

STATEMENT OF
MICHAEL W. OWEN
DIRECTOR
WORKER AND COMMUNITY TRANSITION
DEPARTMENT OF ENERGY

BEFORE THE

SUBCOMMITTEE ON STRATEGIC FORCES
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

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Good Morning Mr. Chairman, and distinguished Members of the Committee. My name is Michael Owen and I am the Director of the Office of Worker and Community Transition at the Department of Energy. I have also been directed by the Secretary to lead the planning and stand-up of the new Office of Legacy Management.

The Department is making significant progress in addressing the consequences of our science, nuclear energy and national security missions. This is an important moment, and an opportunity to focus DOE programs and personnel on achieving the diverse missions of the Department. As you have heard (or will hear) from Assistant Secretary Roberson, the successful completion of the Office of Environmental Management's responsibilities requires a re-focusing of that program's efforts and a Department-wide approach to securing the continued protection of the environment and communities. To ensure our success the Department must complete preparation for the orderly transition of long-term surveillance and maintenance activities and retirement benefits administration to the Office of Legacy Management that will be required after the completion of cleanup and closeout activities at Rocky Flats, Mound, and Fernald.

The Department, in the FY04 budget request, is proposing to establish an Office of Legacy Management to be funded at approximately \$48 million. The environmental surveillance and maintenance efforts require approximately \$26 million, slightly more than half of the total. Of the balance, about \$12 million would be used to meet the requirements for pension and other benefits for former contractor personnel at four sites. The remaining approximately \$10 million would be for program direction expenses of the personnel at Washington, DC, Grand Junction, Colorado, and at the National Energy Technology Laboratory in Morgantown, West Virginia, and Pittsburgh, Pennsylvania.

CONTINUED COMMITMENT TO THE ENVIRONMENT, AND OUR COMMUNITIES AND WORKERS

The new office will be responsible for ensuring that the Department's post closure responsibility including the administration of long-term pension and medical benefits for former contractor personnel and environmental surveillance and maintenance are fulfilled. The Secretary, with his budget, proposes creating the new Office of Legacy Management to focus on the environmental surveillance and maintenance of sites whose missions have ended and the continuity of worker benefits after site closure. Because these functions have historically been included among the activities of the Office of Environmental Management (EM), the net budgetary effect of establishing the new office is neutral. As proposed in the Department's budget, the Office of Legacy Management would be a stand-alone program secretarial office with a separate, discrete, free-standing budget and reporting directly to the Under Secretary of Energy.

Placing these functions in a new office will allow EM to better focus its efforts on remediation, as well as permit the Office of Legacy Management to achieve significant efficiencies by consolidating programs of a similar nature and concentrating the long-term functions in one office dedicated to legacy issues.

*PROTECTING THE NATION'S INVESTMENT IN CLEANUP THROUGH EFFECTIVE LONG-TERM
SURVEILLANCE AND MAINTENANCE*

The Department's environmental legacy responsibilities stem primarily from the activities of the department and predecessor agencies, particularly during World War II and the Cold War. These activities left behind a variety of radioactive chemical waste, environmental contamination, and hazardous materials at over 100 sites across the country, including such large sites as Rocky Flats in Colorado and the Mound and Fernald sites in Ohio which are scheduled to close.

While the remediation activities conducted by EM will continue, the Administration's focus on accelerating cleanup in order to achieve risk reduction and closure will mean that the EM mission will be completed at many sites earlier than previously predicted. However, certain aspects of the Department's environmental responsibility remain. These environmental surveillance and maintenance requirements differ according to the nature of the individual site, but generally include: groundwater monitoring and treatment, record keeping, radiological surveys, repairs to waste disposal caps and covers, erosion control and periodic inspections and the preparation and submission of post-closure regulatory documentation.

Upon standup, the Office of Legacy Management will be responsible for such activities at more than 60 sites where active environmental remediation has been completed. The majority of these sites are Uranium Mill Tailings Radiation Control Act (UMTRCA) sites, and also include sites associated with the Formerly Utilized Sites Remedial Action Program (FUSRAP), the Weldon Spring Site in St. Charles County, Missouri, the Monticello site in Utah, and the Young-Rainey Science, Technology, and Research (STAR) Center in Largo, Florida (Pinellas Plant). Over the next five years the number of sites to be managed by the office is projected to grow to approximately 80.

**Ensuring the Effective Management of Contractor personnel
Medical Benefits and Pensions**

The completion of the Department's missions also has an impact on the former contractor personnel at the respective sites. When the site contractor's cleanup functions are complete, pensions and other long-term benefits due to former contractor personnel still need to be administered.

At this time, the Department's oversight of post-closure benefits involves two programs at four sites. The office will administer selected post-retirement/post-closure benefits for the former contractor personnel at the Pinellas facility. The other program, involving three sites, administers certain pre-existing liabilities and long-term contractor liabilities at the former gaseous diffusion facilities at Oak Ridge, Paducah, and Portsmouth where Environmental Management is still conducting site remediation. The latter includes activities and expenses associated with post-retirement life and medical benefits for contractor employees at the gaseous diffusion plants who served there prior to the 1993 creation of the United States Enrichment Corporation and for the retirees of the Ohio Valley Electric Company (OVEC) associated with the Portsmouth contract.

Additionally, a significant increase in pension and long-term benefit administration will occur in the near future. In the past, the administration of pensions and benefits at closed sites were passed over to other DOE contracts. For example, the administration of Pinellas' pensions and benefits was transferred to an Albuquerque contractor. With the planned closure of Rocky Flats, this practice would no longer be a viable option given the magnitude of the Rocky Flats pension and benefit plans. Rocky Flats is scheduled to close in FY 2006. The Office of Legacy Management will oversee a program to continue the benefit payments that the Department, through its contractors, is committed to provide for former contractor employees from Rocky Flats as well as from Mound and Fernald.

ACTIONS TAKEN/NEEDED TO PLAN FOR AND CONDUCT THE STANDUP OF NEW OFFICE

As part of my responsibilities to manage the standup of the new office I have formed interdisciplinary teams (legal, regulatory, logistics, personnel, communication) to ensure the transition of functions to the office is completed in an orderly fashion and that we seamlessly continue to serve our customers and stakeholders.

The personnel involved in managing the activities of the Office of Legacy Management would come from three organizations. Generally, Washington, DC, personnel would provide overall oversight and coordination as well as establish policy. Program implementation at the sites would be performed by personnel located at our Grand Junction, Colorado, location and by personnel at the National Energy Technology Laboratory in Morgantown, West Virginia, and Pittsburgh, Pennsylvania.

We are planning the standup of this office to consolidate multiple functions and provide affected communities, stakeholders, government regulators, and former contractor personnel a single point of contact for information, communication and expertise regarding legacy management issues. Furthermore, such consolidation will integrate functions for cross-cutting departmental policy issues and facilitate intergovernmental coordination. Most importantly, concentrating functions in an office dedicated to legacy management will heighten its visibility and, consequently, program accountability to the Secretary, the Congress, and affected communities and organizations for successful performance.

CONCLUSION

We recognize that the Department has responsibilities to the communities following the completed remediation and closure of sites. The continued involvement of stakeholders including state, tribal, and local governments, is critical to meeting these responsibilities. Establishing an Office of Legacy Management will ensure that community concerns are represented by a dedicated office, measured only by its success in meeting the defined needs of those communities and their constituents.

In closing, the Secretary is dedicated to ensuring the Department's commitment to the environment, our communities and our workers. We believe the Office of Legacy Management

will be better able to address these long-term issues in one office, while the Office of Environmental Management continues to focus on its environmental cleanup mission. Mr. Chairman, and Members of the Committee, that concludes my statement. I appreciate the opportunity to testify before you today, and I will be happy to answer any questions you may have.