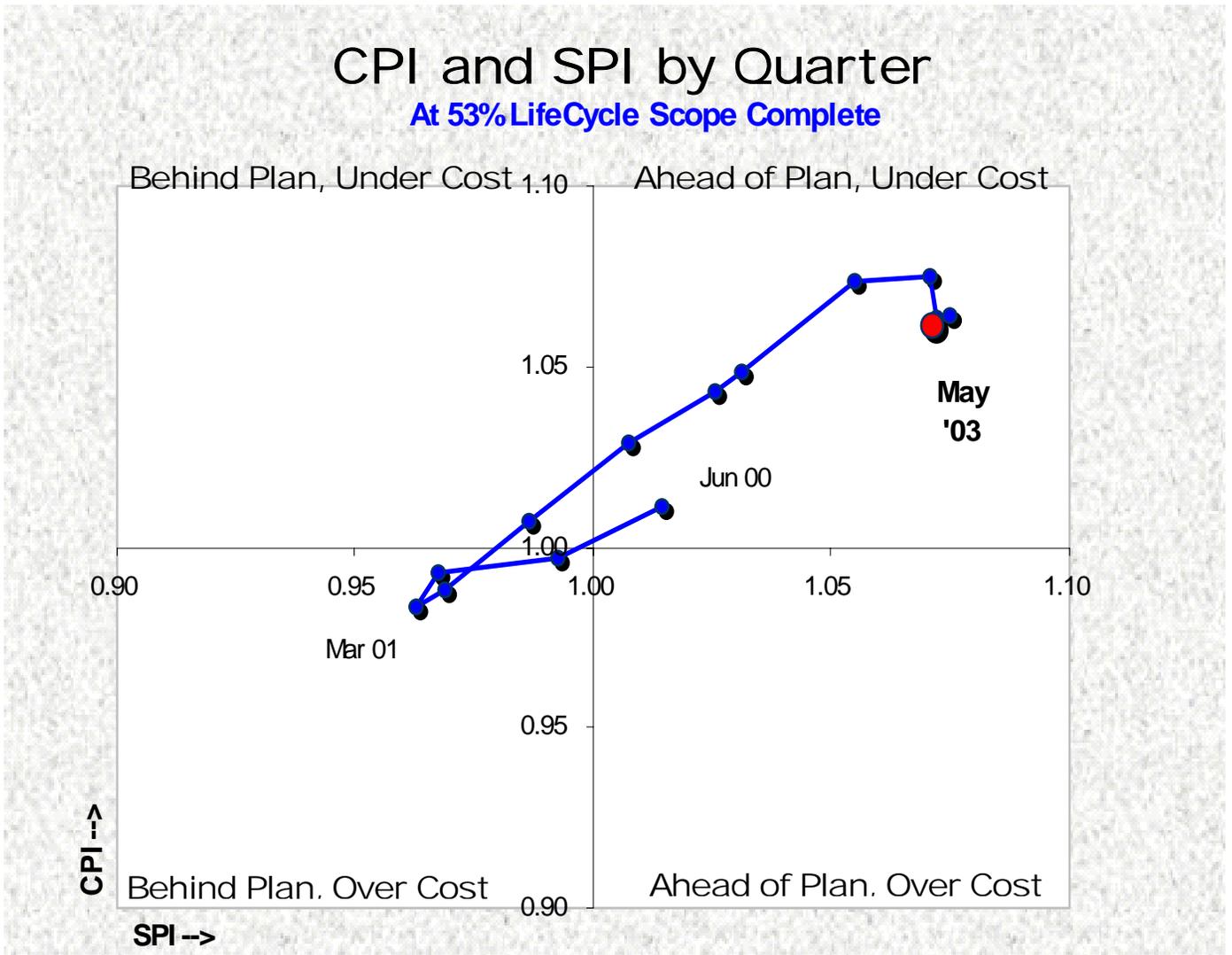


ROCKY FLATS Monthly Project Report

FY03
May, 2003



Monthly Project Report Rocky Flats

May 2003

Executive Overview

In General: Halfway through the Closure Project, K-H continues to complete work activities below estimated cost and ahead of schedule. 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. Work progresses in the nuclear buildings and on the south side of the Industrial Area with three reportable structures demolished during May. The Waste program shipped 497m³ of TRU, 7,764m³ of Low Level, and 3,458m³ of Low Level Mixed Waste, and Environmental Remediation program has completed remediation of 103 of 225 cells (46%) at the 903 Pad.

METRIC	
Safety:	During May, there were 65 site-wide safety events, including two events of "Serious Concern" (Level 4) and one event of "Significant Concern" (Level 3). A total of 25 of the events were "RAD" related, while 20 were "OSIH".
<i>Bears Watching</i>	One Site Noncompliance Tracking report was submitted on May 6, for a March 31 st event during which several employees had potential unplanned plutonium uptakes. <i>See page 2</i>
Cost Variance:	Cumulative Cost Variance = +6%, +\$126M out of ~\$2,168M BCWP _{CUM}
<i>On Plan</i>	<i>LIFECYCLE: 54% of target scope completed; 51% of target cost expended.</i>
Schedule Variance:	Predetermined Work Activities SV = +48% ,+\$87M <i>LIFECYCLE: 16% of scope scheduled; 23% of scope completed.</i>
<i>On Plan</i>	Traditional Schedule Variance = +7% ,+\$144M <i>LIFECYCLE: 51% of scope scheduled; 54% of scope completed.</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 working plan critical path has remained stable for six 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>	<i>48% (40 months) of contract duration elapsed.</i>
Key Milestones	Closure Activities: The 553 Welding Shop & Offices, along with the 554 Warehouse Storage & Shipping Dock were demolished during the month of May. Completed characterization sampling of Under Building Contamination (UBC) in B371 and B374 with results due in mid-July (preliminary results look clean).
DNFSB: <i>On Plan</i>	DNFSB: <u>Pu Metals & Oxides</u> – The October 2003 commitment to complete PuSPS operations is expected to be complete near the end of June.
RFCA: <i>On Plan</i>	RFCA FY03 Milestones: . <i>RFFO Validated</i> D&D (\$29.54M): Met for 2003. LLW (\$5.91M): Met for 2003. ER (\$552M): Met for 2003. TRU (\$.75M): Met for 2003. 2003 M5 Milestone (<i>See Glossary</i>) (\$35.312M): Met for 2003.
GFS/I	GFS/I requirements are being met and/or are in process except as noted here:
Status: <i>On Plan</i>	Need DOE receiver site for Low Level Mixed Waste Orphans (between 10 and 100 nanocuries/gram).
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 May. 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):

National Emergency REA-HQ is reviewing RFFO's comprehensive response to issues raised on the Proposed Settlement. WIPP/WAC Part III has been revised and Kaiser-Hill is responding to additional issues raised by RFFO. The Size Reduction/Shipment of items to SRS-REA has been changed to incorporate additional items and a revised estimate is expected in June. The revised PuSPS Moisture measurement REA is pending fact finding. No REAs have been incorporated into the contract this month.

Pending REA's: ~ \$36.3M

- ~ \$16.4 million: National Emergency (2002 – 2003 Costs)
- ~ \$12.1 million: WIPP WAC Part III (projected 2002 - 2005 costs)
- ~ \$2.7 million: Size Reduction/Shipment to SRS
- ~ \$2.6 million: PuSPS Moisture measurement
- ~ \$2.5+ million in these miscellaneous REAs: - System Engineers/B371 VSS - NTS Waste Acceptance Criteria - PuSPS outside SRS Requirement - Beryllium Monitoring



Safety

3 Events of "Significant Concern" or Above

Site Noncompliance Tracking Report: *Contamination from loose air mover intake hose in B371.* On March 31, the intake hose on an air mover came loose when the unit was moved. The six people in the room successfully evacuated with no personal contamination noted at the time. Precautionary bioassays were performed, and on May 7, a final dose of 330 mrem was assigned to one individual.

Level 4 event: *"Near Miss" in B771* – An employee, operating a Sawzall from a ladder during duct removal, fell from the ladder when the Sawzall kicked back.

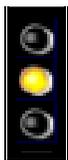
Level 4 event: *Fire in B371 glovebox* – During size reduction of a glovebox, chips from a nibbler ignited combustibles within the glovebox.

Level 3 event: *Exceeded equipment safety capacity in B865* – A piece of fire protection piping needed to be size-reduced for safe removal. Employees removed the piping in one piece using a JLG man lift - exceeding the rated lift capacity by ~35%.



Critical Path

The working plan critical path includes PuSPS operations followed by B371 D&D and site grading. The contractor has re-sequenced B371 D&D activities to accelerate the estimated Project completion date by several months. Pending review completion, RFFO continues to utilize December 15, 2006 as the estimated completion date.



GFS/I Performance

Most GFS/I requirements have been met. The key issue is the identification of disposal sites for LLMW between 10 and 100 nCi/g activity.

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Cost Performance



Cost

LIFECYCLE: 54% of scope completed; 51% of target cost expended

Cost Variance +6%, +\$126M

Cost Variance for target activities decreased ~\$1.5M this month, while remaining at a positive 6% variance against the baseline plan. The Cost Variance on the Project remains significantly positive, with close to \$126 million in cost savings accumulated since the beginning of the contract.

Most of the negative variance in the project is concentrated in PBD A (B371). Over the past year, PBD A has averaged an increase of nearly \$3M per month in negative cost variance. Most of the cost overruns are associated with PuSPS and related activities and are expected to cease by the end of FY03. Activities in this PBD dominate the critical path.

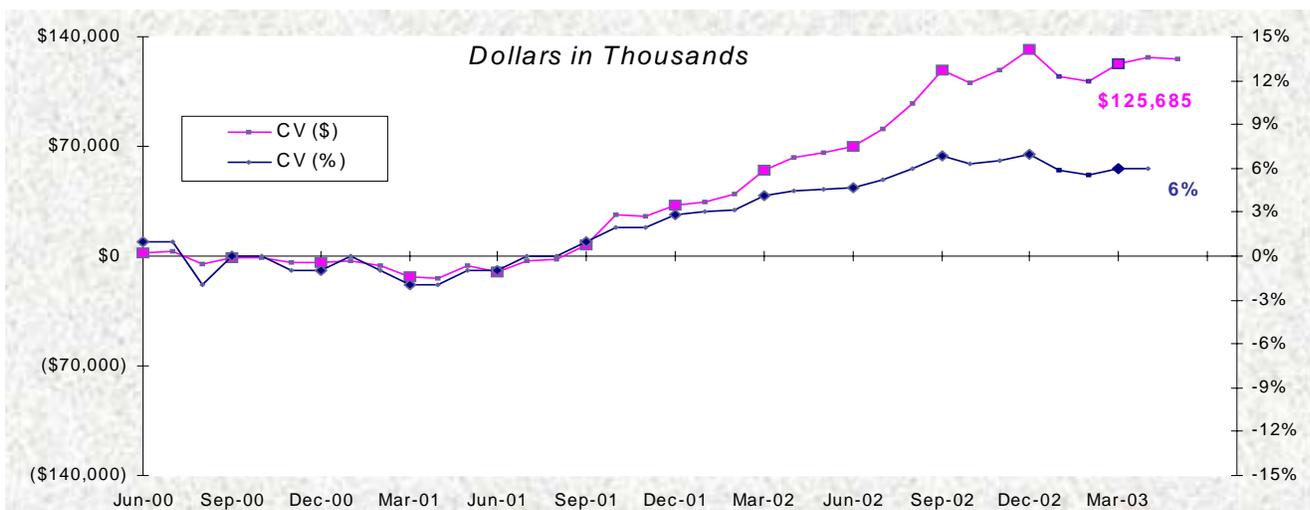
The positive cost variances continue to be concentrated in: PBD E, Industrial and Site Services Project (\$68.5M); PBD G, the Environmental Remediation Project (\$24M), and in the level-of-effort activities in PBD J, Support Project (\$43M). Significant cost savings in PBD F's Waste Programs and Operations are offset by cost overruns in that same PBD in the areas of Facility Management and Safeguards and Security.

Cost Performance by PBD*:

Project Description	BCWP	ACWP	CV (\$)	CV (%)
1A 371 Complex Project	272,310	315,432	(43,122)	-16%
1B 707 Complex Project	161,814	164,710	(2,896)	-2%
1C B771/774 Closure Project	189,029	197,411	(8,382)	-4%
1D B776/777 Closure Project	157,996	151,437	6,559	4%
1E Industrial and Site Services Project	396,886	328,360	68,526	17%
1F Material Stewardship Project	501,549	482,158	19,391	4%
1G Remediation Project	65,057	40,733	24,325	37%
1H Engr., Environ, Safety & Quality	146,940	128,663	18,277	12%
1J Support Project	276,070	233,062	43,008	16%
Project Totals	\$2,167,650	\$2,041,965	\$125,685	6%

Includes *all target* fund sources: EW05, FS40, EW09, GG08, NN61 and YN01

Cumulative Cost Variance Over Time



NOTE: Currently, the closure project has accumulated \$21.7M 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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Schedule Performance

DEFINITIONS OF ROCKY FLATS' SCHEDULE PERFORMANCE INDICATORS CAN BE FOUND IN 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 G, E and D – not on the Critical Path where they could contribute to accelerated closure. The current critical path is dominated by activities in Building 371(PBD A), where SNM Removal activities account for more than 60% of the negative cost variance on the Project. K-H is applying cost savings realized in other PBDs to fund schedule reduction in PBD A, and it is anticipated that PBD A's schedule variance will continue to improve in the future.

Project		SV _{TRAD}	SV _{PWA} *	SV _{MM}	SV _{P3} +/- Days
1A	371 Complex Project	-2%	2%	-4%	127*
1B	707 Complex Project	7%	32%	19%	70
1C	B771/774 Closure Project	6%	12%	12%	36
1D	B776/777 Closure Project	15%	66%	35%	242
1E	Industrial and Site Services Project	20%	189%	78%	164
1F	Material Stewardship Project	4%	89%	13%	160
1G	Environmental Remediation	54%	1299%	63%	143**
Total Project:		7%	48%	25%	143**

*These are K-H reported values. 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 (using P³ project scheduling software), 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	22-Mar-06
B	B707	13-Mar-06	16-Nov-05
C	B771/774	18-Aug-04	28-Jun-04
D	B776/777	31-Oct-06	10-Oct-05
E	Industrial Sites	11-Oct-06	24-Jan-06
F	Material Stew.	13-Dec-06	03-Apr-06
G	ER	14-Dec-06	28-Apr-06
Total Project		14-Dec-06	28-Apr-06*

*Under RFFO Review

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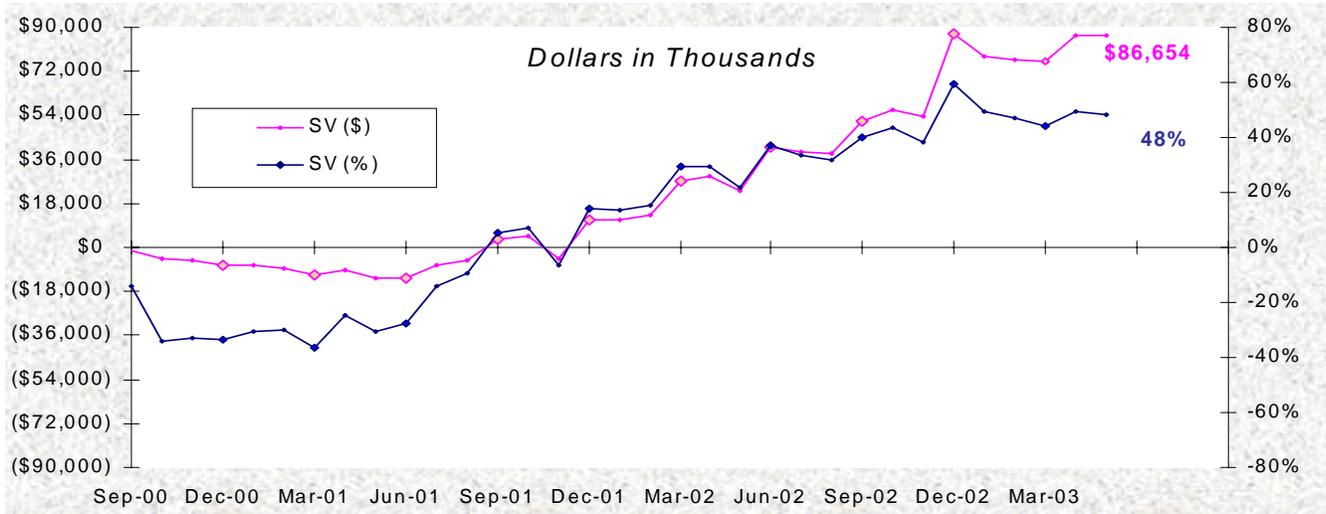


Predetermined Work Activities

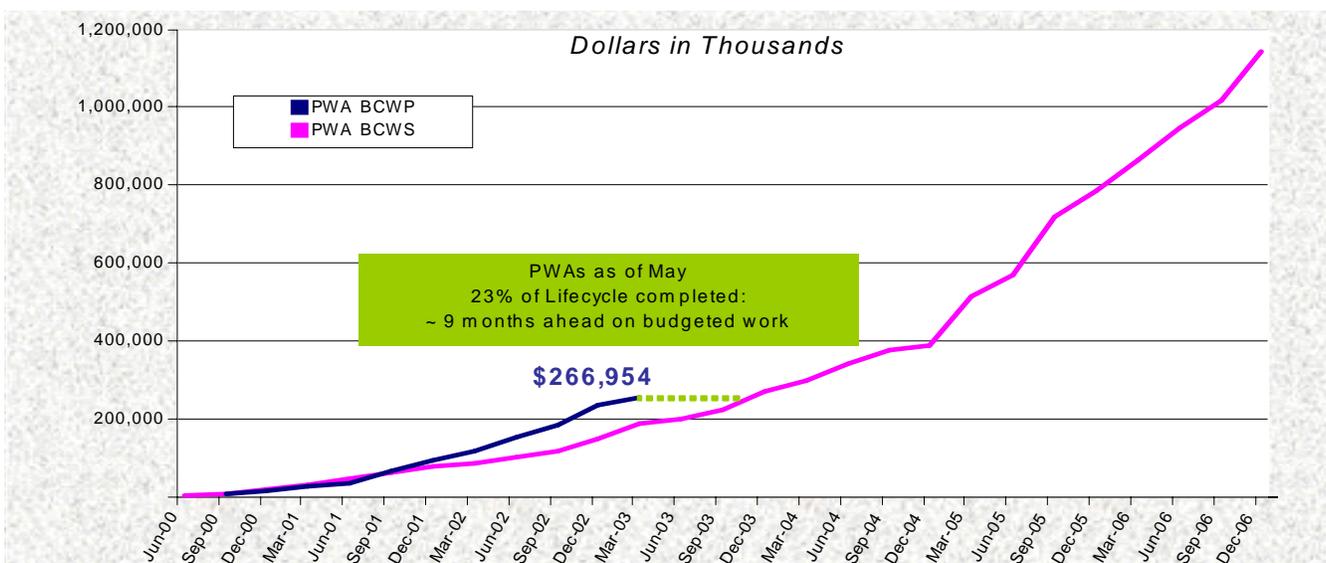
SV_{PWA} (+\$87M, +48%)*

Another \$5.5M in critical closure scope was completed during the month of May. The schedule variance on Predetermined Work Activities remains at the same level achieved in April, when the contractor recouped almost all of the SV lost during the 2nd quarter. The current PWA schedule variance remains highly positive, and shows that the contractor has completed half again as much critical closure work than their baseline estimate. The current BCWS for these activities is \$180M with a lifecycle BCWS of \$1.145B. At the end of May, 2003, 48% of the contract schedule had elapsed (40 out of 82.5 months), 16% of the PWA scope was scheduled for completion (\$180M), and 23% (\$267M) of the PWA scope is complete.

*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



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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 (m³)	184,475	78,026	42%	7,761	30,486	36,637	37,000
Low Level Mixed Waste Disposed (m³)	44,614	17,520	39%	3,458	14,231	3,151	8,700
TRU Waste Disposed (m³)	12,355	6,629	54%	497	2,494	2,065	3,000
Certified 3013 Containers Produced	1,950	1,665	85%	72	681	0	716
B371 Project Work Sets	60	14	22%	0	9	9	14
B707 Project Work Sets	98	51	52%	0	16	17	17
B771 Project Work Sets	106	73	69%	2	13	13	15
B776 Project Work Sets	82	72	88%	0	6	17	13
Facilities Demolished	290 ²	109	38%	3	29	6	43
Release Sites Cleaned Up	121	35	29%	0	5	9	9
Gloveboxes removed	1,324	948	72%	6	194	306	403

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

² Based on current IPABS data, subject to change

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, EW09 (formerly 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.