ECA Update:
December 21, 2015

In this update:

Alexander Says "Record Level of Funding" For Basic Research At Department Of Energy Benefits Major Programs At Oak Ridge National Laboratory

The Chattanoogan
December 16, 2015
LINK

Senator Lamar Alexander said Wednesday the 2015 Energy & Water Development Appropriations bill, which is included as part of the Omnibus Appropriations bill, prioritizes energy and infrastructure projects important to Tennessee and the nation.

Sen. Alexander is chairman of the Appropriations Subcommittee

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Calendar

Deadline for Congress to Pass an Omnibus Appropriations Bill or CR Funding the Government
December 11

Save the Date:
DOE National Cleanup Workshop
September 14-15, 2016
Hilton Alexandria Mark

on Energy & Water Development and he worked with ranking member Dianne Feinstein (D-Calif.) to draft the bill.

Center
Alexandria, VA

"Senator Feinstein and I worked hard to create a bipartisan bill that helps solve critical problems facing our country. The bill provides a record-level of funding for basic research at the Office of Science, and it increases funding for deepening our ports and improving our inland waterways. The bill also funds cleanup of hazardous materials at Cold War facilities and strengthens our national security," Sen. Alexander said.

Supporters say the bill includes the following vital energy and research priorities:

- The bill provides sufficient funding for the U.S. Army Corps of Engineers to continue construction of Chickamauga Lock in fiscal year 2016. Based on current estimates for the first three Inland Waterways Trust Fund priorities, there should be up to $29 million available to continue construction on Chickamauga Lock, which is the fourth priority in the list of projects Congress agreed upon. This builds on the $3 million used to restart construction on Chickamauga Lock last year.

- The U.S Department of Energy's Office of Science, which supports basic energy research and is the nation's largest supporter of research in the physical sciences, is funded at a record $5.35 billion-level.

- A total of $1.24 billion is provided for advanced computing, including both the Office of Science and the National Nuclear Security Administration. The Office of Science's Advanced Scientific Computing Research Program, which supports the new Summit supercomputer at Oak Ridge National Laboratory, is funded at $621 million. "Once again, the world's fastest supercomputer will be at Oak Ridge National Laboratory," Sen. Alexander said. Additionally, exascale computing is supported at $234 million.

- The Advanced Research Projects Agency – Energy is funded at $291 million. ARPA-E was created by the America COMPETES Act to invest in high-impact energy technologies.

- Nuclear infrastructure at Oak Ridge National Laboratory, including hot cells and isotope production facilities, is funded in the bill. Many of the isotopes produced at Oak Ridge National

Laboratory are not available anywhere else, and are necessary to support medical treatments, oil and gas exploration, and deep-space satellites, among other priorities.

- Small Modular Reactors, Sen. Alexander said will give utilities and the military the ability to generate clean, cheap, reliable nuclear power in new ways.

- The bill includes funding for a new mercury treatment facility to help clean up nuclear facilities that are no longer in service in Oak Ridge.

- Funding to maintain research facilities used by scientists from around the world, such as the Spallation Neutron Source, the High Flux Isotope Reactor, and the Leadership Computing Facilities at Oak Ridge National Laboratory, which have hosted more than 24,000 visiting scientists and researchers since 2006.

- Funding to continue advancing additive manufacturing technologies at the Manufacturing Demonstration Facility at the Oak Ridge National Laboratory.

- Provides $6 million to preserve the historic contributions made by the K–25 site to the Manhattan Project.

- The bill includes $70 million to operate and maintain the following navigation projects: Wolf River Harbor, the Tennessee River, and the seven lock and dam projects located in Tennessee.

- The bill also includes $2.1 million to operate and maintain the Memphis Harbor, McKellar Lake project through the Mississippi River and Tributaries funding.

2 SRS contractors accused of scamming government
Augusta Chronicle
December 17, 2015
LINK

Two contract employees at Savannah River Site are accused of bilking the federal government out of more than $4 million.

In a 15-count indictment returned in Columbia on Tuesday, Phillip Thompson and Aaron Vennefron are accused of conspiracy to commit mail fraud; 13 counts of fraud by wire, radio or television; and conspiracy to defraud the United States.

Thompson is a local senior representative for Wise Services, which holds a contract to provide labor at the mixed oxide fuel fabrication facility at SRS. Vennefron is a manager of Ross Hardware in Hamilton, Ohio.

According to the indictment, Thompson bought materials for the MOX plant from Ross Hardware beginning in 2008. Vennefron also formed AV Security in 2010, which he is accused of using to submit false invoices for non-existent goods to Wise Services. Vennefron is accused of sending fraudulent invoices to Thompson at Wise Services and having the invoices submitted to the company overseeing MOX, Shaw Areva MOX Services, for payment. The indictment accuses the men of dividing the proceeds from September 2009 through the day of indictment.

The MOX plant is slated to convert 34 metric tons of weapons-grade plutonium into nuclear fuel for commercial reactors. The project has numerous critics, but a year-end spending package in Congress contains $340 million for the project .

Gov. Nikki Haley has warned the Department of Energy that she expects 1 metric ton of the plutonium to be removed from the South Carolina site by Jan. 1 or the department will owe the state $1 million a day in fines, according to The Associated Press.

The MOX plant is more than $3 billion over budget and years behind its construction schedule, according to AP.

What the FY2016 Omnibus Appropriations Bill means to Idaho
Messenger Index
December 17, 2015
LINK

Full funding of PILT, Grazing Allotments, Increased Truck Weights, Nuclear Research, Wildfire and A-10 Funding, Compensation for livestock killed by wolves, Cuts to EPA

Washington, D.C. - Idaho Congressman Mike Simpson applauded the release of H.R. 2029, the Fiscal Year (FY) 2016 Consolidated and Further Continuing Appropriations bill that included many important provisions for Idaho and Western States.

“I applaud Chairman Rogers and Speaker Ryan for their hard work in assembling this comprehensive and responsible package that will keep the government open through the rest of this fiscal year,”

said Simpson. "This bill contains many critical wins for Idaho and Western States. It avoids the inefficient and negligent practice of funding the government through continuing resolutions, and is instead the product of this past year's worth of thoughtful deliberation and line-by-line analysis of our budget. It will make vital investments in our national economy, all while adhering to budget caps that are $56 billion below the Ryan budget for FY16 and $70 billion below the Ryan budget for FY17. This bill has countless provisions that support conservative priorities and Idaho specifically, I look forward to its swift passage."

As Chairman of the House Appropriations Subcommittee on Energy and Water Development and Vice Chairman of the House Appropriations Subcommittee on Interior and Environment, Simpson had a key role in deciding funding levels for Department of Energy and Department of Interior programs, including the following highlights:

Energy and Water Development

The FY 2016 Energy and Water Development Appropriations bill sets funding for the DOE's Office of Nuclear Energy at $986 million, an increase of $73 million above fiscal year 2015 and $79 million above the President's request. Nuclear energy research and development programs that receive funding within the overall $986 million allocation include:

· The Idaho Facilities Management account, which covers infrastructure maintenance and improvement at INL, is funded at $222.5 million – an increase of $16.5 million above FY15, and $11 million above the President's request.

· INL's Safeguards and Security Program is funded at $126.1 million – an increase of $22.1 million over fiscal year 2015.

· The Nuclear Energy Enabling Technologies program is funded at $111.6 million – an increase of $10.6 million above fiscal year 2015 and $25 million above the President's request.

· Small Modular Reactor Licensing Support Programs are funded at $62.5 million–$8 million above fiscal year 2015. This funding is slated for NuScale Power's Small Modular Reactor which is proposed for construction in Idaho.

· The Light Water Reactor Sustainability program, which is managed by INL and promotes the continued safe operation of

America's existing nuclear reactors, is funded at $40 million.

· The Reactor Concepts Research, Development, and Demonstration account is funded at $141.7 million – an increase of $8.7 million above fiscal year 2015, and $33.5 million above the President's request. Within the overall $141.7 million level for this account, $33 million is allocated to fuel qualification for the High Temperature Gas Reactor.

· Within the Fuel Cycle Research and Development program, the Advanced Fuels program is funded at $62.1 million—a $2 million increase from fiscal year 2015; and Used Nuclear Fuel Disposition research and development is funded at $85 million.

· Within the Office of Naval Reactors, the bill includes $77.2 million for the operation of the Advanced Test Reactor to accelerate planned safety-related infrastructure upgrades, and $86 million is included for the Spent Fuel Handling Recapitalization Project.

· Within the Office of Electricity Delivery and Energy Reliability, the bill includes $5 million for the development of an Electric Grid Test Bed program to enhance existing full-scale electric grid testing capabilities like those at Idaho National Laboratory.

· Within the Office of Energy Efficiency and Renewable Energy, $7 million is included to continue performance testing and life cycle diagnostic assessment activities that validate and verify advanced battery performance.

"The Energy and Water division of the omnibus continues to support accelerating nuclear innovation programs and addressing much needed infrastructure enhancements at the Idaho National Laboratory," said Chairman Mike Simpson. "INL plays a vital national and international role in leading the development of new nuclear technologies, and this bill will help maintain and expand that role in the future. We are so lucky to have this world class facility in our backyard, with a workforce that constantly pushes the bound of scientific research; we must ensure its capabilities are protected and maximized."

The bill also provides $396 million for cleanup activities associated with the Idaho Cleanup Project and the Advanced Mixed Waste Treatment Project co-located on the Idaho desert with INL. The funding level of $396 million is an increase of

$16.5 million above fiscal year 2015 and $36 million above the President's request, which will allow the significant cleanup activities currently underway to continue. The bill also includes an additional $2 million for the National Spent Fuel Program, putting the unique expertise of INL to work in order to provide solutions for managing the Department of Energy's inventories of spent nuclear fuel. Finally, the bill includes $2 million for dynamic threat assessments at Idaho National Laboratory to create innovative assessment tools for the US government on high consequence threats to the electric grid, oil and gas, and nuclear energy sectors.

Transportation, Housing and Urban Development

The bill includes language to increase to 129,000 pounds from the current allowance of 105,500 pounds will put Idaho in line with neighboring states and with Idaho's state highways, which currently allow trucks up to 129,000 pounds. The current weight limit has made it difficult for Idaho producers to ship goods to, from, and through the state. A higher weight limit means trucks will have more axles than traditional trucks, distributing the weight in such a way that there is less weight on each axle than a standard truck. It also will reduce the number of trucks on the road.

"I am so pleased to see the important language allowing trucks weighing up to 129,000 pounds on Idaho interstates included in the omnibus," said Simpson. "This change has long been sought by the State of Idaho because it will remove the competitive disadvantage the state currently faces, and will be a major generator of economic activity in Idaho. By ensuring that Idaho's vehicle laws match those of its neighboring states, Idaho can more efficiently play a larger role in transferring goods without impacting road safety."

Interior and Environment Appropriations Subcommittee

In addition to providing $4.2 billion for wildfire programs, the Interior portion of the bill:

· Includes full funding of the Payment in Lieu of Taxes (PILT) program, which compensates counties for the losses in property tax as a result of a high percentage of federal land. Idaho counties received $28,609,614 in PILT funding for FY15.

· Provides $545 million for hazardous fuels reduction activities—a $19 million increase over FY15, and $360 million for

the timber program—a $21 million increase of FY15.

· Cuts EPA funding by $452 million below the President's budget request, holding the agency's budget at 21% below FY10 levels.

· Provides $1 million to compensate ranchers for livestock killed by wolves.

· Continues language making litigation costs more transparent and extending requirements that litigants exhaust administrative review before litigating grazing issues in Federal court.

· Includes a 3-year extension of the Land and Water Conservation Fund, with 50% of program funding going to state and local recreation, conservation, and battlefield protection programs.

"This bill makes a critical and significant investment in preventing and fighting wildfires," said Simpson. "This year's fire season was so terrible that the Forest Service and DOI had already gone half a billion dollars over budget by mid-August and ultimately had to transfer $700 million from other non-fire accounts in order to keep putting out fires. This bill provides $4.2 billion for wildfire suppression and prevention programs, which includes $1 billion in firefighting reserve funds. As the cost of fighting wildfires increases, this increased funding will provide the agencies with the resources they need to respond to wildfires without decimating forest management accounts in the process. The bill also includes important funding for hazardous fuels activities and timber management accounts, which will give the Forest Service tools to improve forest health and ultimately reduce the impact of wildfires.

"Fire borrowing remains a problem and I am hopeful that this increased funding will address the issue for the coming fiscal year, giving us an opportunity to push a long-term solution like the Wildfire Disaster Funding Act across the finish line"

Agriculture

· Includes language that preserves Agricultural Research Service (ARS) research programs which includes the U.S. Sheep Experimental Station (USSES) in Dubois, Idaho. The administration attempted to close the facility in 2014 without notifying Congress.

· Includes language that repeals mandatory country-of-origin-labeling (COOL) which ensures the U.S. will no longer violate international trade policy. Last week, the World Trade Organization announced that Canada and Mexico could seek $1 billion in retaliatory tariffs due to COOL. This would have significant impacts on Idaho agriculture with estimated tariffs as high as $172 million on Idaho exports. Congressman Simpson supported passage of standalone legislation to repeal COOL in June, which passed the House with wide bipartisan support.

"I am very pleased the omnibus includes language that maintains the mission at Dubois," said Simpson. "Because of its location, and expertise, the Dubois staff are working on unique issues, including research on the domestic-wildlife interface that is vital to the sheep industry's future. I am also pleased that COOL repeal was included as just today Mexico and Canada announced that they are prepared to seek retaliatory tariffs should this bill not pass."

Defense

The defense portion of the bill denies the administration's request to retire the A-10 Thunderbolt II which is based at the headquarters for the Idaho National Guard at Gowen Field in Boise and provides funding to keep them flying in FY16. The bill also includes:

· Provides a 1.3% pay raise for over 1.3 million active-duty troops and nearly 811,000 reserves.

"By ensuring the A-10 remains available for close air support, we are responding to the needs of the service members that operate them and to the brave men and women on the ground that rely on them," said Simpson. "While I certainly acknowledge that the Air Force must make difficult decisions in this time of reduced budgets, the A-10's low operating costs and unique capabilities merit our continued support until an appropriate replacement can be identified."

Labor, Health and Human Services, and Education Appropriations

· $1.3 billion—a $17 million dollar increase over FY15 for Impact Aid which benefits Idaho counties and schools.

"Following the recent passage of the Elementary and Secondary Education Act reauthorization, it is important that we match appropriate funding levels so these programs can succeed," said Simpson. "Impact Aid is important to the counties and school

districts that are impacted by federal activities and I'm glad this bill honors that responsibility."

The House is scheduled to vote on H.R. 2029 on Friday, December 18th. Links to the bill text and reports can be found here: https://rules.house.gov/bill/114/hr-2029-sa

Some Cleanup, Some Patience
SF Reporter
December 18, 2015
LINK

More than 40 years after contaminated water was dumped into canyons around Los Alamos and nine years after they started studying the problem, the US Department of Energy now has a short-term strategy for dealing with a plume of toxic chromium that's been moving slowly off Los Alamos National Laboratory and toward San Ildefonso Pueblo and the regional aquifer. Not quite undertaking a total cleanup of the contamination, the feds rather intend to do enough to stop its migration. Generally, according to a plan released this week, they'll watch for its next move.

The chromium has been traced to the use of a chemical compound to prevent corrosion in cooling tower water in the lab's power plant from 1956 to 1972. That water, including an estimated 31,000 to 72,000 kilograms of hexavalent chromium, was discharged and has since seeped into the aquifer.

Monitoring wells there have recently detected chromium at levels that exceed the 50 parts per billion allowed by New Mexico's groundwater standard. Concentrations at the center of the plume have been found as high as 1,000 ppb.

Exposure to hexavalent chromium has been associated with an increased risk of cancer, according to the Agency for Toxic Substances and Disease Registry. The lab, of course, is situated mostly on mesas on the Pajarito Plateau above canyons that drain east to the Rio Grande. And the plume has already moved two miles down the canyons from where the cooling water was released.

A contaminant plume estimated to be one mile long, a half mile wide and 100 feet thick is thought to be within half a mile of the nearest drinking water well; it is now floating in the top 100 feet of the regional aquifer.

The latest groundwater tests suggest it is continuing to move, toward the Pueblo boundary and beneath neighboring cultural sites, and the Department of Energy's proposed plan is to stop that movement. Two groundwater extraction wells will annually remove 230 million gallons of water contaminated with hexavalent chromium, or chromium-6, then treat it with an ion-exchange system to become the less hazardous form, chromium-3, for the eight years of the project. Treated water may be injected back into the ground through six wells the DOE has proposed to drill, or poured over the ground surface. All work is intended to be timed appropriately to do as little as possible to disrupt Mexican spotted owls, which are known to nest in the area.

Beyond that, the DOE proposes ongoing monitoring and study of potential corrective actions to extend past this so-called interim measure.

Monitored natural attenuation—just watching the plume of contaminants to see if it dissipates into the environment and is naturally diluted to safer levels—is still a possibility for a final remedy selected by the DOE.

New Mexico Environment Department Secretary Ryan Flynn described this approach as among his least favorite options when he spoke at a November meeting on LANL's wide-ranging cleanup programs. The Environment Department approved the interim plan with some modifications in October, pointing to concerns that the level of chromium found at some wells is higher than expected, suggesting the "overall flux of [chromium] migrating offsite could be more extensive than previously thought." That the water samples taken at the boundary well show twice the groundwater standard level for chromium and the proximity to a groundwater well for Los Alamos County suggests "the possibility of the well becoming vulnerable to contamination."

"Here we are more than 40 years after the last chromium was dumped into Sandia Canyon, and we are now starting cleanup," Nuclear Watch New Mexico's Scott Kovac writes SFR in an email. "This shows the Lab's preferred cleanup method, 'natural attenuation,' is really not cleanup at all. It's time to start comprehensive cleanup across Los Alamos, instead of hoping for the contaminants to go away."

Addressing the chromium plume, which had not yet been identified when the current consent order governing the cleanup at the lab

was finalized in 2005, has required a significant portion of the budget and work effort at the lab. The focus of the work to date has been on groundwater monitoring and characterizing the plume.

Danny Katzman, technical lead for the chromium project, says the plume presented an incredibly complex problem that took serious study to understand.

"It's taken nine years to mature our understanding to know what action needs to be taken," Katzman told SFR in November. The worst solution, he said, would be one that created another problem in the process, and their aim has been to avoid that.

The chromium project has contributed to delays and an estimated 150 deadline extensions, including, of course, the deadline for what was to be the last of the cleanup at LANL, which had been set for Dec. 6, 2015.

Canadian uranium expected to reach Savannah River Site during summer
Aiken Standard
December 18, 2015
LINK

More than 6,000 gallons of highly-enriched uranium in liquid form from Canada is scheduled to reach the Savannah River Site during summer 2016 despite a call by stakeholders to pause shipments and take a fresh look at the risks.

The material will be processed at the SRS H Canyon facility, the nation's only chemical separations plant still in operation. Processing is expected to take up to two years to complete.

Concerns on transporting the material in its liquid state have been voiced by several stakeholders, including U.S. Rep. Brian Higgins, D-N.Y. The shipment route includes leaving the Atomic Energy of Canada Limited's Chalk River Laboratories in Ontario and traveling through Higgins' district by crossing the Peace Bridge and Western New York before heading to South Carolina.

Higgins requested last year a new environmental impact statement that would assess the risks of transporting the material.

Higgins followed up his request with the introduction of a bill earlier this year that directs U.S. Customs and Border Protection

and other federal agencies to conduct a terrorism threat assessment within 90 days of the bill's enactment.

"This bill gives federal agencies the information they need to make decisions and develop policies that are informed by the terrorism threat picture," Higgins said.

The bill passed the House in October but has not yet received a vote from the Senate.

However, a recent analysis of the expected shipment states that there is no need for a more in-depth, environmental impact statement, or EIS.

The Department of Energy released in November a Supplemental Analysis, which concluded that shipping the material to SRS is "low risk" because appropriate precautions will be taken.

The material will be transported in robust containers specifically designed and fabricated for transporting liquid highly-enriched uranium, said SRS spokesman Jim Giusti.

"These containers meet standards established by the International Atomic Energy Agency and were certified by the Nuclear Regulatory Commission in December 2014 and its Canadian counterpart, the Canadian Nuclear Safety Commission, in July 2015," Giusti said.

The transaction between the U.S. and Canada is part of an agreement between President Barack Obama and Canadian Prime Minister Stephen Harper.

The two agreed to expand efforts to return the uranium, which is of U.S. descent, back to the states.

Newest U.S. National Park Also Most Polluted
CBS News
December 20, 2015
LINK

The nation's most polluted nuclear weapons production site is now its newest national park.

Thousands of people are expected next year to tour the Hanford Nuclear Reservation, home of the world's first full-sized nuclear reactor, near Richland, about 200 miles east of Seattle in south-

central Washington.

They won't be allowed anywhere near the nation's largest collection of toxic radioactive waste.

"Everything is clean and perfectly safe," said Colleen French, the U.S. Department of Energy's program manager for the Hanford park. "Any radioactive materials are miles away."

The Manhattan Project National Historic Park, signed into existence in November, also includes sites at Oak Ridge, Tennessee, and Los Alamos, New Mexico. The Manhattan Project is the name for the U.S. effort to build an atomic bomb during World War II.

At Hanford, the main attractions will be B Reactor - the world's first full-sized reactor - along with the ghost towns of Hanford and White Bluffs, which were evacuated by the government to make room for the Manhattan Project.

The B Reactor was built in about one year and produced plutonium for the Trinity test blast in New Mexico and for the atomic bomb dropped on Nagasaki, Japan, that led to the surrender of the Japanese.

Starting in 1943, more than 50,000 people from across the United States arrived at the top-secret Hanford site to perform work whose purpose few knew, French said.

The 300 residents of Richland were evicted and that town became a bedroom community for the adjacent Hanford site, skyrocketing in population. Workers labored around the clock to build reactors and processing plants to make plutonium, a key ingredient in nuclear weapons.

The park will tell the story of those workers, plus the scientists who performed groundbreaking research and the residents who were displaced, said Chip Jenkins of the National Park Service, which is jointly developing the park with the Energy Department.

"The intention of the park is to tell the full and complex and convoluted story," Jenkins said. That story is still being developed, but will certainly include a Japanese perspective, he said.

"What happened at B Reactor changed the course of human history," Jenkins said. "They went from sparsely populated

ranching communities to the first packet of plutonium over the course of 18 months."

Eventually, nine reactors were built at Hanford and operated during the Cold War to make plutonium for the U.S. nuclear arsenal. That work created more than 56 million gallons of radioactive waste that the government still spends more than $1 billion a year to maintain and clean up.

While details of the new national park are still being worked out, French said, the Energy Department will continue its tours of the B Reactor and the old town sites that began in 2009 and fill up with some 10,000 visitors a year.

The plan is to greatly expand the number of tourists and school groups who visit the site, she said.

Tours will occur from April to October, French said. Exhibits at the B Reactor include the exposed face of the reactor and the control room, where many visitors like to sit and be photographed at control panels, she said.

The Hanford story is far from over. Jenkins noted that thousands of scientists and other workers remain active on the Hanford site, inventing and implementing new techniques to clean up the massive volume of nuclear waste.

LANL contract up for bid after 2017
ABQ Journal
December 19, 2015
LINK

SANTA FE – The National Nuclear Safety Administration has informed Congress that the Los Alamos National Laboratory contract will be put out for competitive bidding sometime after 2017, the Journal has learned.

It would be only the second time the contact has been put out to bid since the lab was created to develop the atomic bomb during World War II.

LANL's most recent federal government performance evaluation is better than last year's, but not good enough for the lab's private-sector operator to earn the award of an extra year on its contract, the lab's director informed LANL workers this week.

And continuation of Los Alamos National Security LLC holding the contract was contingent on it being granted the "award term."

LANL director Charles McMillan said in his Thursday email to lab employees that he was "deeply disappointed that we did not meet NNSA's expectations in a manner sufficient to net another year of award term" on the contract that runs through fiscal year 2017.

"Nevertheless, the federal government has offered Los Alamos National Security, LLC (LANS) an extension to the contract to manage the Laboratory beyond FY17; I will provide additional details about that at a later date after there has been more discussion between the federal government and LANS," McMillan said in a copy of his message obtained by the Journal.

An extension as described by McMillan is not the same thing as the merit-based award of an additional contract year that LANS missed out on this year. It's unclear from McMillan's statement whether the extension he mentioned is intended as merely a holding pattern but, under its contract, LANS needed to earn an award year this time around to keep the contract going.

The contract with LANS provides for vacating the contract, awarded in 2006, if the consortium doesn't earn a series of one-year term awards. Last year, the Department of Energy – NNSA's parent organization – warned that LANS was under the gun to earn an award term for its work in fiscal 2015.

"Having failed to earn contract term extensions for fiscal years 2013 and 2014," and with the revocation of a previous extension, "LANS must earn (an) award term in every future performance period to keep the contract in force beyond fiscal year 2017," said a statement provided by the DOE last December.

On Friday, an NNSA spokeswoman said, "We do not comment on ongoing assessments."

Contract over $2 billion

LANS – a consortium that includes the Bechtel corporation, the University of California, Babcock and Wilcox, and URS Energy and Construction – won the LANL contract in 2006. The contract now amounts to about $2.2 billion a year, plus a fee based on performance.

The University of California, on its own, had previously held the

Los Alamos contract since the lab's beginnings developing the atomic bomb during World War II. The contract was put out for competition about a decade ago after a series of security and property management problems at the lab.

Last year, LANS also didn't earn an "award term" and even lost a year it had previously been granted as NNSA hit the lab hard for failures that led to a radioactive leak at the nation's nuclear waste repository near Carlsbad from a drum packaged at Los Alamos. The Waste Isolation Pilot Plant has been shut down since the leak in February 2014.

The federal government cut the performance-based management fee for LANS by nearly 90 percent, down to $6.25 million, for fiscal 2014. That compared with $59 million-plus paid to the LANS consortium the previous two years. No information on the 2015 fee award has been released.

McMillan's Thursday message to employees said that, in order to earn an award year, the lab had to score better than "satisfactory" in all of six evaluation categories. "We did not accomplish this," McMillan said, despite getting high scores in four of the six areas.

NNSA rated LANS only satisfactory for operations and infrastructure, the same category in which the lab got a crucial "unsatisfactory" grade last year. LANS this year was rated "very good" in two categories – its missions to manage nuclear weapons and reduce global nuclear security threats – and excellent in two others, missions for science technology and engineering, and for a "DOE and Strategic Partnership Project." The NNSA rated LANS's leadership as "good."

Despite his disappointment over failing to net an award term, McMillan wrote, "I am pleased to note that our federal partners once again acknowledged our strong performance in the areas of mission and science. We continue to provide strong value to the national security missions and Los Alamos continues to be regarded highly for the quality of its science.

'Shortcomings' noted

"Our federal partners made it clear that shortcomings in our work planning and work controls related to safety events, project performance, cybersecurity, the earned value management system (EVMS) and continued weaknesses in criticality safety all weighed heavily in the evaluation of our performance. These are areas we

must – and will – improve going forward," said McMillan.

He also wrote, "I remain committed to the long-term sustainability of the Laboratory and to each of you. I am scheduling an all-employee meeting shortly after the New Year to hear and address your thoughts, concerns, and questions. Los Alamos will continue to have a valued role in protecting the nation and the world. It is incumbent upon us during the remainder of the contract period to deliver mission success through operational effectiveness and scientific excellence."

Jay Coghlan of the Nuclear Watch New Mexico watchdog group said the situation as described by McMillan, with LANS getting an extension despite failing to earn an award term, was "deja vu all over again," similar to a later-rescinded waiver that granted LANS an award year for fiscal 2012, although it hadn't met all the performance criteria. "It seems awfully premature for director McMillan to indicate there's going to be a contract extension before it's actually finalized by the U.S. government," Coghlan said. "He's putting the cart before the horse, maybe putting on a happy face for his employees before they leave for Christmas.