



March 1, 2017

Dear Members of Congress:

As organizations concerned about responsible federal spending, we have long been following the Mixed Oxide Fuel Facility (MOX). The MOX facility was designed to convert weapons-grade plutonium into mixed-oxide fuel for US commercial nuclear reactors as part of a diplomatic deal with Russia.

But just last year, Russian President Vladimir Putin announced he would be withdrawing from the non-proliferation agreement that was the basis for building the MOX facility.<sup>1</sup>

Today, MOX is vastly over budget and behind schedule. Finishing construction of the facility alone has gone from \$1.6 billion to a staggering \$17 billion—over 10 times the original estimate. That cost doesn't include operating the plant over the next 20 years. The project is also 41 years behind schedule, lacks even a single potential customer, and could be putting dangerous nuclear material at risk.<sup>2</sup>

Savannah River Site Watch recently obtained and has just released the National Nuclear Security Administration's (NNSA) annual performance evaluation about the contractor in charge of the program, CB&I AREVA MOX Services.<sup>3</sup> The evaluation is scathing, and should be the final nail in the coffin for a project that has become nothing more than a sinkhole for taxpayer dollars.

NNSA called out blatant lies told by the contractor to the government, Congress, and the American people, and noted several incidents of poor management that led to cost growth and significant delays in completing the project. The evaluation clearly shows that the MOX project is in disarray.

NNSA stated that any "improvement over the past year's performance simply mitigates (and is not sufficiently impactful to reverse) the cost and schedule increases caused by the contractor's previous inefficient performance."<sup>4</sup>

Part of NNSA's evaluation process requires the contractor to complete a self-assessment of their work over the past year. The MOX contractor rated themselves "Excellent," with a score of 92 percent for their execution of project management. The NNSA disagreed and gave them a 0. NNSA further

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<sup>1</sup> Lydia Dennett, "A recipe for wasteful spending: South Carolina Pork with Russian Dressing," October 7, 2016. <http://thehill.com/blogs/congress-blog/economy-budget/299716-a-recipe-for-wasteful-spending-south-carolina-pork-with> (Downloaded February 24, 2017)

<sup>2</sup> Project On Government Oversight, "Why It's Time to Cancel MOX," <http://www.pogo.org/our-work/infographics/time-to-cancel-mox.html>

<sup>3</sup> Department of Energy, National Nuclear Security Administration, "Contract DE-AC02-99CH10888, FY2016 Award Fee Determination," December 5, 2016. (Hereinafter NNSA Evaluation)

<sup>4</sup> NNSA Evaluation, p. 5.

determined that CB&I AREVA MOX Services did not adequately perform their duties and would receive an extraordinarily low 8.9 percent of their total available award fee.

The NNSA cited several reasons for the significantly reduced award fee, including:

1. A breakdown in management systems that resulted in “the inability to demonstrate that planned work or procurements were necessary or required.”<sup>5</sup>
2. A continued “lack of transparency and openness in external communications with key project stakeholders...including continued release of misleading and inaccurate project information.”<sup>6</sup>
3. “The completion date (and other schedule dates) have continued to fluctuate significantly and inexplicably throughout the year.”<sup>7</sup>

The agency ultimately concluded that “NNSA paid for and was provided an incomplete and inaccurate document that will require additional work in order to ascertain and document the full set of facts. This situation is representative of the contractor’s performance reporting throughout the year.”<sup>8</sup>

The contract evaluation also found that the contractor’s claim that the project is at least 70 percent complete is “patently false.” Compounding the problem, the contractor “spent considerable effort and resources” challenging NNSA’s own estimates rather than making up for the lack of progress on the program.<sup>9</sup>

In 2015 the Energy Secretary proposed a strategy for canceling the MOX facility in favor of pursuing an alternative that would be “much faster and cheaper.”<sup>10</sup> After the project narrowly avoided cancellation, NNSA attempted numerous times to work with the contractor to improve management. CB&I AREVA MOX Services has previously been offered the opportunity to show their commitment to their performance capabilities by submitting a firm fixed price proposal, but declined to do so.

The contract evaluation makes clear how the Department of Energy, Congress, and taxpayers have been misled about the progress of this program. MOX has failed the viability test, and NNSA’s poor evaluation of the contractor running the MOX project should be the final straw. As it is now abundantly clear that there is no path forward to save the MOX project, we urge you to discontinue funding for it.

Sincerely,

Project on Government Oversight  
Savannah River Site Watch  
Taxpayers for Common Sense  
National Taxpayers Union

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<sup>5</sup> NNSA Evaluation, p. 5.

<sup>6</sup> NNSA Evaluation, p. 3.

<sup>7</sup> NNSA Evaluation, p. 4.

<sup>8</sup> NNSA Evaluation, p. 3.

<sup>9</sup> NNSA Evaluation, p. 3.

<sup>10</sup> Memorandum from Ernest Moniz, Secretary of Energy, to President Barack Obama, regarding high priority issues, November 20, 2015. [http://www.pogoarchives.org/m/nss/redacted\\_doe\\_memo\\_20151120.pdf](http://www.pogoarchives.org/m/nss/redacted_doe_memo_20151120.pdf)