

Garry Flowers

Speech for CNTA “Up and Atom” breakfast

Good Morning.

I am very pleased to speak with you this morning for what I hope will be the beginning of a new and important dialog between you and me.

It’s especially nice to speak to such a well-informed and supportive audience and I hope I can meet your expectations.

At the outset, I want you to know how much I appreciate your support of the SRS mission.

Your desire for SRS to continue to play an essential role in a secure, sustainable future for our community and our country is invaluable.

In fact, that relationship anchors my comments to you today.

But don’t worry I’ve been told that my remarks are limited to 20 minutes to allow all of us to head-out to work.

And, I promise to abide by those guidelines.

Not long ago, Jeff Wallace the Editorial Page Editor of the Aiken Standard, raised a very important question about SRS, “what’s going on out there?”

Even though I responded to Jeff’s question in an op-ed, I have continued to work to keep our communities up to speed on what we’re doing.

While it’s human nature, and I’m certain of that for a news reporter or editor, the recent issues involving the site and more specifically the Department of Energy, might be seen as [the gift that keeps on giving](#).

But I, probably like you, are ready to move on.

Let me be clear about something. We are receiving sufficient direction to perform our mission safely and effectively.

So, today I want to focus on the accomplishments we’re making and the contributions that SRNS is providing to all of our stakeholders as we meet our mission at SRS.

As is always our practice, I’ll begin with safety.

When I first arrived at the Site back in September I was disappointed in our company’s safety performance and called on my team and our employees to make a step-change in our safety performance. A step-change that we could see in actions not words.

I pulled out all the stops to make this happen.

We consulted with DuPont Safety Resources and brought them in to assess our programs. In addition to onsite evaluations, DuPont surveyed over 5300 of our employees to map our safety culture and commitment. We’ll be hearing their feedback later today and will be communicating the results to employees and taking appropriate actions to ensure our safety program gets back on track and stays on track.

Additionally, we put a safety improvement program in place that yielded more than 1200 management safety observations in operations; conducted time outs in work processes to evaluate and recommit to sound safety practices and work processes; and conducted safety training for 6000 of our employees. We’re just entering Phase 2 of this safety program, which gets managers away from their desk and into the field.

Since this process began, we have conducted over 2 million safe working hours in

SRNS operations.

I like the trend I am seeing and the commitment that our leaders and employees are making on safety.

For the balance of my discussion this morning, I’d like to focus on my key priorities:

- the goals we’ve set to meet our SRNS mission today;
- how we plan to deliver on those goals by performing our mission, reducing the footprint from past operations and creating a sustainable future for SRS; and
- paving the way for the days and years to come by continuously meeting DOE’s expectations.

I like to refer to that last point – and I expect you share this with me – as taking our combined hopes for the future of SRS and charting a course for our hopes that lead to reality.

It’s good to have hopes, but people want to know how we take those hopes to reality and at SRS, I want to make that happen.

And, let me assure you, that I along with Fluor, Northrop Grumman and Honeywell intend to be a vital and contributing part of SRS and this community for a long time.

More importantly, we are fully prepared to make the commitments necessary to assure that.

I think the comments from Secretary Chu and our elected leaders on Monday along with Deputy Secretary Poneman’s visit on November 3 are great places to start our discussion.

Secretary Chu’s comments on the importance of a balanced approach to energy security, inclusive of nuclear energy, and the



reinforcement from Senator Graham and Congressman Clyburn, were incredibly hopeful and supportive for our site and community.

It's great to have such a supportive Congressional Delegation – both in South Carolina and Georgia. They get the important role that nuclear energy will play in the future.

I know there is no doubt in this room that nuclear energy is important to our future and will play a vital role in addressing our need for energy security.

It's a shame that others couldn't see nuclear technology as we do. And more importantly, it's a shame that government policies and public apprehension inhibited the growth of a vital technology and energy source.

Today in the U.S., 104 nuclear reactors are providing about 20% of our power needs. Many of them will be receiving extensions to their operating licenses.

Just think where we would be if we'd just kept building reactors. We've lost three decades of opportunity. And that's unfortunate.

But as Congressman Clyburn said – to this very group – we are poised to take advantage of a nuclear renaissance. South Carolina, Georgia and North Carolina are “nuclear friendly.”

A recent article in The Augusta Chronicle really helped bring this into focus. The technology in the new generation reactors will be so different that engineers trained on current nuclear reactor systems will not be interchangeable with the new ones.

And much of that technology will come from experience gained outside of the U.S. and from the exceptional talents that exist in places like SRS.

China has plans to build another 20 reactors over the next 20 years and we need to follow suit. There is a real and growing interest in our colleges and universities to

address our nuclear training gap. So now is the time.

I fully agree with Susan Winsor's and Tom Hallman's leadership to bring this important issue to the forefront.

We see this also as a terrific opportunity for SRS and know that we can contribute to training the next generation of nuclear experts; solving the nuclear materials handling challenges; and creating solutions for the remaining 5% of nuclear waste that can't be recycled.

Deputy Secretary Poneman's visit on November 3rd helped reinforce this.

His visit got off to a great start in this very room where he could see and hear the level of support our community has for the site and the hopes that we all have for the future.

As many of you know, he is very supportive of SRS and was very complimentary of this community's support, as well.

One of the reasons he was here was to take a close look at K Area to help him make a decision about the future of pit disassembly and conversion - PDCF.

He was confronting a decision on whether PDCF should be discontinued as a green-field project and matrixed into the K Area Complex - along with several other plutonium disposition and storage projects.

We've estimated that combining these projects inside the existing K Area facility can save roughly \$700M off the original \$4B price tag for PDCF.

On November 23, and following his visit at SRS, Deputy Secretary Poneman signed a memo to put the K Area proposal in process.

His endorsement was a very welcomed decision for the site. You'll be hearing more about this as we begin the NEPA process in the next few months.

The Deputy Secretary also toured the lab during his visit – and was keenly interested in

what he saw.

Believe me – his visit to the lab was a real eye-opener for him.

He got to see first-hand the infrastructure needs and challenges we're facing at SRNL.

I wonder if anyone here recognizes this photograph?

This is a result of a leaking roof and believe it or not, it is a rainwater collection system devised by SRNL scientists.

Now, if it had been me, I'd probably put several buckets around and emptied several buckets every time it rained.

These guys devised a system where all the water is piped to one main bucket a floor below.

And by the way this leaky roof is way too close for comfort to multi-million dollar lab equipment.

It's regrettable But indicative of some of what we have inherited in site infrastructure.

I would much rather have our scientists designing the next step to closing the fuel cycle than configuring systems like this.

By the way, we are paying to have the lab's leaky roof fixed out of our fee. And let me point out that this is not DOE's fault, they provide money to keep infrastructure in good repair, but choices are made and now I'm making it a priority to bring these facilities back in good repair.

I am certain that the Deputy Secretary saw the contrast between the talent at the lab and the state of facilities and services needed to attract and maintain that kind of talent.

I believe that SRNL is the linchpin for the future of SRS and it needs to be truly appreciated for the role it has to play.

During the visit, we discussed our plans to grow the lab and asked for a real commitment from EM to take SRNL seriously.

In that regard, we are putting our money where our mouth is.



Fluor, Northrop Grumman and Honeywell have committed to invest \$30M of SRNS profits into SRNL over the next decade.

We're asking DOE to take similar action and even greater commitment. We also have a reinvestment program for infrastructure ready to go should more reinvestment dollars be made available in the future.

SRNL grows every dollar of its business from the ground up every year – zero-based.

This is a hard way to run a business and we have to create a semblance of stability for funding or the game could be over.

That would be unacceptable and I know you agree with me.

There are three critical pathways to pursue growth for the lab:

- 1) Sustainable Environmental Management,
- 2) National Security, and
- 3) Clean, Secure Energy.

We're pushing hard to make this happen and I want to assure you that expanding the lab is my highest priority.

I'm eager to see just how much impact the Deputy Secretary's visit had on him in the months to come – and will use every opportunity I have and those of our parent companies, to influence positive decisions on SRNL.

So how am I going to move our hopes to reality?

With the help of our employees and the leadership of my management team.

I have streamlined reporting for execution and accountability to make sure that our work products meet or exceed customer expectations.

Significant emphasis is placed on business performance.

This is critical to the success of our company and is an essential part of our contract with DOE.

Simply put, we are paid for performance.

Our team is focused on meeting customer expectations while growing value and profitability for our owners.

Roger Eshelman is my Chief Operating Officer. Fred Dohse, Chris Gentile, Rich Slocum and Sam Bhattacharyya each have profit and loss responsibilities for SRNS and are held accountable for meeting my performance expectations.

Jim Hanna joined us from Fluor Corporation and he heads up Workforce Services relating to all employee and labor activities.

Beth Bilson is in charge of the Business Services organization. Beth also comes to SRNS from Fluor.

We've brought in Pete Knollmeyer for Strategic Planning and Phil Cirulli as SRNS Chief Information Officer. Both Pete and Phil are from Fluor Corporation as well.

Ron Schroder is leading our Performance Management functions. I think most of you are familiar with Ron for his work on your board.

Clif continues to lead Public Affairs – and also participates in number of community activities including serving on your Executive Committee.

Managing our finances is equally important and Peggy Davis, Chief Financial Officer, now reports directly to me.

Previously, this function reported through Business Services.

I'm very comfortable with this team and I'm certain that we are creating a more successful company.

Our goal is simple – Help DOE achieve success by harnessing the talent of our workforce and wisely managing the resources of the site.

We want to safely exceed all expectations.

Our employees' safety and well being, your safety, the protection of the site, and the care for its resources are what are most important to us.

We will be successful through teamwork, disciplined operations and sustained improvement with clear expectations and accountability – and motivated employees.

One of my personal goals in the near term is to better engage our people.

We conducted a comprehensive baseline employee engagement survey earlier in the year and it clearly indicated that we need to do a better job of engaging the workers.

I've only been at the site for a few months now, but I've spent a great deal of time in the field and I don't have to tell you how great the people are who work there. They really are the best of the best.

I have been so impressed by their professionalism and drive and their desire to meet the mission of SRS. Our employees truly are the single greatest asset of our company.

So, what have we done in the past year and what does the next year look like?

So far, we've put 2,378 people to work through the Recovery Act – that's 1,567 new workers and 811 retained workers. Of the new hires, about 70 percent are from South Carolina or Georgia.

\$206 million dollars have been awarded in Recovery Act contracts, and 70 percent of those have been to small business. \$96 million dollars has been directed to local contracts.

We're moving forward with several capital projects such as closing P and R Reactors and taking down HWCTR- the Heavy Water Components Test Reactor.

The conduct of operations event rate just continues to improve in H Canyon. I'm really proud of how well things are going in H Area.

L Area workers received and unloaded 23 spent nuclear fuel casks, storing 359 fuel assemblies from a variety of domestic and foreign research reactors.



K Area Materials Storage expanded its storage capacity. They also completed receipts of over 1,100 containers to deinventory Hanford and Lawrence Livermore of surplus non-pit plutonium.

More than 95 percent of the plutonium identified for complex wide deinventory now resides at SRS.

Tritium Programs is still continuing its important work – and it's incredible to me that after 51 years, they still have a perfect record of high-quality, safe shipments to the Department of Defense.

We are making steady progress with the Waste Solidification Building and Baker Concrete is beginning to construct the actual facility.

This building will handle all the low level waste generated by MOX and the Nuclear Material Conversion Project.

Again, SRNL is a huge asset not only to the site, but to the community and state and it will be a major focus of mine.

Here are a few highlights for the upcoming year.

During the next year we're going to make significant progress in our American Recovery & Reinvestment Act projects.

We'll move forward on spent fuel processing and begin shipping that fuel from L Area to H Area.

We'll also be receiving several foreign research reactor fuel shipments in L Area from Japan, Turkey and Israel.

We'll complete the loading of 20 trailers of low-enriched uranium in H Area to send to the Tennessee Valley Authority.

H Canyon has already converted 12 metric tons of highly enriched uranium to low enriched uranium and sent it to TVA.

That's enough to power every home in South Carolina for 13 years.

Next week we plan to start sending depleted

uranium oxides to Utah for offsite disposal.

In Tritium, we are replacing the automated reservoir management system and relocating our Helium-3 recovery process into a more modern facility. Given the short supply, this offers an opportunity for future growth at SRS.

The Department of Homeland Security has spent \$230 million to develop better technology for detecting smuggled nuclear bombs but had to stop deploying the machines because the U.S. is running low on capacity.

We are well positioned to help address this challenge through our technical capabilities at SRS and are prepared to work closely with our government to seek international sources.

We also have some major budget challenges in 2010 and we're working hard to build a business case around the budget and manage work scopes, while moving on some big procurements next year.

Beyond 2010, there is much work to do to prepare SRS and the region for new missions – including initiatives like The Energy Park.

We've got to attract and retain new talent and enhance the skills of the current workforce along with increasing collaborations with local educational institutions to prepare the workforce for the future.

As you're well aware, we have an aging workforce with the median age 52 years old, so hiring and retaining new talent is a must over the next few years.

In closing, let me just say that SRNS is proud to be the M&O Contractor at SRS. We're excited about the future and prepared to help DOE reach its goals. We have world class capabilities in Fluor, Northrop Grumman and Honeywell and plan to build on the many successes at the site.

The mission of the site needs to be more

than just safely cleaning up for the future.

SRS is an important asset. It is the first National Environmental Research Park and there is no better place to study the interaction between power production and the environment.

We can test new technologies here. We want to help DOE broaden the planning horizon for new missions and we know you can help.

We all see quotes that shape the way we think.. and given the challenges we are confronting, I'd like to share one with you that has meaning and impact for me.

"The trouble with so many of us is that we underestimate the power of simplicity.

We have a tendency, it seems, to overcomplicate our lives and forget what's important and what's not.

We tend to mistake movement for achievement. We tend to focus on activities instead of results.

And, as the pace of life continues to race along in the outside world, we forget that we have the power to control our lives regardless of what's going on outside."

This is a quote by Robert Stuber that helps me stay centered whether facing adversity and challenges as well as managing through the good times. *[Robert Stuber is a leading authority on professional success.]*

Thank you for having me this morning. I'll be happy to take any questions.

