

**Chairman Lamar Alexander Opening Statement
Committee on Appropriations Subcommittee on Energy and Water Development**

**Hearing to Review the Fiscal Year 2018 Budget
for the National Nuclear Security Administration**

June 14, 2017

(As prepared for delivery)

First, I would like to thank our witnesses for being here today, and also Senator Feinstein, with whom I have the pleasure to work with again this year to draft the Energy and Water Appropriations bill.

I am very pleased with the fiscal year 2017 Energy and Water Appropriations bill, which provided a record level of funding for the Office of Science and the Corps of Engineers, continued to support supercomputing, maintained the nation's nuclear weapons stockpile, and cutting wasteful spending. I look forward to working with Senator Feinstein on another strong bill this year.

Our witnesses today include:

Lieutenant General Frank Klotz, the Administrator of the National Nuclear Security Administration (NNSA);

Mr. Phil Calbos, Acting Deputy Administrator for Defense Programs;

Mr. David Huizenga, Acting Deputy Administrator for Defense Nuclear Nonproliferation; and

Admiral Frank Caldwell, Deputy Administrator for Naval Reactors.

We're here today to review the administration's fiscal year 2018 budget request for the National Nuclear Security Administration (NNSA), the semi-autonomous agency within the Department of Energy that is responsible for a vital mission—maintaining our nuclear weapons stockpile, reducing the global dangers posed by weapons of mass destruction, and providing the Navy with safe and effective nuclear power.

The president's fiscal year 2018 budget request for the NNSA is \$13.9 billion, an increase of \$993 million (7.7 percent) over the fiscal year 2017 enacted level.

Today, I'd like to focus my remarks and questions on three main areas:

- 1) Keeping critical projects on time and on budget;
- 2) Effectively maintaining our nuclear weapons stockpile; and
- 3) Supporting our nuclear Navy.

Keeping Critical Projects on Time and on Budget

The NNSA is responsible for three of the largest construction projects in the federal government:

- 1) the Uranium Processing Facility in Tennessee;
- 2) the MOX Fuel Fabrication Facility in South Carolina; and
- 3) the Plutonium Facility in New Mexico.

Combined, these projects could cost more than \$20 billion dollars to build, and that doesn't include the costs to operate the facilities. Over the past five years, Senator Feinstein and I have worked hard to keep costs from skyrocketing. We want to make sure hard-earned taxpayer dollars are spent wisely and that these projects are on time and on budget.

Senator Feinstein and I have focused much of our oversight on the Uranium Processing Facility in Tennessee over the past five years. That oversight includes regular meetings with the Department's leadership to discuss the project—particularly how the Department is implementing the recommendations of a Red Team review, completed in 2014, that detailed ways to get the project on track.

Senator Feinstein and I requested that 2014 Red Team review, which was headed by Dr. Thom Mason, the Director of the Oak Ridge National Laboratory. The Red Team recommended ways to get the project back on time and on budget. General Klotz has previously told us that all of the Red Team's recommendations are being followed, and I think that is a big part of the reason that project is moving along nicely.

We have said the project needs to be completed by 2025 at a cost of no more than \$6.5 billion, and the design of the nuclear facilities needs to be 90% before construction of those buildings begins.

I recently visited Y-12 with Secretary Perry, and saw the work being done to build the new Uranium Processing Facility. I understand the designs for the two nuclear buildings will be more than 90% completed by the end of the year, and ready to start construction next year.

The MOX Fuel Fabrication Facility, a major construction project in South Carolina, has also raised several concerns because of growing costs. Senator Feinstein and I asked for a Red Team review of the MOX project in 2015 to get the project back on track.

The Red Team concluded that the MOX project would cost about twice as much each year as an alternative, known as the Dilute and Disposal Alternative. The cost to build the MOX facility is over \$17 billion. Once the MOX facility is built, the cost of the MOX option would be \$800 million to \$1 billion per year. The Dilute and Disposal option will require up to \$500 million to build the processing lines and will cost less than \$400 million per year to operate.

The Red Team also found that the Dilute and Disposal Alternative would get the plutonium out of South Carolina faster than the MOX project.

Your budget request proposes termination of the MOX project and includes \$9 million to build additional facilities for the Dilute and Disposal Alternative. I look forward to hearing more from General Klotz on this today.

Finally, you are in the early stages of the design for a new Plutonium Facility in New Mexico, the third multi-billion dollar project included in the NNSA budget request. I'd like to hear from the witnesses how we have incorporated the lessons learned from the Uranium Processing Facility and the MOX project into the work for the Plutonium Facility to make sure the project can be completed on time and on budget.

Effectively Maintaining our Nuclear Weapons Stockpile

Another major part of the NNSA's budget is to maintain our nuclear weapons stockpile, and I want to make sure we are spending taxpayer dollars effectively.

The budget request includes \$1.7 billion to continue the four ongoing life extension programs, which fix or replace components in weapons systems to make sure they're safe and reliable.

On my recent trip to Y-12 with Secretary Perry, I saw work on the W76 Life Extension Program when I toured the Beta 2E facility. That tour made two things clear to me—(1) we have some very dedicated and well trained people working every day to modernize our nuclear weapons stockpile, and (2) we need to continue to replace outdated facilities at Y-12 and other nuclear weapons production sites.

During that tour we talked about the innovative contract you used to drive cost savings by the contractor. My understanding is that you have saved several hundred million dollars since 2014, and some of that funding has been reinvested in the site infrastructure.

I'd like to hear more about that today. I would also like to ask you today whether you will be able to meet your production deadlines on time and on budget for the life extension programs.

This work must be done—and it is vital that it be properly managed.

Supporting Our Nuclear Navy

Naval Reactors is responsible for all aspects of nuclear power for our submarines and aircraft carriers.

Naval Reactors has a lot on their plate right now—they are designing a new reactor core for the next class of submarines, refueling a prototype reactor, and building a new spent fuel processing facility.

Admiral Caldwell and I had an opportunity talk about the new spent fuel processing facility last week. It is a part of the Navy's consolidated interim storage for its used nuclear fuel. Interim storage of used nuclear fuel from commercial power reactors is a topic Senator Feinstein have been working on for a long time.

The Navy's program shows that it can be done safely and effectively, but that does not replace the need for a permanent repository at Yucca Mountain. The Navy's used nuclear fuel will still go to Yucca Mountain once it is built.

I look forward to Admiral Caldwell's comments today on the progress he's making on his important work, and particularly how he stores his used nuclear fuel.

The NNSA needs to complete a lot of important work, and this work is going to require good planning and effective oversight.

I look forward to working with the NNSA as we begin putting together our Energy and Water Appropriations bill for fiscal year 2018, and before I turn to Senator Feinstein, I'd like to take a moment to recognize General Klotz's leadership during such an important time for the NNSA. Over the last three years, we have worked together to modernize our nuclear weapons stockpile and make sure we have the facilities and people we need to keep our weapons safe, secure, and effective. Thank you for your service.

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