UPF budget need to be held accountable for the waste—there is abundant evidence that the NNSA and the UPF management team can not productively spend that money.

For those whose bent is national security, who believe the nation must maintain its uranium processing capabilities and who would prioritize that over an investment in dismantlement facilities, the conclusion should be the same: if you truly want the UPF built, you need to find someone else to do it. The only rational reason to continue to employ the same management structure is if you simply want to funnel billions of taxpayer dollars from the Treasury to private contractors.

## THE UPF

- First proposed in 2005 as a replacement for aging production facilities, the Building 9212 complex, at Y12 in Oak Ridge, TN.
- Original plan included modernized dismantlement operations; current plan calls for full scale production operations only.
- Remains the flagship of the next generation of nuclear weapons production facilities in the US.

## LIFE EXTENSION PROGRAM

- Seeks to refurbish and replace aging parts of weapons in the US nuclear stockpile to extend their useful life for 60-80 years.
- Modifications significantly change the military capabilities of the warhead being "LEPped," effectively creating a new nuclear weapon.
- In 2014, the US is performing LEPs on the W-76 Trident warhead; plans for B61 LEPs are undergoing scrutiny; initial studies on W78 LEPs are also beginning.