

# GAO Highlights

Highlights of [GAO-25-106997](#), a report to congressional committees

## Why GAO Did This Study

Naval Reactors, jointly managed by the U.S. Navy and DOE's National Nuclear Security Administration, is constructing a new facility to replace and upgrade the handling and processing of naval spent fuel. Naval Reactors has experienced challenges completing the project, causing schedule delays and cost increases of more than \$2 billion.

Senate Report 118-58 accompanying S. 2226, the National Defense Authorization Act for Fiscal Year 2024, includes a provision for GAO to review the status of naval spent fuel and related facilities. This GAO report (1) describes Naval Reactors' plans for managing spent fuel, (2) assesses the extent to which SFHP cost and schedule estimates exhibit key characteristics of reliable estimates, and (3) examines the extent to which Naval Reactors has analyzed the causes of SFHP cost and schedule increases, and quality assurance problems. GAO reviewed agency documents on spent fuel management and the SFHP; compared SFHP estimates with cost- and schedule-estimating best practices; and interviewed Naval Reactors and DOE officials.

## What GAO Recommends

GAO is making six recommendations, including that Naval Reactors conduct an independent root cause analysis of SFHP cost increases and schedule delays. In their written comments, the National Nuclear Security Administration agreed with GAO's recommendations.

View [GAO-25-106997](#). For more information, contact Nathan Anderson at (202) 512-3841 or [andersonn@gao.gov](mailto:andersonn@gao.gov).

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## NAVAL REACTORS

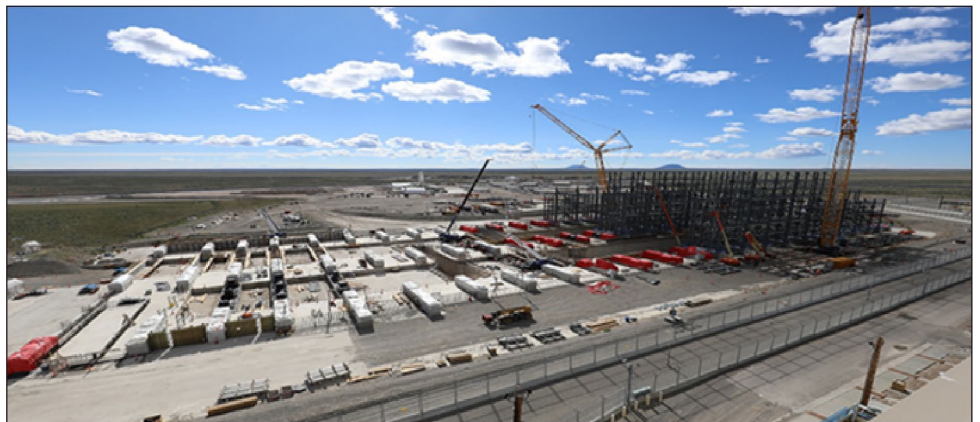
### Independent Analyses of Cost, Schedule, and Quality of Work Needed for Spent Fuel Handling Facility Project

## What GAO Found

The Office of Naval Reactors (Naval Reactors) plans to modernize its facilities for managing naval spent fuel at the Naval Reactors Facility at the Idaho National Laboratory. Naval Reactors plans to continue storing the spent fuel there until the Department of Energy (DOE) develops a repository for permanent disposal. However, as of August 2024, DOE has no formal plans for the development of an interim storage facility or a permanent repository for nuclear waste.

GAO reviewed the third baseline revision (the most recently completed) for the Naval Spent Fuel Handling Recapitalization Project (SFHP). GAO found that Naval Reactors' cost and schedule estimates did not fully reflect the key characteristics of credible and comprehensive estimates. For example, Naval Reactors requires its major construction projects to follow Naval Reactors and DOE's project management order. DOE requires cost estimates to use the best practices identified in GAO's *Cost Estimating and Assessment Guide*. Naval Reactors did not conduct an independent cost estimate—a best practice. To validate the estimate, its contractor relied on several cross-checks on major cost elements completed by subcontractors external to the project. By following all best practices for credible and comprehensive cost estimates when developing its planned fourth baseline revision, Naval Reactors would have greater assurance that the estimated costs are realistic.

#### Construction of Naval Reactors Spent Fuel Handling Recapitalization Project as of May 2024



Source: Naval Reactors. | GAO-25-106997

Naval Reactors has not conducted independent analyses of the underlying causes of SFHP cost increases and quality assurance problems that have led to the rebaselining. DOE's project management order requires independent root cause analyses of project cost overruns, and of the quality of the work performed. However, while analyses were conducted by the contractor, they were not conducted by staff independent from project management and were thus not independent. Independent analyses of root causes could provide Naval Reactors with more objective and reliable information to oversee the project contractor and help prevent further project cost increases and delays.