

Energy Systems at Portsmouth

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Portsmouth plant employees and spouses at the Energy Systems Awards Night ceremonies in Knoxville, clockwise from upper left, included Larry and Deborah Dingess, E. V. and Aline Clark, Dee Waulk, and Lisa and Calvin Parker.



AWARDS NIGHT

Nine site people honored at Knoxville

Nine Portsmouth plant employees were among the 87 individuals and 44 team leaders honored for outstanding accomplishments in research, management, operational support and community service activities at the seventh annual Martin Marietta Energy Systems Awards Night May 24 in Knoxville.

Portsmouth employees who were honored are, by category and with their citations, as follows:

Operations and Support

E. V. Clarke Jr. for exemplary management leadership of the X-344 Toll Enrichment Facility.

Larry R. Dingess (with teammate Darlene Sutton) for noteworthy contributions in developing methods and procedures for implementing Conduct of Operations in the X-344 Model Facility Program.

Earl J. Elliott for exemplary leadership in conducting excess, surplus and salvage sales in compliance with federal standards.

William C. Justice (with teammates Judith Landrum and LeAnn McWhorter) for superb teamwork and outstanding dedication in providing quality graphic materials.

Michael A. Kane (with teammates Don Peno Campbell, G. Darell Coppenger, Robert C. Manley, Frank E. Moore and Fred M. Tedder) for the successful implementation of a new chemical treatment program to control cooling tower blowdown at the Oak Ridge Y-12 Plant, which resulted in a decrease in the number of National Pollutant Discharge Elimination System permit violations.

Cindy Murdock for exceptional work in resolving an apparent loss trend in cascade inventories by identifying a bias in an in-line measurement device.

Deanna L. Waulk for exceptional work in improving the quality of the safeguards system in the High-Enriched Storage Facility.

(Continued on Page 2)

Chairman discusses new contract at regional management meeting

Calling the recently signed Energy Systems-DOE contract "a very fair outcome of months of negotiations," Martin Marietta Chairman and Chief Executive Officer Norm Augustine discussed the significance of the new contracts, as well as strategies and future objectives for the corporation and Energy Systems, during the Regional Management Meeting in Oak Ridge.

Speaking to more than 300 company managers, senior secretaries and union leaders, Augustine recognized the "hard work and good-faith efforts" of contract negotiating team members in achieving the five-year extensions and stressed the importance of the agreements.

"We are pleased to continue our productive association with the Department of Energy. While aspects of the contracts present some new challenges, we also feel that they afford many opportunities to Energy Systems and its outstanding team. DOE is really counting on you, and we know that you're up to the challenge," he said.

Augustine also provided updates on corporate activities during 1990, including a videotaped report from the recent Shareholders' Meeting by Martin Marietta President Tom Young, who discussed the effects of the continuing decline in the defense budget and the weakened national economy, concluding that Martin Marietta Corporation "continued to perform well" in spite of these conditions.

Young stressed the corporation's commitment to mission success and total quality as he outlined many systems deployed during Operation Desert Storm that Martin Marietta people helped to develop. These include the Patriot air-defense missile, the LANTIRN night vision system, the Vertical Launching System and the laser-guided Hellfire anti-tank missile.

Award fees set

Energy Systems as received an award fee performance rating of 86 ("good") for Oak Ridge facilities for the six-month evaluation period that ended March 31.

The award amount is \$7,204,326, which is 65 percent of the available fee of \$11,083,579.

Uranium enrichment activities received an 83 ("satisfactory"), with a corresponding award of \$3,371,679, or 57.5 percent of the available fee of \$5,863,790.

"We're very proud of our employees who have served in the Gulf and of the men and women in the armed forces who so capably operated our systems," Young said.

Young also narrated a videotape of visits by U.S. Army and Air Force officers and other officials to Martin Marietta sites to thank employees for their efforts.

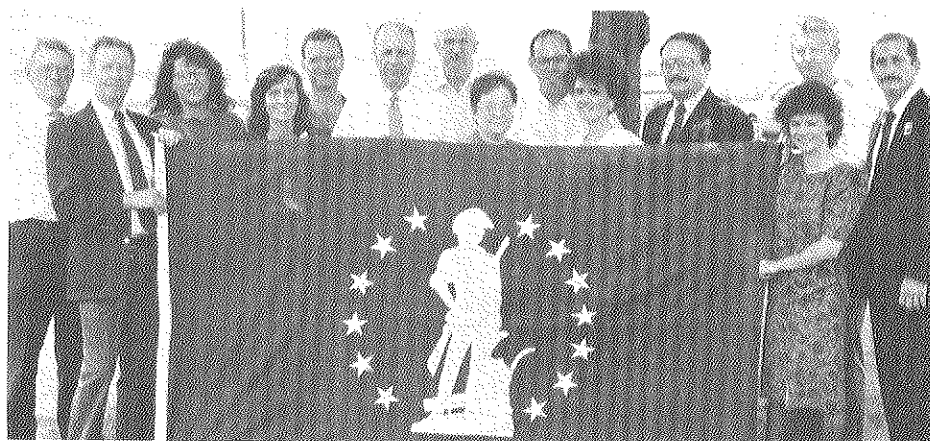
Young's comments were followed by taped presentations by the presidents of the corporation's operating groups, including Energy Systems President Clyde Hopkins; David Dressler of the Materials Group; Allan Norton of the Electronics, Information, and Missiles Group; and Peter Teets of the Astronautics Group.

Describing progress for 1990 as "generally good," Augustine said that the corporation did reasonably well last year, with sales of more than \$6.1 billion and earnings exceeding \$442 million. He added, however, that there are "some clouds on the horizon" in some parts of the business because of declines in defense spending and the general state of the economy.

"We still feel, though, that we are in a relatively strong position because we made major gains in non-defense markets [with new information management contracts with the Department of Housing and Urban Development and the Postal Service], reorganized our information systems program to compete more efficiently, and broadened our manufacturing base with the construction of several new facilities. We feel that we will fare a lot better than the average in our industry," he said.

Augustine outlined the corporation's five-point strategy for the '90s, which includes (1) growth in market position in space and defense electronics, (2) expanding the share of non-defense government business (including Energy Systems programs), (3) accelerating the growth of the corporation's aggregate business, (4) making opportunities for acquisitions in defense, and (5) enhancing growth through prudent diversification.

Key focal points Augustine cited for 1991 for all Martin Marietta employees are ethics, mission success, winning business, keeping programs sold, pushing technology, managing cash, "growing" people, refining strategic direction, and "not doing anything dumb."



Anthony Fish presented the "Minute Man Flag Silver Star" award to the Energy Systems campaign staff for the company's outstanding participation in the payroll savings plan. The plant received its Minute Man Flag in 1987 and has earned a "Silver Star" four times since. Photographed were Jim Mossbarger, Fish, Karen Davis, Jane Johnson, Larry Nickel, Jim Watson, Jim Patrick, Elaine Litten, Jerry Moore, Melanie White, U. S. Savings Bonds Area Manager Howard Gabe, Jan Mann, John Shoemaker and Russ Johns.

SERVICE MILESTONES

July 1991

35 years — Constance A. Eckhart and Ruthie Haydon.

25 years — John E. Bowdle.

20 years — Lela B. Perry.

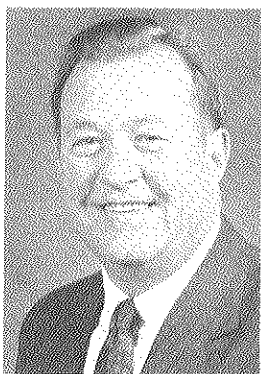
15 years — Larry M. Ruggles, Michael L. Davis, Jerry L. Moore, Charles E. Christman, Michael E. Park, William P. Redmond, Richard C. Newland, Jeanne M. Southworth, Gregory D. Pugh, Tom D. Lundy, Helen I. Barrett, Kenneth B. Lorbach, Elza T. Ruby, Ronald E. Ash, Gary E. Johnson, Romaine A. Newsome, Chelsey Kelley, Ronald E. White, Robert C. Warren, John M. Urik, Robert S. Lykowski, Craig J. Rhine and Timothy A. Bennett.

10 years — Donna A. Acord, James E. Morrison, Charles E. Stambaugh Jr., Estell L. Baldrige Jr., Bruce L. Bolden, Douglas W. Adams, Robert A. McCoy, Charles E. Hammond Sr., Tammy L. Henry, David W. Augustin, Mark J. Pelfrey, Rebecca P. Reeves, Dana H. Schrader, Dora J. Webster, Kirk A. MacDonald, Anita L. Dever, Lawrence V. Garnes, William M. Develin and Debra D. Sullivan.

5 years — Richard S. Gilliland, Richard W. Edwards and Pamela J. Potter.

Hopkins named vice president

Clyde C. Hopkins, president of Martin Marietta Energy Systems, has been elected a corporate vice president by the Martin Marietta Corporation board of directors.



Hopkins

During his 39-year career in the Oak Ridge organization, Hopkins also has served as executive director of the Oak Ridge National Laboratory and as vice president for uranium enrichment research and development, technical support and production activities.

Hopkins received his bachelor's degree in accounting from the College of Commerce in Bowling Green, Kentucky, and has done graduate work in industrial management at the University of Tennessee.

School funds available

Employees are reminded of the new student loan program "ConSern: Loans for Education." The program provides for low-cost unsecured education loans to families whose income is too high to qualify for federal student loan programs. Contact site Educational Assistance Program representative Shirley Couser for more information and application kits.

HOTLINE

To report fraud, waste or abuse, unethical activities, or concerns about security, quality, environmental, safety or health hazards, call the Internal Audit Hotline 24 hours a day on extension 2401.

Treasury's Bond criteria met for fifth straight year

Another "Minute Man Flag Silver Star" award symbolizing outstanding performance has gone to Martin Marietta Energy Systems for its participation in the U. S. Savings Bonds Payroll Savings Plan.

For five consecutive years, the plant has achieved at least 50 percent employee participation in its payroll deduction plan. The "Minute Man Flag" flies underneath the American Flag at near the entrance to the plant's administration building.

Anthony C. Fish, owner of Fish & Son Insurance and Pike County's Volunteer Chairman for the U. S. Savings Bonds Campaign, presented the award to Energy Systems at the direction of Catalina Vasquez Villalpando, Treasurer of the United States and National Director, U. S. Savings Bonds Division.

"Even though the 'Minute Man Flag' flies over countless buildings, factories, government offices and military installations, Martin Marietta Energy Systems is the only payroll savings company in Pike County to meet the Treasury's stringent requirements," Fish said.

The Minute Man has been the symbol of American security since colonial days. The term was used during World War One in promoting the sale of "Liberty Bonds." The Treasury's symbol is adapted from Daniel Chester French's bronze statue of the "Minute Man of Concord."

The flag itself is blue with the Minute Man in white as the central figure. The Minute Man is surrounded by a circle of 13 stars which represent the 13 original colonies.

Howard N. Gabe, Area Manager, U. S. Savings Bonds Division, represented Treasurer Villalpando at the plant awards ceremony.

"Martin Marietta Energy Systems employees symbolize exemplary participation in the Payroll Savings Plan, as Americans in all walks of life save for their own security, and that of their country, through the regular purchase of U. S. Savings Bonds, the Great American Investment."

The Portsmouth plant conducted its 1991 campaign in May to give all employees the opportunity to invest in Savings Bonds through the plant's payroll deduction plan — 52 percent of plant employees were participating at the close of the drive.

Russ Johns served as the General Chairman, while Steve Pullins was Assistant General Chairman. Others on the staff included Jim Mossbarger, Finance Systems; Jerry Moore, Training; and Jane Johnson, Publicity.

Karen Davis, Elaine Litten, Jan Mann, Jim Mossbarger, Ron Mount, Larry Nickel, Jim Patrick, Bill Pyles, Jim Watson and Melanie White served as division representatives.

Johns received the Treasury Department's Patriotic Service Award for exemplary performance in leading the plant bond drive.

United States Savings Bonds celebrated its golden anniversary this year. Martin Marietta has played a key role in supporting the purchase of Savings Bonds, starting with the first one in 1941.

More than 83 percent of Martin Marietta Corporation employees participate in the payroll purchase of U.S. Savings Bonds. The corporation ranks fifth in the U.S. Treasury's "Honor Roll of Major Corporations."

Awards Night

(Continued from Page 1)

Management Achievement

Roger McDermott was cited for outstanding leadership in implementing the Conduct of Operations for the Production Division.

Community Service

Lisa Parker (with teammate Calvin Parker) was recognized for noteworthy accomplishments in organizing the first observance of Native American Indian Week at the Portsmouth plant.

Robbins responsibility is implementing contract

Dan Robbins, director of Information Resources and Administration, has been given responsibility for developing and managing a plan to implement the new five-year management contracts for the five Energy Systems sites.

During the transition period before full implementation of the contracts in October, Robbins will work with senior managers and DOE personnel to construct a model plan that will provide a practical definition to the implementation of the contracts.

The model will focus on balance between rewards and risk and will include a schedule of significant or critical events, milestones and resources available.

Until the contract is fully implemented, Robbins will report periodically on the status of the plan to both Energy Systems senior management and DOE.

Ethics Hotline

To report possible wrongdoing or to obtain clarification on ethical matters, contact your Ethics Representative at extension 2554 or call the Corporate Ethics Office at (407) 356-9400.

In addition, the Martin Marietta Corporate Ethics Office has a 24-hour toll-free number: 1-800-3-ETHICS (1-800-338-4427).

No big surprises in contract extensions

The new five-year contract extensions for managing the Oak Ridge, Paducah, and Portsmouth facilities do not represent drastic change for most employees, according to information provided at initial contract briefings.

"We will continue to perform the basic mission-related work that we've been hired to do," said Energy Systems President Clyde Hopkins. "Some changes will affect management requirements and actions and requirements, and others will affect such organizations as Procurement and Contracts," he said.

Hopkins explained that the original impetus for many of the changes arose when members of Congress, other organizations and the public became concerned that the government was carrying too much liability in the operation of some of its facilities and that not enough was shared by contractor organizations. "There was pressure to ensure that the contractors operate as much like private industry as possible—to do their jobs well or be penalized. The whole country is moving in this direction.

"Our contract with DOE, which is the first under the new system, represents a mutually satisfactory method of doing business that addresses these demands," he said. "There are some very positive aspects to the new plan, including commitments by DOE to work and communicate more closely with us, and the availability of larger rewards for contractors who do their jobs well. This will be a new challenge for us, but I feel that our people are up to any challenge."

Participants in briefing sessions have included representatives of the Energy Systems offices of General Counsel, Contracts, and Administration and their DOE-ORO counterparts, who participated in the two-year negotiation process.

Contract terms

It is important to remember that the new contracts deal only with questions of contractor liability. The issue of personal or employee liability is not affected.

Issues that could later affect personal liability are the Price-Anderson Amendments Act and the Major Fraud Act, which are not incorporated into the current contract. The content of those two items of legislation will be dealt

with in later rulemaking. [See glossary, page 4, for definitions.]

Each contract is for a five-year term, beginning April 1, 1991, to March 31, 1996. All provisions except those dealing with fee, liability and travel were effective April 1. Travel policy revisions will take effect June 30, and the fee and liability provisions become applicable October 1.

Costs

The new contracts describe three kinds of risk—fines and penalties; losses; and loss, destruction or theft of government property. These liabilities have existed before; the difference now is in who pays these costs (and

the phase-in period for the revision; and others that might be identified after the October 1 implementation date as having been incurred before that date);

- experimental activities;
- events that are not in the "sole and exclusive control" of Energy Systems;
- losses that are within expected rates (as in scrap arising from machining);
- conditions arising from inadequate funding (as when required funding has been requested from but denied by DOE); or
- cases of willful acts when internal controls, provision of appropriate training and instructional programs and completely documented property management systems exist.

Even if a cost does not meet one of these conditions, all or part of it might still be allowable if voluntary disclosure is made.

Award fee

Effective October 1, fee will be determined according to four business units—ORNL, Weapons, Applied Technology, and Uranium Enrichment. The business units will provide to performance evaluation committees recommended performance areas, objectives and criteria. Whenever possible, these are to include objective milestones to which both parties agree.

DOE will establish the award fee rating, which is to be in the 80 to 90 range for successful completion of criteria. At least 51 percent of the criteria for Weapons, Applied Technology, and Uranium Enrichment will be in environmental, safety and health areas. DOE will determine the appropriate balance for ORNL.

A system also is in place to carry over to the second award period in a fiscal year unearned award fee funds when a business unit earns a rating that is 86 or greater and is higher than its previous rating; has no unsatisfactory ratings; and demonstrates measurable, aggressive corrective actions on previously identified deficiencies.

We will continue to perform the basic mission-related work that we've been hired to do.

—Hopkins

the costs of related litigation), DOE or Energy Systems. In the past, it was DOE; in the future, Energy Systems may be responsible for some of these costs.

Risk can be created by employees of Energy Systems and on-site subcontractors and by other people on site when Energy Systems contributes to creating the risk. Unallowable costs (ones that Energy Systems would pay) can be created by negligence, either through acts or omissions, or by willful misconduct [see glossary].

The amount of unallowable cost will be determined by the value of the facility, item, or material that is lost or damaged or by the specified fine or penalty. In most instances, such liability will have a ceiling, defined as the total fee earned by the affected business unit [see glossary] during the six-month award fee evaluation period.

In some circumstances, costs would be designated unavoidable, and therefore allowable (paid by DOE). Examples are:

- actions directed by the contracting officer [see glossary];
- pre-existing conditions (some in existence before April 1984 when Energy Systems assumed management of the facilities; some that may have been incurred between April 1984 and the September 30 conclusion of

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. . . from the Law Library—some parables

Now that Energy Systems has signed contracts with DOE for five more years managing the Oak Ridge and uranium enrichment facilities, there appears to be some interest in the new provisions of the contracts. Because I was a member of the four-person team that negotiated these agreements, I thought perhaps I should have a go at explaining them.

I could do this with charts and view graphs, but that's not the best way. The best way is like they did it 2000 years ago—with parables. One parable is worth 1000 pictures. Actually the form will be the analogy, which, depending upon your philosophical point of view, is either the grandparent or grandchild of the parable. There are two analogies—basketball and banking.

Parable of the three-point line

In the beginning there were two ways to score in basketball—free throws and field goals. Pressure from the public and short people led to the creation of the three-point line, where the greater risk of missing is offset by a 50 percent increase in the potential reward. The prudent team that is not intentionally foolhardy in taking the greater risk can use the opportunity to great advantage.

Parable of the Barlow knife

I sold a rare Barlow pocket knife I won for perfect attendance at Latin Club meetings in 1956. The Latin Club had paid \$3.62 for it; I sold it for \$2,482.16 to a world-class Barlow collector in Only, Tenn.

Then I was faced with the problem of investing my \$2,482.16. I could put it in an FDIC-insured bank at 6 percent fixed interest for a

year; put it in an uninsured money market account that paid 7.2 percent, but with a variable return; or combine the funds with \$1,562.87 I inherited from my mother's unmarried great aunt and invest the funds in high-risk stocks through which I might earn up to \$42,682.87 or lose not only the \$2,482.16, but also the \$1,562.87. In other words, I could play it safe and risk interest only, risk both interest and principal, or risk interest, principal and other funds as well. The more risk I was willing to take, the greater my potential earning.

Thus, in basketball and in banking, the greater the risk one is willing to accept, the higher the potential return.

The new contract extensions reflect the same philosophy. Like the three-point shooter, Energy Systems has accepted more risk in return for the potential for earning more fee. Like the investor, Energy Systems is willing to risk all of our fee and even additional corporate funds in exchange for greater potential return. It is very important for employees to understand that it is Energy Systems that accepted the increased risk, not its employees.

Liability

Under certain conditions, Energy Systems has accepted liability for the negligence or willful misconduct of its employees. [See the glossary on page 4.]

The "certain conditions" under which Energy Systems accepted liability for negligent conduct can be broadly summarized as whether it had sole and exclusive control and adequate funding to carry out a nonexperimental activity. If it did and if the negligence causes more than the normal scrap,

waste or rework or a fine or damage to government property then Energy Systems, not DOE, will bear the cost up to a ceiling.

We are liable for willful misconduct only if we *have not* made a good faith effort to implement a DOE-approved internal system to control such conduct.

The contracts limit Energy Systems' risk by defining four separate business units (ORNL, Applied Technology, Weapons, and Uranium Enrichment), each with a ceiling (or cap) on the liability resulting from its activities.

Unallowable costs from one unit do not spill over to the others. When the liability costs assessed against one of the four units hits its

ceiling (which is the total amount of fee earned in the six month period), that unit incurs no more capped unallowable cost during that period.

The exception to the capping of liability applies if an officer, board of directors member or the supervising representative (Clyde Hopkins) engages in willful misconduct. The resulting liability, then, would be uncapped. This has always been the case.

On the other side of the discussion is potential reward. The fee schedules have been adjusted for 10 years of inflation. The range of scores that earns basic fee has been raised to from 81 to 96 [previous range: 61-100]. The higher starting point should provide incentive to improve our scores. The basic fee is reduced for scores ranging from 65 to 75. We can lose

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Side effects: changes in operation, documentation

From the point of view of the thinking, prudent Energy Systems employee, the new contract revision offers increased opportunities to clarify our work and meet our goals.

Being a reasonable person of ordinary prudence working with high-technology, state-of-the-art scientific equipment, and in experimental situations with the accompanying responsiveness to environmental safety and health involves more than looking both ways before crossing a street. It is knowing the name of the street, its traffic patterns and precisely where you intend to go after crossing. It means thinking ahead, paying attention, getting opinions and evaluations from one's peers, asking questions, assessing risks and generally working together efficiently.

In recent contract briefings held by and for DOE and Energy Systems employees, the message was that the contract defines more clearly than ever before where each contracting party stands and how we are to work together. There are elements in the contract to help both sides resolve confusion and clarify expectations.

Here, then, is an abbreviated report of what each side put into the contract and what the law demanded of both parties.

DOE input

A DOE goal was for the contractor to achieve even better performance and accept increased liability for costs that could be avoided, such as penalties for compliance violations, losses (such as the cost of work that has to be scrapped or redone), and property theft, damage or loss (for items in the property management system). In addition, DOE wanted the contract fee adjusted for inflation, required a higher scoring range for making the award fee (81 to 96 points), and included assessment of a loss of fee for earned scores below 76 points.

Energy Systems input

Some Energy Systems input is designed to make us manage the liability we now have. For example, designating four business units with fee curves and ceilings on liability for each protects any one of the four from liabilities incurred by another.

Pre-existing conditions of the sites or conditions arising from past practices (before this contract period) will not be assessed against the company.

Energy Systems managers will have the op-

portunity to comment about such matters as cost and potential disadvantages of implementing new orders that come from DOE, so top DOE officials will know how programs (and funding) would be affected by new orders. Through that process, we also will be able to learn how (or whether) each order applies to Energy Systems work.

Under the new contract, Energy Systems oversees the work of other prime contractors and subcontractors that do work at the five sites. That authority extends to environmental, safety and health concerns; quality assurance; and safeguards and security and allows Energy Systems officials to evaluate their work and, in the rare event that life or the environment is in danger, suspend activity.

Laws and regulations

Some changes arise from laws and regulations that have been enacted since the first contract was signed in 1984. For example, DOE is considered the owner and operator, and Energy Systems is the co-operator of these facilities for the purpose of compliance with the Resource Conservation and Recovery Act.

Employees who travel will do so after June

s for the new contract era

up to 50 percent of the basic fee for poor performance, but the award fee pool (potential earning) under the new contract is basic fee times 150 percent (200 percent for the weapons business unit).

In general, there is a degree of uncertainty built into both risk and reward. The potential income for Energy Systems per year is somewhere between less than \$0 and more than \$90 million. Perhaps it would be useful to run through an example to see how the liability portion of the contracts will work.

Arnie A. Finefeller, an engineer at ORNL, is developing a method to enrich uranium using ultrasonic waves. He mixes natural uranium

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understand that
Systems that
increased risk,
years.**

—Kannan

with zonkine, a hazardous material, and exposes it to ultrasonic waves for 2.0014 days. The bottom half of the container will contain uranium enriched to 4 per-

cent U-235.

Arnie takes a beaker from the enrichment chamber, fastens waxed paper around the top with a rubber band, and puts it in his briefcase. Later, driving at 90 miles per hour to a meeting in Paducah, he runs into a bridge abutment. The uranium and the zonkine are spilled into a river, and the government car is destroyed. The EPA fine resulting from the spill is \$1 million; cleanup cost is \$8 million; and the cost of car new was \$10,000 (book value at time of accident is \$4,000).

Has Arnie been negligent? Would a reasonable person of ordinary prudence have put a hazardous material in a breakable beaker with a wax paper cap held on by a rubber band? No. Would the person drive a car at 90 miles per hour while carrying this beaker? No. The incident would most likely be defined as negligence.

The EPA fine of \$1 million would be paid by Energy Systems, as would be the \$4,000 depreciated value of the car. The cleanup cost would probably be considered consequential damage (i.e. not sufficiently direct or foreseeable) and not charged against Energy Systems. If it were decided that the cleanup should be assessed against Energy Systems, the amount paid would be no more than the total fee earned by ORNL in the six-month evaluation period when the accident occurred.

GSA travel policy in effect June 30

A contract change that will affect many employees involves new facets of the Energy Systems Business Travel Policy. The revised policy, scheduled to go into effect June 30, includes government-mandated changes that are tied to General Services Administration (GSA) requirements and others changes that incorporate Martin Marietta corporate guidelines.

Energy Systems Travel Manager Mike Farmer said that although some aspects of the policy will be different, many areas will not change, including most of those related to transportation. "And for the revised sections, we have been working for some time to reduce

Suppose that Arnie had left a suicide note before leaving Oak Ridge. The question would then be whether his driving at 90 miles per hour was a deliberate act with the intent to cause his own death (willful misconduct). If so, Energy Systems' liability would depend on whether or not it had implemented in good faith a DOE-approved internal control system relevant to safe driving.

That's a view of the contracts through a low-resolution telescope, but we hope the image was sharp enough to convey an idea of the size and shape of the contacts. As we gain experience working under the contracts, we will develop clearer, more detailed images. After five years—the life of the contracts—we will be experts and ready to learn all about the next five-year extensions.

impact on our travelers," he added. Major areas of revision include

- method of reimbursing travelers for meals and lodging;
- handling of cash advances for frequent travelers;
- amount of mileage reimbursement; and
- personal use of airline awards when travelers are voluntarily "bumped" from flights and, under certain conditions, use of frequent-flyer points for upgrades to first-class travel.

Effective June 30, reimbursement for meals and incidental expenses will be made in accordance with GSA limitations. GSA per diem amounts are \$26 or \$34 per day, depending on the destination. The per diem amount, which covers meals, tips, laundry and personal telephone calls, will be paid to the traveler, and no itemization will be required.

For the first and last days of a trip only, reasonable and actual expenses (requiring itemization) will be paid, up to the per diem amount. No meal and incidental expense reimbursements will be paid for day trips within a 50-mile radius of the traveler's work site.

Lodging reimbursements, including room charge and applicable taxes, will continue to be based on actual expenses; however, there will be a maximum reimbursement based on the GSA lodging allowance for the city visited. Certain situations will qualify for exception, including the following:

- travel requiring the use of a hotel with meeting room accommodations;
- conference attendance where the employee stays at the conference hotel;
- travel to an Energy Systems-sponsored meeting where no hotel offering meeting space is available under the lodging allowance maximum; or
- travel to an area where no lodging rates are available below the maximum allowance (must be documented by Travel personnel).

see TRAVEL, page 4

tion to affect us all

30 under General Services Administration travel policies.

Effects

In general, employees will have to be more aware of procedures for their work and will not be free to initiate projects that involve cost without proper authority.

Teamwork, already an important element of our company values, will help us meet our contractual obligations as we consult with each other more frequently to be certain that our work is coordinated. Doing so should save money, conserve manpower and prevent duplicated efforts.

For non-supervisory personnel (such as scientists working on experiments, craftspersons doing craft work and general office personnel), there will be increased emphasis on exercising care in their work, obtaining required training, reporting and documenting their work (especially for the purpose of tracking costs) and clarifying the definitions of tasks they are to perform.

For first-line supervisors, department heads and division managers, there will be increased emphasis on tracking costs and managing

financial risk associated with choosing to apply staff time and financial resources to one task or program or another. Progress toward meeting milestones will be monitored more closely. Greater control over the flow of work will be exercised to be certain that the appropriate contracting officer originates the work.

For senior managers, the view of those same areas of concern will be broader, with the goal of balancing the interests of Energy Systems as a whole. Senior managers, having that broad view, will be responsible for early warning of financial risk and damage-control systems and will implement procedures to clarify the customer's (DOE's) expectations for employees.

Final words

Attitude is of great importance under this new contract. The watchwords for proceeding with any task or decision are prudence and risk management. To achieve an atmosphere of mutual trust, we must adhere to the agreement, ask questions, request clarification, consult with our peers and managers, and report occurrences immediately and candidly.

Glossary

allowable cost: the cost of doing business; expenses allowed for in the contract (see unallowable cost)

business units: four separate groups for the purposes of liability ceilings and fee calculation in which liability or fee of one does not influence those factors for any of the others; the four are ORNL, Applied Technology, Weapons and Uranium Enrichment

CO/COR: acronyms for DOE "contracting officer" and "contracting officer's representatives"; the people who issue directions or requests for work under the contract

GSA: General Services Administration; definer of the policy governing Energy Systems employee travel [see article, page 3]

liability: being financially responsible for the work Energy Systems does and the consequences of it; applies only to the company *not to individuals*

manage: carry out the work in accordance with the terms of the contract. Because certain laws give specific meaning to "operator," one can avoid ambiguity and confusion, by using "managed by" and "manager" instead of "operated by" and "operator."

negligence: conduct that falls below the standard established by law to protect others against unreasonably great risk or harm; based on the standard of care a reasonable and prudent person of ordinary prudence would exercise in the same or similar circumstances and environment

risk: associated with liability (fines, penalties and property loss); can

be managed by thoroughly evaluating the effect of choosing one task or action over another

rulemaking: process through which a federal agency issues regulations; happens when Congress passes a law that requires implementation by an agency; involves the agency's developing and issuing regulations generally intended to detail how the law will be applied; a formal process that requires publication of proposed regulations and requests for public comment before final regulations are issued

unallowable costs: costs Energy Systems pays, resulting when the risk accepted becomes a reality

unavoidable accident: is not intended and cannot be foreseen or prevented under any circumstance through the exercise of reasonable precaution

willful act/willful misconduct: deliberate, intentional act (or failure to act) performed knowingly and purposefully with the direct objective of causing a foreseeable injury when the act is, in fact, the cause of the injury; intentionally committing an act of unreasonable character in disregard of risk known to exist or risk so obvious that it must be known and so great as to make it highly probable that harm will follow; an intentional act with conscious indifference to consequences—intentional damage

Travel continued from page 3

When one of those criteria is met, the lodging allowance maximum can be increased to 150 percent of the base rate.

As a result of the changes, Travel Department personnel will be required to contact hotels within a reasonable business distance to find rates within lodging allowance limits. Travelers who choose not to accept alternative hotels within the allowance limits will not qualify for exceptions.

Before implementing the new policy on cash advances, Travel Department personnel have been working to identify frequent travelers—employees who have made two trips during each of the last three years, who made as many as three during a recent year, or who have been so designated by division management. They are being of-

ferred corporate American Express Cards.

Those who have been designated "frequent travelers" and offered credit cards will normally be limited to a \$40-per-day travel advance for domestic trips and to the mileage and incidental expense rate plus \$5 for all other locations. Infrequent travelers will receive travel advances equal to the per diem rate (mileage and incidentals plus lodging) times the number of days of travel.

The amount of mileage reimbursement for using a personal car for official business travel is being changed to bring the Energy Systems rate in line with that of the corporation, Farmer said. The rate will increase from 24 to 27 1/2 cents.

Other revisions affect airline travel. For

example, an employee who is voluntarily "bumped" from a flight may make personal use of the airline award, as long as the flight change does not result in increased cost to the company. If the resulting additional travel time causes the employee to miss work, the time will be recorded as vacation.

An employee who has accrued frequent-flyer points may use them for an upgrade to first-class seating if one leg of the flight is greater than two hours, if there is more than one change of planes, or if the final flight would land after midnight.

Questions about the new policies should be directed to Travel Department offices (K-25, 4-7964; ORNL, 4-5985; Paducah, 6343; Portsmouth, 2918; Y-12, 4-0011).

Acknowledgment

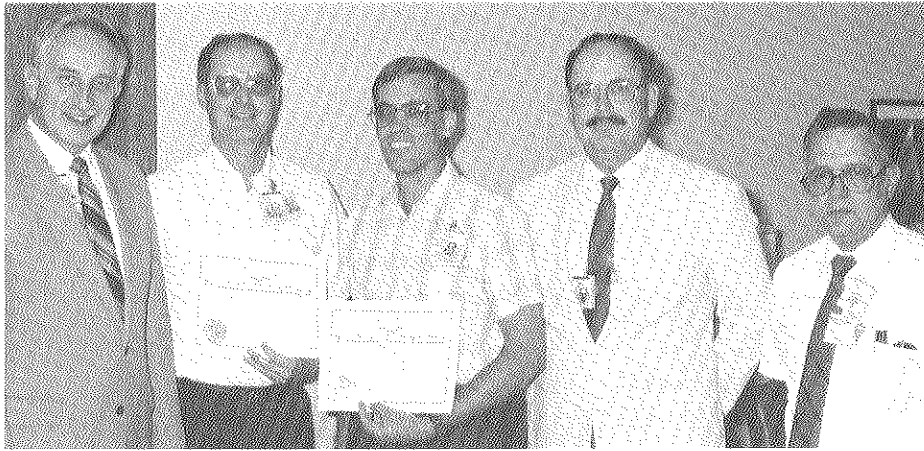
This special section of Energy Systems News was prepared to provide basic information for Energy Systems employees. Contributing authors are Patricia Greeson, Energy Systems News editor; Phil Kannan, Office of the General Counsel and a member of the Energy Systems negotiating team; Cindy Ross Lundy, manager of employee communications. Critical input was provided by Wilson Horde, general counsel; Chuck Landguth, vice president for Administration; and Harry Nesteruk, manager of Contracts. For additional copies, call Patricia Greeson at 6-4220.

● Copies of the complete contract are available at Energy Systems libraries



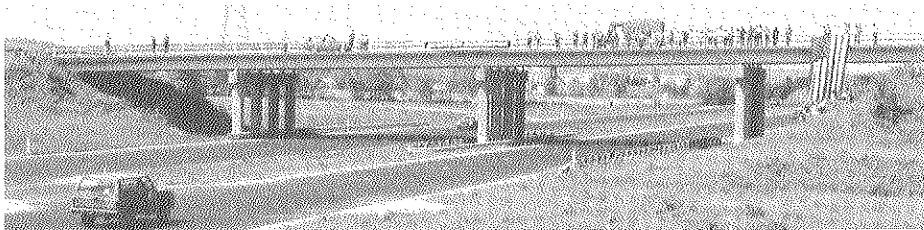
Martin Marietta sponsors Math Science Academy

Instructor Ken Fox demonstrates the method for determining the focal point of a lens to Jennifer Wright of Waverly and Christina McClure of Wheelersburg as part of the Math Science Academy at Shawnee State University. The program began May 11 for high school sophomores and juniors in six Ohio and two Kentucky counties. The Department of Energy, Energy Systems and Shawnee State University started the program to increase student literacy and interest in math and sciences. Energy Systems granted \$120,000 for the two-session academy. It will be repeated for another group in the fall. (Photo courtesy of Shari Caudill, Staff Writer/Photographer for The Portsmouth Daily Times)



Certified Boiler and Pressure Vessel inspectors

Plant Manager Ralph Donnelly recognized Dane Allen and Tim Bennett, senior inspectors in the Quality Control Department, for becoming Certified Boiler and Pressure Vessel inspectors in the State of Ohio. This came after they had completed almost two years of intensive study and on-the-job training. Participating were John Cormier, Manager, Quality Programs; and Vic Perez, Department Head, Quality Control.



Welcome Home!

More than 300 rose to their feet April 8 at the I&E reception to welcome Security Inspector Timy Jones (left) home from active duty in the Persian Gulf. "We've many names on our Wall of Honor," said Plant Manager Ralph Donnelly, "but I take great pleasure in saying we've one safely among us again." Other employees called to active duty were Tamiri Rogers, Charley Douglas, Cecil Broughton and Carl McCrary. A number of employees went to the cloverleaf on Route 23 on May 2 (above) to welcome the 1001st Infantry Battalion on its way home to Chillicothe.

MARTIN MARIETTA

Energy Systems at Portsmouth

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New Employees

May 20

T. David Taylor, Compliance and Supporting Services (D-030).

John S. McCormick, Procedures System Management (D-070).

Neil K. Snyder, Project Planning (D-633).

Cathy L. Sizemore, Employment (D-024).

David M. Milam, Co-Op Student, Employment (D-024).

Michael G. Edlmann, Electrical Engineering (D-611).

Tina L. Vinings, Environmental and Industrial Hygiene Analytical Services (D-551).

Bryan J. Corbin, Chemical Operations (D-823).

Linda L. Hall, Maintenance Engineering (D-741).

George C. Wishart, Purchasing (D-321).

May 28

Daron J. Kessie, Stephen D. Long and Jeffery S. Lawless, Police Department (D-911).

Susan K. Bennington, Environmental and Industrial Hygiene Analytical Services (D-551).

June 3

Sara A. Hale, Instrumentation and Computer Technology (D-521).

Loretta S. Jenkins, Laundry (D-828).

Douglas T. Davenport, Environmental Restoration (D-105).

Edward H. Garrison Jr., Health Physics (D-102).

Marla K. Smith, Employment (D-024).

Barry L. Snook, Fire Protection Services (D-921).

Lois G. Wagner, Medical (D-111).

June 10

Sarah A. Jenkins, Employment (D-024).

Jackie M. Adams, Environmental Control (D-103).

June 17

Jeffrey A. Klein, Cascade Operations (D-811).

Sharon K. Brown, Personnel Relations (D-210).

Robertta L. Cook, Health Physics (D-102).

Dominic J. Hanket, Legal (D-002).

June 24

Pamela J. Ward, Organic Analytical Services (D-554).

Richard R. Wildman, Safety (D-101).

Glenn D. Dalton, Environmental Restoration (D-105).

Melissa L. Mains, Employment (D-024).

Thad A. Sherwood, Employment (D-024).

Jennifer L. Alley, Employment (D-024).

Cindy M. Charles, Employment (D-024).

Kenneth D. Milar, Employment (D-024).

Kelly C. James, Instrument Engineering (D-612).

Gwendolyn J. Bloomfield, Employment/Affirmative Action (D-023).

Betha C. Wynn, Library and Distribution Services (D-351).

Crystal L. Bayes, Engineering Services (D-634).

July 1

Theresa A. Steele, Benefit Plans (D-231).

Lee A. Walters, Materials (D-332).

Joan M. Stewart, Employment (D-024).

Retirees

Janet L. Tanner, Chillicothe, Janitor (D-743), more than 15 years.

Barbara L. Yeager, Wheelersburg, Sr. Clerical Assistant (D-912), more than 23 years.

Donald P. Delong, Rarden, Supervisor, Chemical Operations (D-832), more than 36 years.

Wilma M. Redden, Portsmouth, Administrative Assistant I (D-320), more than 30 years.

Robert F. Hoover, Scioto-ville, Sheet Metal Mechanic 1/C (D-722), more than 23 years.

Leonard Scaggs, Portsmouth, Maintenance Mechanic 1/C (D-726), more than 32 years.

William Hammons, Lucasville, Materials (D-333), more than 16 years.

Paul W. Reiser, Portsmouth, Chemical Operator (D-822), more than 36 years.

Frederick R. Flanagan, McDermott, Maintenance Mechanic 1/C (D-724), more than 37 years.

Lavern R. Jones, Lucasville, Maintenance Mechanic 1/C (D-727), more than 37 years.

Maurice Cremeans Jr., Wheelersburg, Production Process Operator (D-814), more than 37 years.

Clarence R. Pyles Jr., Portsmouth, Production Process Operator (D-811), more than 11 years.

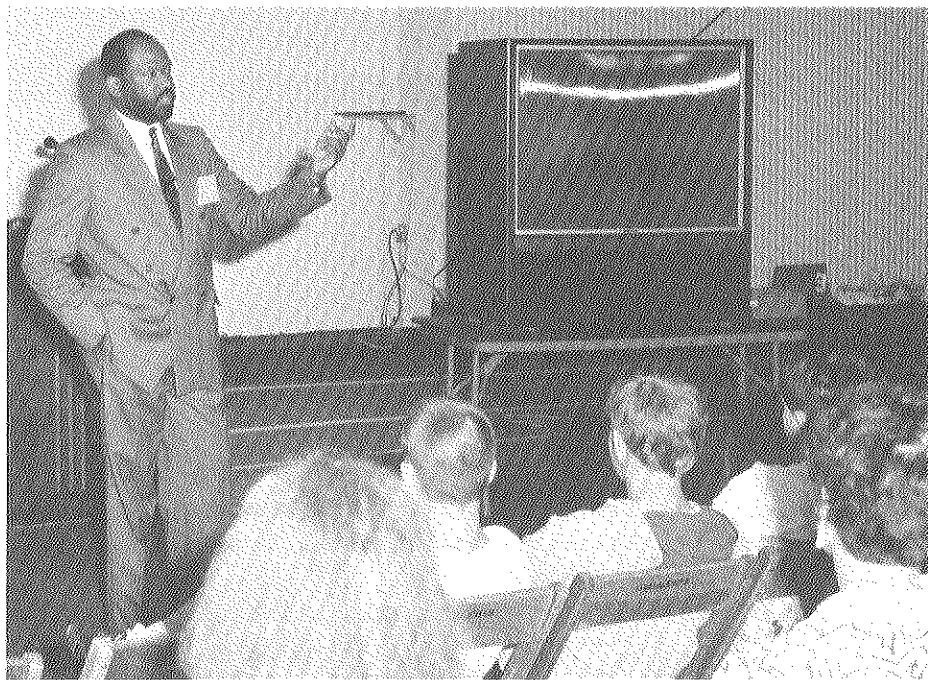
Dale L. Gillette, Londonderry, Instrument Mechanic 1/C (D-712), more than 11 years.

Tolbert B. Enyart, Pike-ton, Maintenance Mechanic 1/C (D-025), more than 15 years.

Billy M. Kazee, Ironton, Electrician 1/C (D-711), more than 12 years.

Everett F. Reedy, Jackson, Welder 1/C (D-732), more than 19 years.

**Wyandot Lake
outing rescheduled
to September 7**



Bill Demby provides inspiration for Portsmouth area residents

by Jane Johnson

The love of sports makes Bill Demby stand today a taller, confident man.

Abilities Awareness took on new meaning as more than 125 Portsmouth plant employees heard Demby provide an inspirational message at a May 9 reception in the plant cafeteria.

Demby lost both legs from the knee down in March 1971 when a Vietnamese rocket hit his truck. He had arrived in the war zone three months prior to his injury.

Nationwide, more than 43 million people are disabled with an estimated one out of every five people becoming permanently disabled at some time in his or her life, Demby noted.

Architectural designs (doors, stairs, restrooms, etc.) and attitudes are the two barriers existing for the handicapped, he said.

Companies often provide only minimum support for the handicapped, he noted. "Freedom to us (handicapped) is coming and going without assistance."

Demby's desire was to obtain a degree and become a professional athlete. His school counselor encouraged him to pursue factory work.

He spent a year rehabilitating at Walter Reed Hospital. One of his duties was to provide some patient care for other veterans.

"If you think your problems are bad, look next to you," he said comparing his injuries to Skip (fellow veteran left without one arm and leg and suffering severe brain damage).

Demby and other hospitalized veterans combined their efforts with that of a speech therapist to produce Skip's first word.

"Teamwork is what it's all about," said Demby.

Demby's transition to life outside the hospital sanctuary was difficult. "I lost eight years of my life through alcohol and

drugs before I returned to sports and regained my self-worth," he said.

Demby, an avid competitor before his injury, is a nationally-ranked disabled track and field competitor. He holds the national amputee record in the shot put, discus and javelin and plays in a wheelchair basketball league.

In 1984, Demby became one of the original testers of a new artificial limb known as the "Seattle Foot." The foot proved more resilient and flexible than other prostheses and enabled Demby the mobility to return to stand-up basketball. Demby became a certified ski instructor.

Demby and the "Seattle Foot" were featured in a DuPont company television commercial that aired across the United States.

He has competed with the U.S. Amputee Athletic Association in the 1988 Paralympics in Korea and was recognized at the White House with the Presidential Victory Award in 1989. Last summer, Demby participated in a Peace Marathon in Moscow that united Soviet and American veterans.

Demby recounted his recent address to students at his former high school. He advised them to always aim for the moon but stressed the importance of education.

"Even if you miss, you'll still land among the stars," he concluded.

The Portsmouth site activity was part of the "Accent on Abilities" Exposition conducted at Shawnee State University and sponsored by Martin Marietta. Jim Hicks and Woody Galloway serve on the Greater Portsmouth Area's Abilities Awareness Committee.

Acting EEO/AA Site Manager Jeanette Langford extended appreciation to members of the Employees Activities Committee and Information Support Services for assistance with the program.

RCRA Facility Investigation part of regulatory agreements

The first half of a comprehensive investigation to establish the nature and extent of any hazardous environmental contaminants is under way at the Portsmouth Gaseous Diffusion Plant.

This is the beginning of the first phase of a three-step, plant-wide process to find, assess and correct any contamination problems which may exist.

This first phase, the RCRA Facility Investigation (RFI), involves sampling soil, surface water, pond and stream sediments, ground water and air throughout the plant area to define the presence, character, maximum concentrations, extent, direction and rate of movement of any hazardous wastes, hazardous constituents, and/or hazardous substances.

Environmental restoration work at the plant is being done in accordance with the Resource Conservation and Recovery Act (RCRA) Corrective Action Process, which first includes the RFI, then a Corrective Measures Study (CMS), and then Corrective Measures Implementation (CMI).

The use of this approach for investigating and correcting any contaminated areas identified at the plant was included in agreements between DOE, the Ohio Environmental Protection Agency (OEPA) and the U. S. Environmental Protection Agency (USEPA).

The OEPA and USEPA review and approve the RFI work plans for portions of the plant before field investigations begin.

The RFI is being conducted for DOE through the Martin Marietta Energy Systems Environmental Restoration Program.

Geraghty & Miller Environmental Services, Inc., is under contract to Martin Marietta to perform the actual field investigation. Eight rigs are being used during the drilling phase of the RFI.

Plans call for the field work for the first half of the plant to be completed in July and the RFI report to be submitted to OEPA and USEPA in February 1992.

Information gathered during the RFI will be used to develop and evaluate corrective action alternatives and to identify appropriate corrective measures to be applied. This phase, the CMS, is scheduled to begin following OEPA and USEPA approval of the RFI Final Report.

Obituaries

Norma L. Copen, Portsmouth, May 10. Copen worked in Department 375 at the time of her retirement in April 1975. Survivors include her husband, Carl.

Gregory G. Inman, Sciotoville, May 18. Inman was an Electrician 1/C (D-711) at the time of his retirement in February 1985. Survivors include his wife, Pauline.

David L. Say (D-535), Wheelersburg, May 19. Survivors include his wife, Sandra, two children, and aunt, Mabel Blair (D-001).

Josephine Casari, Lincoln, Nebraska, June 2. Survivors include her son, Bob Casari (D-601).

Beulah Simpson, Jackson, June 9. Survivors include her son, Dave Simpson (D-712).



Geraghty & Miller Environmental Services and subcontractors are performing the field investigation of the RCRA Facility Investigation (RFI). Eight rigs are being used during the drilling phase of the RFI.

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