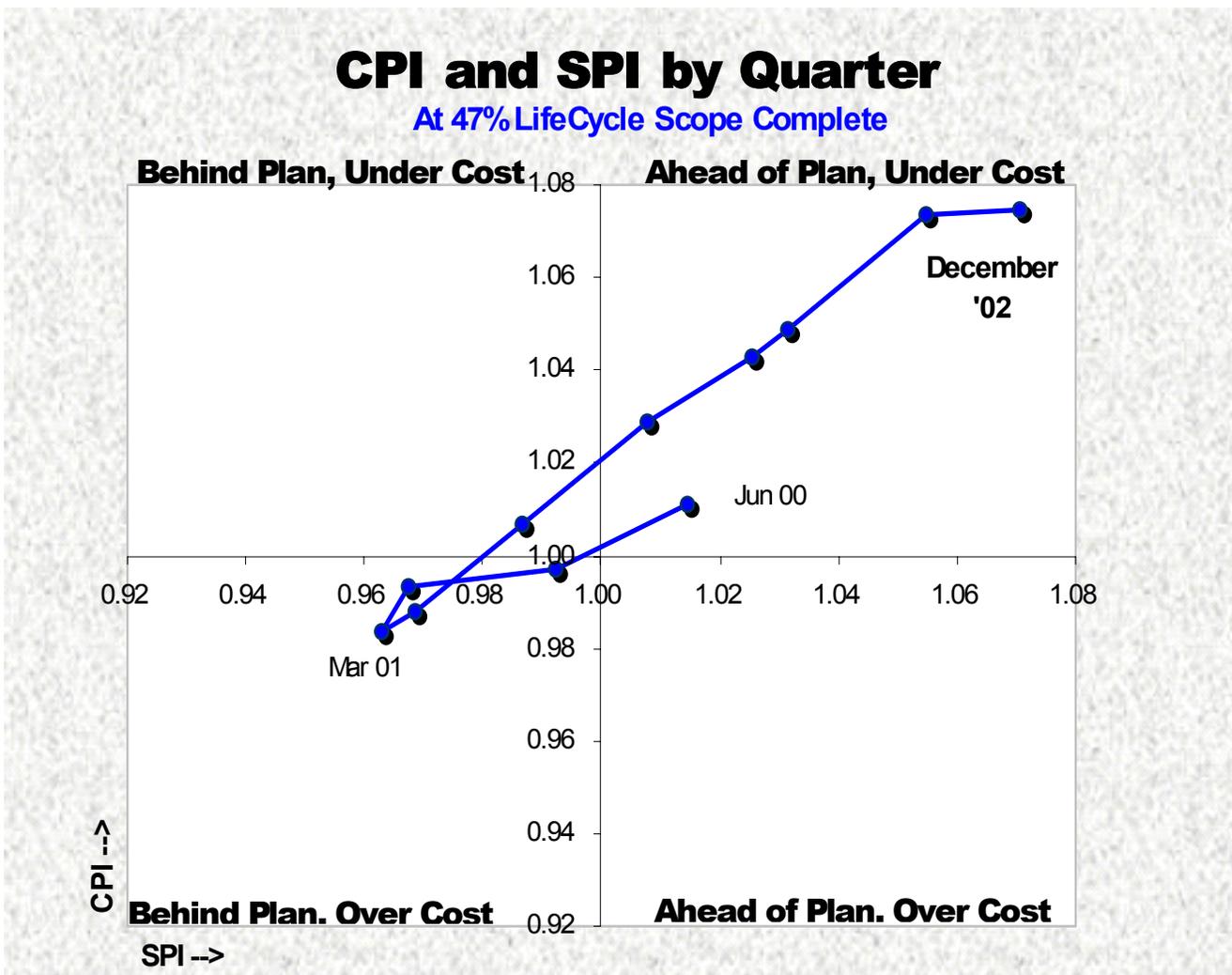


ROCKY FLATS

Monthly Project Report

FY03

December, 2002



Monthly Project Report **Rocky Flats**

December 2002

Executive Overview

In General: K-H has completed work activities below the estimated cost and ahead of schedule for the previous fifteen months. Cost and schedule variances are currently on par with one another; every dollar in cost savings is immediately applied to accomplish a dollar's worth of schedule savings. 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 with the last of the gloveboxes removed from Buildings 771 and decommissioned in B776/777. Results of the Building 776/777 buried equipment characterization justify deferring removal until foundation excavation. Accelerated action at the Solar Evaporation Ponds was completed and re-vegetation is scheduled to start on February 12, 2003. Completed Phase I field characterization sampling of B771 Under Building Contamination. The Waste program shipped 292m³ of TRU, 3,603m³ of Low Level Waste, and 2,010m³ of Low Level Mixed Waste.

METRIC	
Safety:	During December, 2002, there were 74 site-wide safety events, including one event of "Significant Concern" (Level 3). <i>See page 2</i>
<i>Bears Watching</i>	No Site Noncompliance Tracking Reports were submitted for the month of December.
Cost Variance:	Cumulative Cost Variance = +7%, +\$131M out of ~\$1,890M BCWP _{CUM}
<i>On Plan</i>	<i>LIFECYCLE: 47% of target scope completed; 44% of target cost expended - continues positive performance.</i>
Schedule Variance:	Predetermined Work Activities SV = +59%, +\$87M
<i>On Plan</i>	<i>LIFECYCLE: 13% of scope scheduled; 20% of scope completed - continues positive performance.</i> Traditional Schedule Variance = +7%, +\$125M <i>LIFECYCLE: 44% of scope scheduled; 47% 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: <i>On Plan</i>	The critical path has remained stable for four months. The contractor continues to examine critical path activities for acceleration opportunities. 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: Completed Building 776/777 buried equipment characterization (finding only one piece of buried equipment), and clean up of the Solar Evaporation Ponds. Glovebox decommissioning reported complete for Buildings 771 and B776/777.
<i>DNFSB: Bears Watching</i>	DNFSB: <u>Pu Metals & Oxides</u> – The commitment to complete PuSPS operations was missed in May 2002, and is now on track for 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; repackaging has commenced and is expected to be complete by July 2003.
<i>RFCA: On Plan</i>	RFCA FY03 Milestones: <i>K-H Reporting.</i> <i>These figures are validated Quarterly by RFFO</i> D&D (\$29.54M): Met for 2003. LLW (\$5.91M): Met for 2003. ER (\$.552M): Met for 2003. TRU (\$.75M): on track for early completion.. 2003 M5 Milestone (<i>See Glossary</i>) (\$35.312M): on track for timely completion.
GFS/I	GFS/I requirements are being met and/or are in process except as noted below.
Status: <i>On Plan</i>	Need DOE receiver site for Low Level Mixed Waste Orphans.
Forecast: <i>Bears Watching</i>	

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 HQ 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: ~ \$33.5M

- ~ \$16.5 million: National Emergency (2002 – 2003 Costs)
 - ~ \$13 million: WIPP WAC Part III (projected 2002 - 2005 costs)
 - ~ \$1 million: PuSPS Moisture measurement
- ~ \$3+ million in these miscellaneous REAs:
- System Engineers/B371 VSS
 - NTS Waste Acceptance Criteria
 - PuSPS outside SRS Requirement
 - Beryllium Monitoring



Safety

1 Event of “Significant Concern” or Above

During December, 2002, there were 74 site-wide safety events, including one event of “Significant Concern”

(Level 3). There were no events above Level 3.

The Level 3 event:

B865: subcontractor employee was rigging a 170 lb. piece of steel when it slipped from the rigging and struck the scaffold on which the worker was standing. The scaffold rocked back onto a piece of fixed equipment. No injuries or equipment damage occurred.



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 estimated 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 disposal sites for 10 to 100nCi/g LLMW.

Monthly Project Report **Rocky Flats**

December 2002

Cost Performance



Cost

LIFECYCLE: 47% of scope completed; 44% of target cost expended

Cost Variance +7%, +\$131M (positive trend)

While the percentage of Cost Variance for target activities remained the same, the contractor accumulated another \$12M in cost savings this month (up from +\$119M in November). Most of the PBDs continue to experience positive cost variances as a result of efficiencies, with significant cost savings concentrated in PBD E, Industrial and Site Services Project, the Environmental Remediation project (PBD G), and in the level-of-effort activities in PBD J, Support Project. The exceptional cost performance of Waste Programs and Operations, is offset by overruns in several other cost accounts in PBD F.

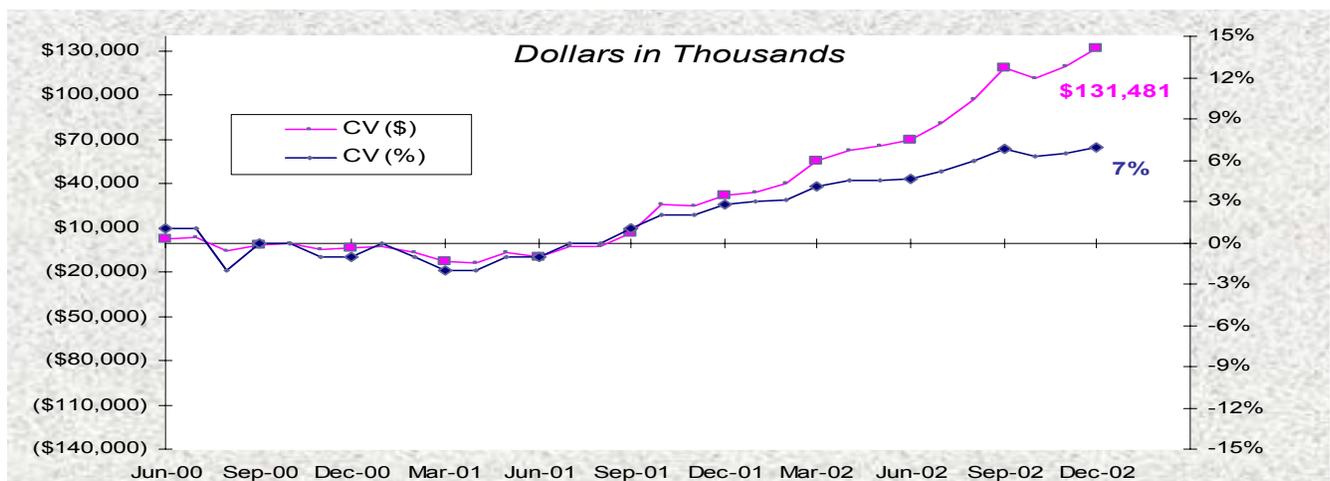
Despite significant savings in decommissioning activities, PBD A's negative cost variance increased another \$2.2M this month. This PBD has experienced significant negative variances in the last three months, accumulating nearly -\$12M since September. Activities in PBD A dominate the critical path. Negative cost variances are expected to persist as K-H continues to buy schedule recovery.

Cost Performance by PBD*:

Project Description	BCWP	ACWP	CV (\$)	CV (%)
1A 371 Complex Project	244,107	269,904	(25,796)	-11%
1B 707 Complex Project	145,553	144,672	880	1%
1C B771/774 Closure Project	164,784	174,806	(10,022)	-6%
1D B776/777 Closure Project	140,776	129,487	11,288	8%
1E Industrial and Site Services Project	334,450	270,205	64,246	19%
1F Material Stewardship Project	434,567	420,043	14,524	3%
1G Remediation Project	50,537	28,588	21,950	43%
1H Engr., Environ, Safety & Quality Programs	132,551	115,869	16,682	13%
1J Support Project	242,689	204,960	37,729	16%
Project Totals	\$1,890,015	\$1,758,534	\$131,481	7%

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

Cumulative Cost Variance Over Time



NOTE: Currently, the closure project has accumulated \$15.5M 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.

Monthly Project Report **Rocky Flats**

December 2002

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 continue to indicate that positive schedule metrics in the Building 776 Closure Project (PBD D), and the Industrial and Site Services Project (PBD E) mask negative schedule metrics in the Building 371 Complex Project (PBD A). K-H is applying cost savings realized in other PBDs to fund schedule reduction in PBD A. It is anticipated that PBD A's schedule variance will improve in the future.

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	-3%	3%	-7%	109**
1B	707 Complex Project	7%	30%	19%	51
1C	B771/774 Closure Project	4%	26%	8%	41
1D	B776/777 Closure Project	21%	136%	53%	138
1E	Industrial and Site Services Project	22%	189%	93%	165
1F	Material Stewardship Project	2%	69%	10%	115
1G	Environmental Remediation	77%	1299%	87%	109**
Total Project:		7%	59%	26%	109**

*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



P3 Completion

The *K-H generated* Estimated Completion Dates (ECDs) from the P3 schedule are represented below. K-H continues to examine the critical path activities to identify schedule acceleration opportunities. 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	19-Apr-06*
B	B707	13-Mar-06	20-Dec-05
C	B771/774	18-Aug-04	21-Jun-04
D	B776/777	31-Oct-06	27-Mar-06
E	Industrial Sites	11-Oct-06	23-Jan-06
F	Material Stew.	13-Dec-06	13-Jun-06
G	ER	14-Dec-06	22-Jun-06*
ALL		14-Dec-06	19-Apr-06*

*Under RFFO Review

Monthly Project Report Rocky Flats

December 2002

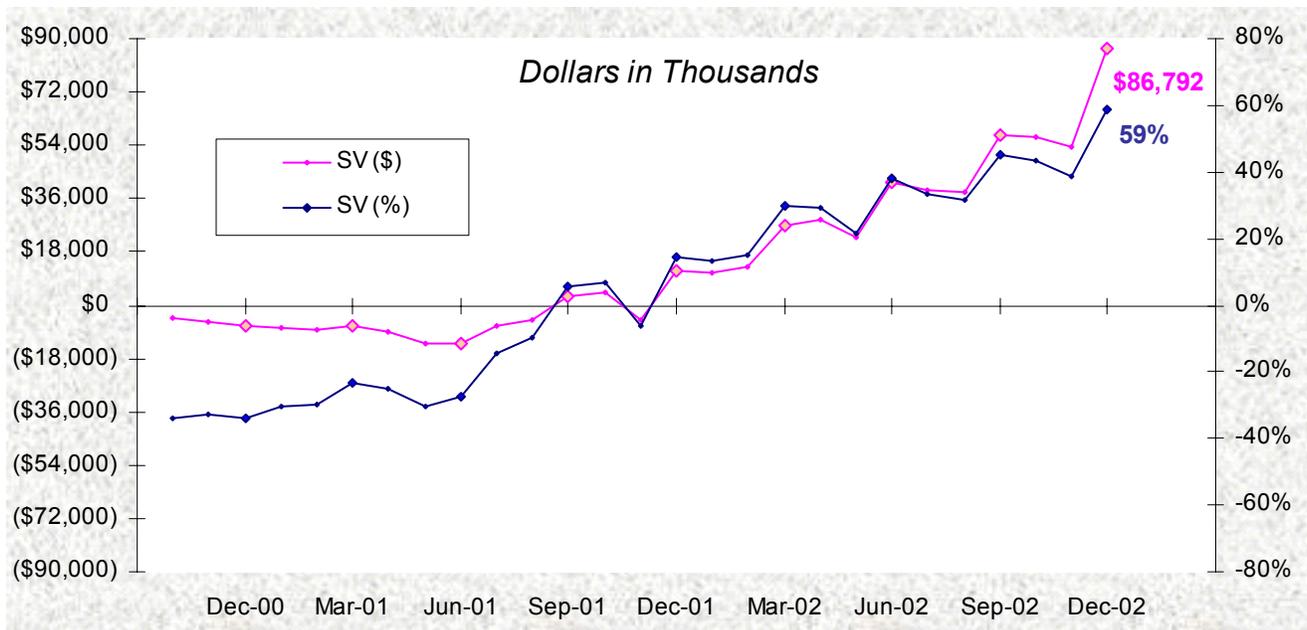


Predetermined Work Activities

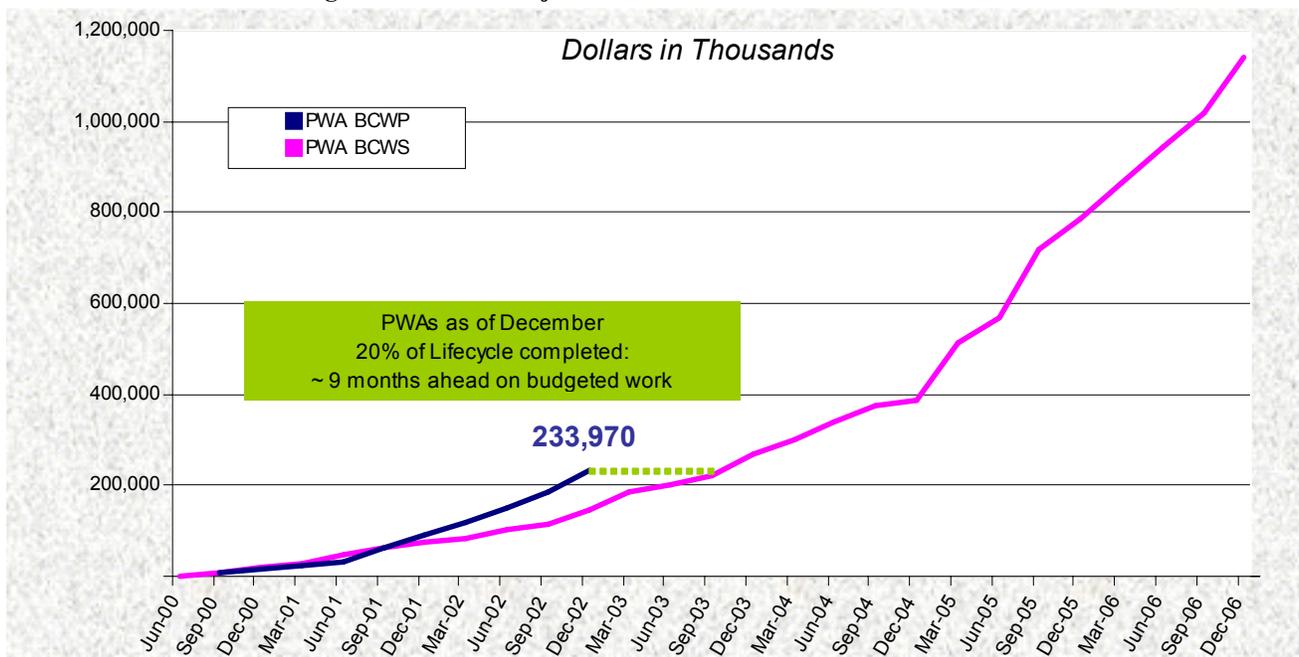
SV_{PWA} (+\$87M, +59%)*

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 \$147M and the lifecycle BCWS for these activities is \$1.145B. At the end of December, 42% of the contract schedule has elapsed (35 out of 82.5 months), 13% of the PWA scope was scheduled for completion (\$147M), and 20% (\$234M) of the PWA scope is actually completed. As expected, SV_{PWA} performance has recovered from the slight declines in the last two months (+\$56.5M and +43% in October to +\$53.4M and +38% in November), and improved the cumulative dollar variance by more than \$33M this month.

*These are K-H reported values. RFFO validates and reports on PWA performance quarterly, in the Total Project Report



PWA Schedule: Actual against Baseline Projection



Monthly Project Report **Rocky Flats**

December 2002

Project Metrics

Project Metric	Life Cycle ¹ Planned	Actuals to Date	% LC Complete	Actuals for Month	Actuals this FY	FY Plan (CPB) this FY	FY Plan (AWA)
Low Level Waste Disposed (m ³)	184,475	57,524	31%	3603	9984	36,637	37,000
Low Level Mixed Waste Disposed (m ³)	44,614	6067	14%	2010	2778	3151	8,700
TRU Waste Disposed (m ³)	12,355 ²	5049	41%	292	914	2065	3,000
Depleted and Other Uranium Dispositioned (Metric Tons)	250	210	84%	0	30	70	70
Certified 3013 Containers Produced	1,950 ³	1187	61%	14	203	0	716
B371 Project Work Sets	60	11	18%	5	5	9	14
B707 Project Work Sets	98	44	45%	7	9	17	17
B771 Project Work Sets	106	66 ⁴	62%	3	4	13	15
B776 Project Work Sets	82	71	87%	5	5	17	13
Facilities Demolished	290 ⁵	77	27%	0	9	6	43
Release Sites Assessed	238	144	61%	0	0	21	21
Release Sites Cleaned Up	121	32	26%	1	2	9	9
Gloveboxes removed	1,324	850	64%	37	96	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 due to lower bulk density of the Low Purity Oxides – requiring more containers

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

⁵ Based on current IPABS data, subject to change

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 Statused 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.