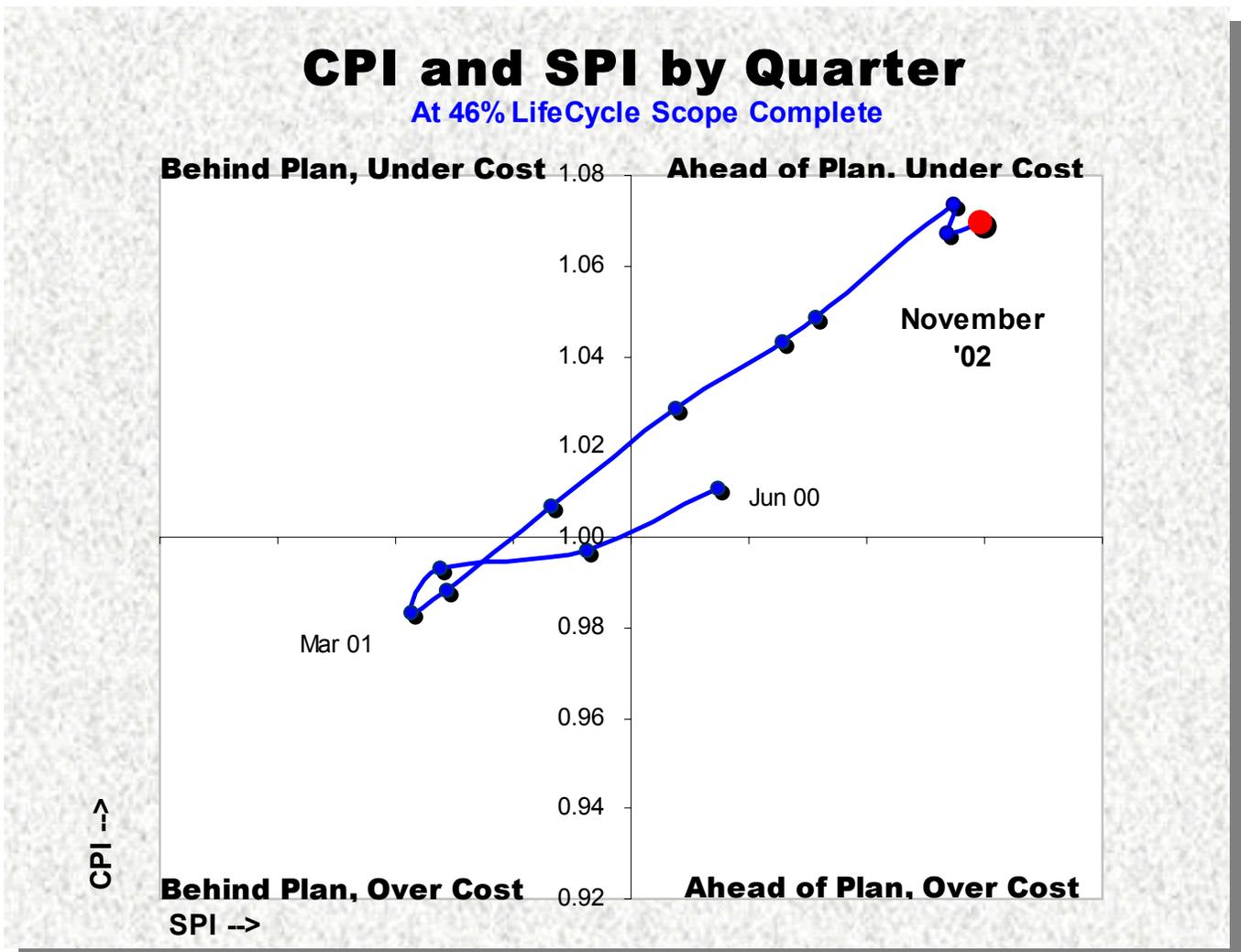


ROCKY FLATS

Monthly Project Report

FY03

November, 2002



Monthly Project Report Rocky Flats

November 2002

Executive Overview

In General: K-H is continuing to complete work activities below the estimated cost and ahead of schedule. Positive cost and schedule variances have prevailed for the previous fourteen months. K-H continues its emphasis on working safely and maintaining compliance with procedures to ensure safe operations.

Key Accomplishments: D&D activities remain on or ahead of schedule. K-H demolished the 987 Storage Vault Bunker and 335 Fire Training Building. Remediation of the 903 Pad (location of the worst environmental release in Rocky Flats' history) began November 14th, with no detection of elevated radioactive or chemical contamination levels during initial excavations of asphalt and soil. K-H successfully completed Soil Vacuum Technology Demonstration. The Waste program shipped 348m³ of TRU, 3390m³ of Low Level Waste, and 561m³ of Low Level Mixed Waste.

In September, K-H revised their schedule to accelerate D&D activities in B371. DOE will continue to monitor these adjustments, in the interim we will use December 15, 2006 as the Estimated Completion Date (ECD).

METRIC	
Safety:	During November, 2002, there were 80 site-wide safety events, including two events of "Serious Concern" (Level 4), and five events of "Significant Concern" (Level 3).
<i>Bears Watching</i>	No Site Noncompliance Tracking Reports were submitted for the month of November.
Cost Variance:	Cumulative Cost Variance = +7%, +\$119M out of ~\$1,827M BCWP _{CUM}
<i>On Plan</i>	<i>LIFECYCLE: 46% of target scope completed; 43% of target cost expended - continues positive performance.</i>
Schedule Variance:	Predetermined Work Activities SV = +38%, +\$53M
<i>On Plan</i>	<i>LIFECYCLE: 12% of scope scheduled; 17% of scope completed - continues positive performance.</i>
	Traditional Schedule Variance = +6%, +\$102M
	<i>LIFECYCLE: 43% of scope scheduled; 46% of scope completed - continues positive performance.</i>
Critical Path	CP = <u>SNM activities, B371 D&D</u> Estimated Completion Date: <u>December 15, 2006</u>
Completion Date:	The critical path is unchanged this month. The contractor has been closely examining critical path activities for acceleration opportunities. In September, B371 D&D activities were re-sequenced to accelerate the Project completion date by several months. RFFO is continuing to use the original Target Date, December 15, 2006, as the ECD.
Current CP: <i>On Plan</i> <i>Under review</i>	
Key Milestones	Closure Activities: Decommissioned the Fire Training Building and area (335 and 331A), the 987 Storage Vault bunker, and five other miscellaneous structures. All Special Nuclear Material has been removed from IAEA controls and surveillance.
<i>DNFSB: Bears Watching</i>	DNFSB: <i>Pu Metals & Oxides</i> - May 2002 milestone was not met. PuSPS operations are expected to complete by October 2003. To mitigate further schedule delays, approximately 970 kilograms of low-purity oxides have been authorized for shipment to the Waste Isolation Pilot Plant.
<i>RFCA: On Plan</i>	RFCA FY03 Milestones: <i>K-H Reporting. These figures are validated Quarterly by RFFO</i> D&D = \$29.54M: Met for 2003. LLW = \$5.91M: Met for 2003. TRU = \$.75M: 81% Complete. ER = \$.552M: Met for 2003. 2003 M5 Milestone (<i>See Glossary</i>) = \$35.312M: 40% complete at end of November.
GFS/I	
Status: <i>On Plan</i>	GFS/I requirements are now being met and/or are in process except as noted below.
Forecast: <i>Bears Watching</i>	Need DOE receiver site for Low Level Mixed Waste Orphans.

Executive Summary

Contract Status

TC: 3.973B (Original: 3.963)

TF: \$340.8M (Original: \$340M)

TCD: 15 December 2006

Penalty Assessment

No Fee Penalties were issued in November. To date, four fee penalties have been issued under the terms of this contract with total penalties equaling \$510,000.

Requests for Equitable Adjustments (REAs):

Negotiations on the REA for National Emergency costs are pending RFFO review. K-H has recalled and is revising the REA submitted at the end October for the shipment of items greater than 1000A2. It will be resubmitted at a later date. No REA settlements have been incorporated into the contract this month.

Pending REA's: ~ \$38M +-

- ★ ~ \$18 million: National Emergency (2002 – 2003 Costs)
- ★ ~ \$3 million: Shipment of items greater than 1000A2. (*Undergoing revision by the contractor. Resubmittal expected*)
- ★ ~ \$13 million: WIPP WAC Part III (projected 2002 - 2005 costs)
- ★ ~ \$1 million: PuSPS Moisture measurement
- ★ ~ \$3+ million: Miscellaneous (System Engineers/B371 VSS, NTS Waste Acceptance Criteria, PuSPS outside SRS Requirement, Beryllium Monitoring)



Safety

7 Events of “Significant Concern” or Above

There were 80 site-wide safety events during the month of November, 2002. There were two “Serious Concern” Level 4 events and five “Significant Concern” Level 3 events.

The Level 4 events:

1. Collective: Several events involving inadequate hoisting/rigging have occurred in recent months that could have led to severe consequences. Most occurred during D&D disassembly and/or equipment removal.
2. B776: A piece of falling metal struck a D&D worker on the shoulder during the performance of overhead work in the Advance Size Reduction Facility.

The Level 3 events:

1. B865: A subcontractor rigged a sling to a load and began lifting. The choker slipped off the load, causing the load to drop approximately 4 feet to the floor. There were no injuries.
2. B707: While loading a Standard Waste Box with a roust-about portable hoist, the hoist tipped, dropping the load into the box. A fact finding concluded that the crew used a lifting device inappropriate for the task, and that workers were not using tag lines to position the suspended load. A Near-Miss was declared, then upgraded to an Off-Normal Occurrence. Deputy Project Manager approval for the lifting of suspended loads remains in place.
3. B371/374: An operational emergency (alert) was declared following a spill of mixed waste from tank 231A during sludge removal. Approximately 10-25 gallons of sludge was released (above Reportable Quantity), most of it within the secondary containment. Approximately 600ft² of area outside of the containment was sprayed. The spill was immediately contained and waste outside the containment was cleaned up or fixed. The highest contamination levels found were 200-600dpm/100cm². The spill was reported to the State of Colorado Site Representative (CDPHE) in accordance with site procedures.
4. B865: A subcontractor exited the Contaminated Area with no cartridges on his respirator. Personnel at the step-off pad reported that the respirator had had cartridges when the employee entered earlier. Breathing zone sample results indicated that this employee was not exposed to beryllium. A search was conducted for the respirator cartridges.
5. B881: A tanker truck containing approximately 500-1000 gallons of ground water fell onto its side at the South dock area when an area of ground/asphalt under the landing gave way. No injuries or environmental concerns.

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Critical Path

The critical path includes preparation / packaging of composites followed by B371 D&D and site grading. During September, the contractor re-sequenced the B371 D&D activities to accelerate the Project completion date by several months. RFFO is monitoring the efficacy of the new critical path and near critical path activities and for the foreseeable future will continue to utilize December 15, 2006 as the estimated completion date.



GFS/I Performance

Most GFS/I requirements have been met. Remaining approvals to use 9975 and DT-22 containers for select material are in process. The key issue is the identification of treatment / disposal receiver sites for orphan waste, and disposal sites for LLMW between 10 and 100nCi/g activity.

Cost Performance



Cost

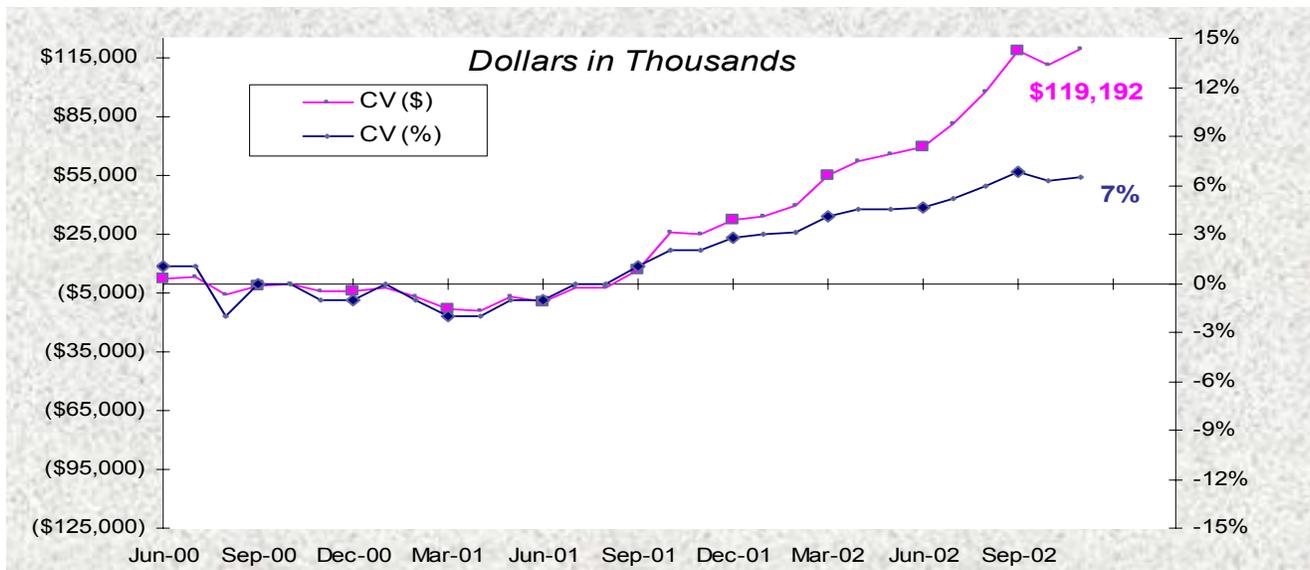
LIFECYCLE: 46% of scope completed; 43% of target cost expended

Cost Variance +7%, +\$119M (positive trend)

During the month of November, the contractor recovered the \$8M in cumulative cost variance from October's decline. Cost Variance for target activities went from +6%, +\$111M in October to +7%, +\$119M this month.

Most of the PBDs continue to experience positive cost variances as a result of efficiencies. In PBD G, minimal costs were incurred on several Individual Hazardous Substance Site areas (IHSSs) as a result of a determination that remediation actions originally planned were no longer required to be completed. These cost savings resulted in a +39% cost variance for this PBD. PBD A's negative cost variance increased by \$3.4M between October and November. This PBD has been experiencing increased negative variances since September. The variances are concentrated in Facilities Management, Decommissioning and PuSPS.

Cumulative Cost Variance Over Time



NOTE: Currently, the closure project has accumulated \$14.4M in non-target Site Closure (EW05) and Safeguards and Security (FS40) costs. These non-target costs are generally the result of technical direction and may eventually be considered as part of potential Requests for Equitable Adjustment, and / or will impact cost variance.

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Cost Performance by PBD*:

Project Description		BCWP	ACWP	CV (\$)	CV (%)
1A	371 Complex Project	238,401	262,000	(23,599)	-10%
1B	707 Complex Project	140,160	140,299	(139)	0%
1C	B771/774 Closure Project	161,885	170,454	(8,569)	-5%
1D	B776/777 Closure Project	131,189	125,503	5,686	4%
1E	Industrial and Site Services Project	324,304	262,646	61,659	19%
1F	Material Stewardship Project	420,307	407,703	12,604	3%
1G	Remediation Project	43,066	26,391	16,676	39%
1H	Engr., Environ, Safety & Quality Programs	130,164	113,336	16,828	13%
1J	Support Project	237,392	199,345	38,047	16%
Project Totals		\$1,826,869	\$1,707,677	\$119,192	7%

* Includes *all target* fund sources: EW05, FS40, EW02, GG08, NN61 and YN01

The positive cost performance on the Closure Project is concentrated in PBD E, *Industrial and Site Services Project*, and in the level-of-effort activities in PBD J, *Support Project*. Significant cost savings have been realized in some cost accounts of PBDs F, A, and C (Material Stewardship, 371 and 771), however they are overshadowed by overruns in other cost accounts.

Schedule Performance

DEFINITIONS OF ROCKY FLATS' SCHEDULE PERFORMANCE INDICATORS HAVE BEEN MOVED TO THE GLOSSARY AT THE BACK OF THIS REPORT.



Comparative Schedule Performance

The project-level positive schedule variances reflect the contractor's continued success at accelerating workscope. However, the majority of accelerated activities have been in PBDs D and E, not on the Critical Path. A comparative review of schedule performance indicators continues to indicate that positive schedule metrics in the Building 776 Closure Project (PBD D), and the Industrial and Site Services Project (PBD E) still mask negative schedule metrics in the Building 371 Complex Project (PBD A) caused in part by delays in composite preparation and SNM removal.

K-H's critical path revisions in September have resulted in some projected early finish dates for the individual Projects. DOE is still reviewing the K-H changes and will utilize December 15, 2006 as the estimated completion date for the Total Project until the review is complete.

Project		SV _{TRAD}	SV _{PWA} *	SV _{MM}	SV _{P3} +/- Days
1A	371 Complex Project	-4%	-7%	-10%	102**
1B	707 Complex Project	4%	19%	13%	41
1C	B771/774 Closure Project	4%	6%	9%	18
1D	B776/777 Closure Project	16%	106%	41%	151
1E	Industrial and Site Services Project	22%	189%	96%	187
1F	Material Stewardship Project	2%	97%	7%	131
1G	Environmental Remediation	56%	344%*	63%	102**
Total Project:		6%	38%	21%	102**

*These are K-H reported values which reflect approximately \$6.5M (\$5.6M in PBD G) over RFFO validated BCWP. RFFO validates and reports on PWA performance quarterly, in the Total Project Report

**Under RFFO Review

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P3 Completion

The **K-H generated** Estimated Completion Dates (ECDs) from the P3 schedule are represented below. K-H has been closely examining the critical path activities to identify schedule acceleration opportunities. In their September schedule status reporting K-H included some modified logic ties/relationships, some expected efficiencies, and calculated the resultant critical path. RFFO is monitoring the critical path and for the foreseeable future will continue to utilize December 15, 2006 as the estimated completion date.

PBD	Activity Description	Baseline Early Finish	Stated Early Finish
A	B371	11-Oct-06	10-May-06*
B	B707	13-Mar-06	06-Jan-06
C	B771/774	18-Aug-04	23-Jul-04
D	B776/777	31-Oct-06	06-Mar-06
E	Industrial Sites	11-Oct-06	15-Dec-05
F	Material Stew.	13-Dec-06	17-May-06
G	ER	14-Dec-06	05-Jul-06*
ALL		14-Dec-06	05-Jul-06*

*Under RFFO Review

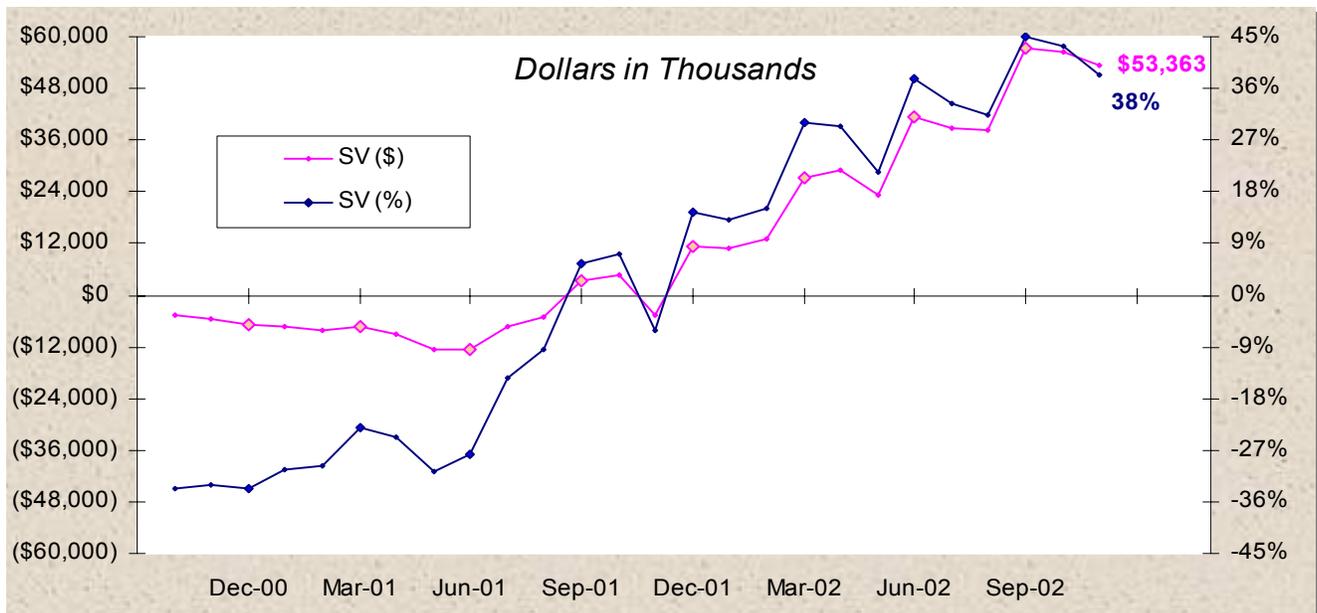


Predetermined Work Activities

SV_{PWA} (+\$53M, +38%)*

K-H continues the positive performance on Predetermined Work Activity schedule variance (SV_{PWA}) begun in June of 2001. The current BCWS for these activities is \$139M and the lifecycle BCWS for these activities is \$1.145B. At the end of November, 41% of the contract schedule has elapsed (34 out of 82.5 months), 12% of the PWA scope was scheduled for completion (lifecycle), and 17% (\$192M) of the PWA scope is actually completed. SV_{PWA} performance declined slightly again this month going from +\$56.5M and +43% in October to +\$53.4M and +38%.

**These are K-H reported values which reflect approximately \$6.5M (\$5.6M in PBD G) over RFFO validated BCWP. RFFO validates and reports on PWA performance quarterly, in the Total Project Report*



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Project Metrics

Project Metric	Life Cycle ¹ Planned	Actuals to Date	Actuals for Month	Actuals this FY	FY Plan (CPB)	FY Plan (AWA)
Low Level Waste Disposed (m ³)	184,475	53,921	3390	6381	36,637	37,000
Low Level Mixed Waste Disposed (m ³)	44,614	4057	562	768	3151	8,700
TRU Waste Disposed (m ³)	12,355 ²	4757 ⁶	348 ⁶	622 ⁶	2065	3,000
Depleted and Other Uranium Dispositioned (Metric Tons)	250	210	0	30	70	70
Certified 3013 Containers Produced	1,700 ³	1173	111	189	0	716
B371 Project Work Sets	60	6	0	0	9	14
B707 Project Work Sets	98	37	2	2	17	17
B771 Project Work Sets	106	63 ⁴	1	1	13	15
B776 Project Work Sets	82	66	0	0	17	13
Facilities Demolished	290 ⁵	77	6	9	6	43
Release Sites Assessed	238	144	0	0	21	21
Release Sites Cleaned Up	121	31	0	1	9	9
Gloveboxes removed	1,324	813	26	59	306	403

¹ "Life Cycle" based on Closure Project Baseline metrics and New Corporate Performance Measures

² Per revised K-H lifecycle estimates

³ Life cycle estimate changed from 1900 to 1700 to account for shipment of 962 kg of Low Purity Oxides to WIPP

⁴ Starting in FY03 (Oct. '02) this number includes D&D work sets and areas

⁵ Based on current IPABS data, subject to change

⁶ Based on a comparison with WIPP reports, the October actuals were adjusted from 302 to 274

Note: Residue Stabilization Project completed in May 2002; all 104,146 kgs of residues stabilized.

Key Definitions / Terms

Rocky Flats' schedule performance indicators:

All indicators (except P3) use the standard formula $SV=BCWP-BCWS$ and are measured in dollars, not time. Performance is measured against the Life-Cycle Baseline as presented in June 2000 with minimal adjustments approved through our rigorous Change Control Process. The indicators defined below differ mainly in which budgeted costs are included in the analysis.

Traditional Schedule Variance (SV_{TRAD}): This indicator addresses schedule performance compared to plan for the entire project contracted with Kaiser-Hill. It includes all "Target" costs as defined by the contract (EW05, EW02, FS40, GG08, YN01, and NN61). It does NOT include budgeted costs for things like performance fee, technology deployment, and program (RFFO) funds. A positive variance means that, compared to the original plan, more work was accomplished than planned. A negative variance means that less work has been accomplished than planned.

Modified Milestone Schedule Variance (SV_{MM}): This schedule performance indicator is designed to focus on all the 'real' work at the site. It removes level-of-effort activities from the analysis, but adds the Technology Deployment budget. Again, the variance indicates that more work or less work was accomplished than planned.

Predetermined Work Activities Schedule Variance (SV_{PWA}): In order to best assure that the government is awarding performance fee for the accomplishment and acceleration of the most important work at Rocky Flats, our contract with Kaiser-Hill includes a list and schedule of ~900 "Predetermined Work Activities" against which performance is measured and provisional fee is paid. Generally, SV_{PWA} calculations allow for earning value only when an activity is 100% complete (all or none), unless the activity is a quantity-based measure. These activities represent critical work necessary to the timely closure of the Site, and performance is measured against the baseline schedule set out at the beginning of the contract. Although the contractor is free to realign specific work activities as they see fit, the dollar amount of work accomplished against these critical activities is expected to remain on plan to facilitate timely closure of the site.

Primavera Project Planner Schedule Variance (SV_{P3}): In contrast with the previous indicators, the P3 schedule variance is measured in units of time (days). The Primavera project scheduling software computes the longest (critical) path through the contractual work on the Project and arrives at the Stated Early Finish, (a.k.a. Estimated Completion Date). Variance is measured against the Baseline Early Finish as established in June 2000.

Orphans – Low Level Mixed Waste Orphans. Wastes which must be removed from the Site but for which no disposal / treatment path has been identified and/or approved.

D&D – Deactivation and Decommissioning. Deactivation: the process of placing a "building" in a safe and stable condition. Decommissioning: All activities that occur after deactivation. Includes decontamination and dismantlement /demolition.

M5 - RFCA Earned Value Aggregate (over 50%) Milestone. Fiscal Milestones M1 – M4 require that 50% of the FYBCWS in each individual category be completed in that fiscal year. The FY M5 Milestone tracks the dollar value of the remaining BCWS in those categories for the fiscal year and requires that it be completed before the end of the *following* fiscal year. The M5 Earned Value Milestone can be satisfied with any combination of BCWP from LLW, D&D, ER, and TRU. However, the M5 milestone must be completed for each fiscal year before BCWP can be applied to Milestones M1 – M4 in the following year.

PBD A – 371 Complex Project. Liquid waste ops, Plutonium Stabilization & Packaging System (PuSPS), repackaging of residues, SNM removal (including shipping), and D&D. Building demolition by October 11, 2006.

PBD B – 707 Complex Project. SNM holdup removal, consolidation of SNM into B371, classified matter removal, and D&D. Building demolition by 3/1/06.

PBD C – 771 Complex Project. Complex D&D and D&D Programs (site decommissioning program and EM-50 funded projects). Building demolition by 8/04/04.

PBD D – 776 Complex Project. D&D. Building demolition by 10/27/05. Removal of the slab/foundation by 4/26/06 and project completion by 10/31/06.

PBD E – Industrial / Site Services Project. The industrial and site services portion of the RISS Project, and other bldg D&D.

PBD F – Material Stewardship Project. Technical program direction and operational support for commodities, engineered services, procurement, traffic & transportation, and disposition of waste.

PBD G – Remediation Project. The Environmental Restoration (ER) Program portion of the RISS project. The overall scope includes Industrial Area and Buffer Zone Closure and environmental restoration including any remaining characterization.

PBD H – Engineering, Environmental, Safety, Quality, and Health. Infrastructure. Includes; project management, assessment, oversight, regulatory compliance and monitoring, waste certification, technical training, Nuclear Safety and Licensing, Criticality Safety, Fire Protection, Engineering, Safety/Work Control, and Radiological Protection.

PBD J – Support Project. General Counsel & Audit (GC&A), Strategic Planning & Integration, Administration, and the K-H Executive Office.