

**Opening Statement of the Honorable Tim Murphy**  
**Subcommittee on Oversight and Investigations**  
**Hearing on “Department of Energy Oversight: What is Necessary to Improve**  
**Project Management and Mission Performance?”**  
**July 24, 2013**

*(As Prepared for Delivery)*

We convene this hearing as part of the committee’s ongoing oversight of the Department of Energy to look particularly at what is necessary for the Department to improve its project management and mission performance.

The hearing will feature testimony from Daniel Poneman, the Deputy Secretary of Energy, who will describe and explain the reorganization of the department’s management structure announced just last week by the new Secretary of Energy, Ernest Moniz. We will also hear from Greg Friedman, the DOE Inspector General, and David Trimble, of the Government Accountability Office, both of whom will provide important context to help understand the potential of the Secretary’s plans.

The announced reorganization makes some significant changes to the department’s management structure, with a more explicit focus on project management, so-called enterprise-wide mission support, and the integration of the agency’s science and applied energy programs.

The new structure will transform the Office of Under Secretary, which previously managed the department’s energy programs, into the Office of Under Secretary for Management and Performance. Under this set-up, a new Under Secretary will manage the agency’s large and challenging environmental cleanup responsibilities as well as a number of agency-wide mission support offices, and national laboratory operations.

The energy programs – including the offices of fossil energy, nuclear energy, energy efficiency and renewable energy, the office of electricity delivery and reliability – will now be managed more closely with the Department’s Office of Science, by an Under Secretary for Science and Energy. In addition, the secretary plans to reform agency safety and security oversight and also plans to establish various Secretarial councils to address select policy issues.

On paper, these changes look like positive steps to help DOE address the tremendous challenges and opportunities before the agency. On the energy-mission side, we know that the prospects of North American energy production have surpassed all expectations in recent years. How this agency integrates the strength of its world-class science and engineering with its applied energy and various energy infrastructure programs to help maximize the benefits of this new reality for the American public is of key importance.

Meanwhile, DOE’s core science and engineering missions must also confront the federal government’s tremendous environmental responsibilities. Fifty years of Cold War nuclear research, development and weapons production have left behind contaminated water and soils, and tens of millions of gallons and millions of cubic meters of waste that must be cleaned up. Cleanup costs, estimated at more than \$250 billion, are a federal liability surpassed only by Social Security and Medicare.

Repeated audits for this subcommittee by GAO have found that, over the past two decades, DOE has suffered from substantial and continual weaknesses in effectively overseeing contractors and managing large, expensive, and technically complex projects. But multi-billion dollar projects aren’t the only problem. This past December, GAO told us that DOE did not have sufficient documentation to assess performance on almost 40 percent of its nonmajor projects – those costing less than \$750 million.

Lessons generated out of the serious security failure that occurred one year ago at the Y-12 site in Oak Ridge, Tennessee has indicated how the successful reliance on department contractors depends on

strong and clear lines of accountability and on meaningful and consistent measurement of contractor performance. Attempts to institute “eyes on, hands off” contractor oversight in recent years weakened accountability and were taken to a point that Washington had no clue about the mounting security risks in Tennessee.

We heard testimony from then-Secretary Steven Chu’s own outside advisors that the department’s decentralized management of the national security sites allowed them to “leverage” their unique missions and geography to justify being held to different levels of security standards. Confused accountability and conflicting priorities and messages from Washington created a culture of “tolerating the intolerable,” as one of the Secretary’s advisors put it.

That episode relates to DOE’s governance of the nuclear security enterprise, but it points to accountability, management, and oversight issues that require constant attention across all of the agency’s operations and projects --if the agency is to perform its work safely, securely, and protective of taxpayers’ dollars.

Of course, whether and how the secretary’s efforts will help improve the documented deficiencies in the department’s performance will remain to be seen. The object of today’s hearing is to build a record that will help the committee monitor progress and conduct constructive oversight in coming months. Our goal is to help ensure the department can sustain management and performance improvements and develop a culture of accountability, safety, and security that extends throughout the agency’s operations.

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