



The Secretary of Energy
Washington, DC 20585

April 29, 2003

MEMORANDUM FOR KYLE MC SLARROW
DEPUTY SECRETARY

LINTON F. BROOKS
ACTING ADMINISTRATOR
NATIONAL NUCLEAR SECURITY
ADMINISTRATION

FROM SPENCER ABRAHAM

A handwritten signature in black ink that reads "Spencer Abraham".

SUBJECT: Los Alamos National Laboratory

I have reviewed your report of April 26, 2003, on the future relationship between the University of California and the Los Alamos National Laboratory. I agree with your conclusions and approve your recommendations.

In particular, I agree that the vigorous action the University is taking to correct the problems uncovered at Los Alamos, the significant value the University brings in the area of science, and the significant disruption to the mission of the Laboratory and the morale of the employees from early termination all make retaining the University through the end of the current contract in September 2005 the most appropriate course.

At the same time, the University bears responsibility for the systemic management failures that came to light in 2002. Given that responsibility and the widespread nature of the problems uncovered at Los Alamos, I intend to open the management of Los Alamos to full competition when the current contract expires. The University of California will, of course, be eligible to take part in that competition and I strongly agree that it should be urged to do so. I categorically reject the notion that competition is a repudiation of an incumbent contractor or that an incumbent contractor is inherently incapable of prevailing in a competition.



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In implementing your recommendations, I direct that any future competition include provisions to retain the existing Los Alamos workforce and to preserve the culture of scientific skepticism and peer review. I also agree with your recommendation to devise a mechanism to ensure that, if the University does not continue to operate Los Alamos following the 2005 competition, the pension benefits of current Los Alamos employees are fully protected. We must do everything we can to retain the vital national asset that the Los Alamos workforce represents.

The management of the nuclear weapons complex is my most important responsibility as Secretary of Energy. Under the University's stewardship, the science at Los Alamos has consistently been of the highest caliber. But it is important that business services be as good as the science. In approving your recommendations, it is my intention to make it clear that, in dealing with nuclear weapons and materials, only the highest standards of performance are acceptable.

The Administrator, National Nuclear Security Administration, is directed to carry out the recommendations of your report, taking into account the recommendations of the *Blue Ribbon Commission on Use of Competitive Procedures at the Department of Energy Laboratories* when available. The Administrator is further directed to report progress to the Deputy Secretary and me on a regular basis.