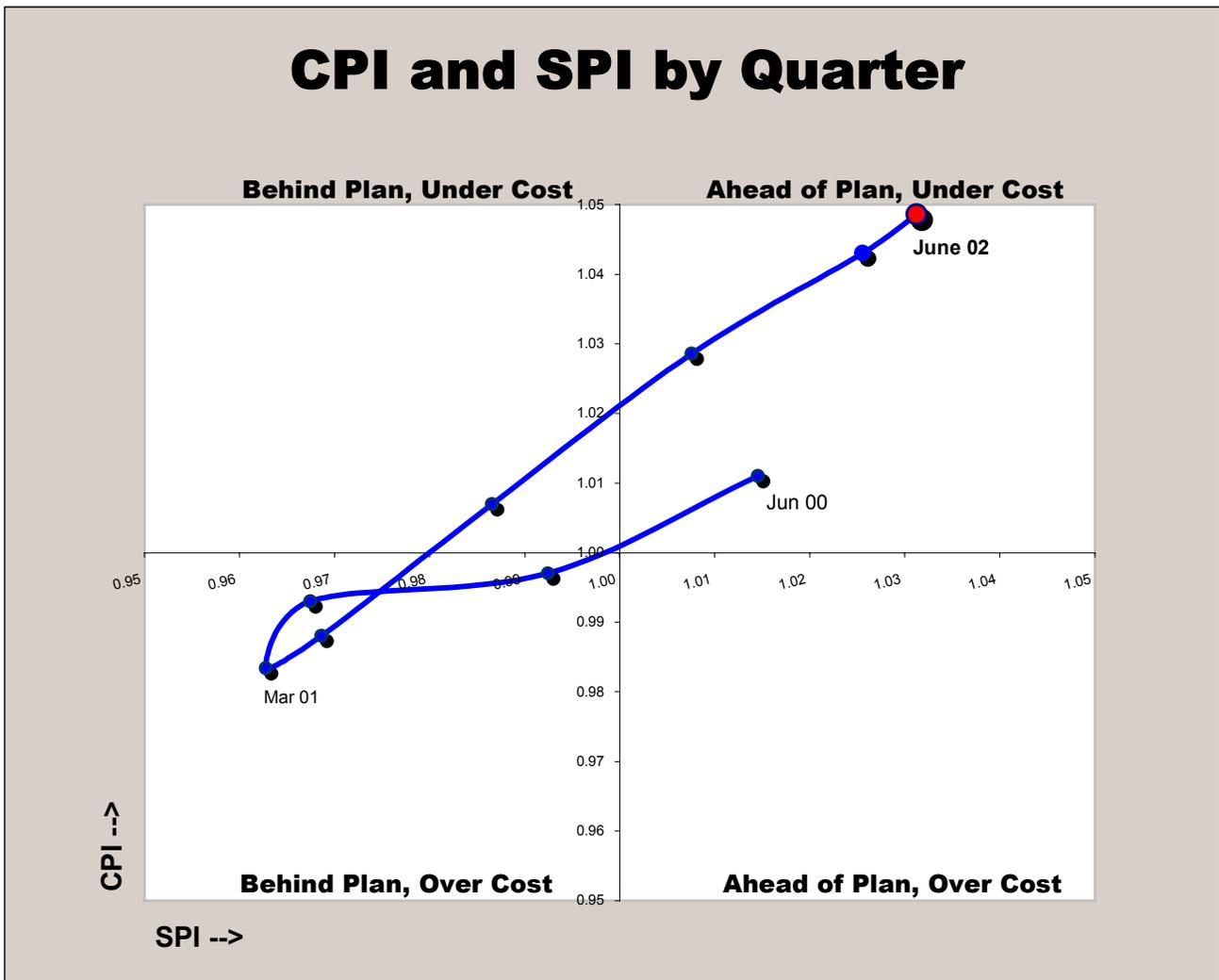


RFFO RFETS

Total Project Report

3rd Quarter, FY02

April - June, 2002



Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002

Table of Contents

EXECUTIVE OVERVIEW	1
EXECUTIVE SUMMARY	1
Requests for Equitable Adjustments (REAs):	1
Pending REA's: ~ \$37M +-	1
Additional REA Information	4
Potential REA's.....	4
KH Project Risk Report.....	4
DETAILED OVERVIEW	1
SAFETY	2
PBD A 371 COMPLEX.....	3
PBD B 707 COMPLEX.....	4
PBD C 771 COMPLEX.....	5
PBD D 776/7 COMPLEX	6
PBD E INDUSTRIAL / SITE SERVICES	7
PBD F MATERIAL STEWARDSHIP	8
PBD G REMEDIATION.....	9
PBD H ENGINEERING, ENVIRONMENTAL, SAFETY, HEALTH & QUALITY	10
PBD J SUPPORT PROJECT	11
ROCKY FLATS FIELD OFFICE.....	12
RFFO Strategic Measures.....	12
RFFO Budget	12
Performance.....	12
Issues/Concerns.....	12
Upcoming Focus.....	12
APPENDIX A.....	A
SNM Shipping.....	A
APPENDIX B.....	B
Orphan Wastes	B
APPENDIX C.....	C
TRUPACT II Availability	C
APPENDIX D.....	D
Cost Variance Trending.....	D
Quarterly CV	D
Monthly CV.....	D
APPENDIX E	E
Other Schedule Performance Indicators	E
Traditional Schedule Variance	E
Modified Milestone Schedule Variance	E
P3 Completion.....	E
Comparative Schedule Metrics.....	E

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 nine months. The Project's critical path schedule is currently on track as a result of DOE's commitment to increase SSTs. K-H continues its emphasis on working safely and maintaining compliance with procedure to ensure safe operations.

Key Accomplishments: Completed the repackaging program that totaled 106 metric tons of Site residues one month ahead of the DNFSB commitment of May 31, 2002. D&D activities remain on or ahead of schedule with the completion of an additional 22 work sets in the nuclear buildings and the demolition of Buildings 886, 442 and 865 along with 21 other facilities (trailers, sheds and tanks). The Site continued to accelerate shipping of Low Level Waste (8,193 m³) and of TRU Waste (1,190 m³). This included the first shipment of TRU standard waste boxes and the beginning of a program to treat and ship solar pond sludge.

RECOMMENDED FEE ADJUSTMENT: \$0

The RFFO recommends payment of target fee for this quarter. K-H has maintained positive variance for PWA and other schedule performance metrics and has continued the positive trend in cost variance.

PENALTY ASSESSMENT: \$100,000

One fee penalty was issued during the third quarter of Fiscal Year 2002 (3QFY02) for the gas venting incident in Building 776.

METRIC	
Safety: <i>Bears Watching</i>	Two (2) Site Noncompliance Tracking Reports were submitted for the third quarter of 2002. One report was entered on May 7, 2002. It identified a deficiency with the continuation of a problem with administrative completeness of work packages. The other report was entered on June 19, 2002. It identified 14 containers of combustible liquids in locations throughout the Building 371/374 complex that were not stored in accordance with requirements.
Cost: <i>On Plan</i>	Cumulative Cost Variance = +5%, +\$69.6M out of ~\$1,502M BCWP _{CUM} <i>LIFECYCLE: 38% of scope completed; 36% of target cost expended - continues positive performance.</i>
Schedule: <i>On Plan</i>	Predetermined Work Activities SV = +37%, +\$41.1M (Surpassed FY PWA goal) <i>LIFECYCLE: 10% of scope scheduled; 13% of scope completed - continues positive performance.</i> Traditional Schedule Variance = +3%, +\$45.5M <i>LIFECYCLE: 37% of scope scheduled; 38% of scope completed - continues positive performance.</i>
Critical Path Completion Date: <i>Bears Watching</i> Current CP: <i>Bears Watching</i>	CP = SNM Shipping ECD: November 14, 2006 The Critical Path remains on track due to recent changes in the DOE commitment regarding SNM Shipment. Issues remain with PuSPS production and packaging rates. The potential remains for issues with receiver sites and other GFS/I issues to impact the Critical Path in the future.
Key Milestones DNFSB: <i>Bears Watching</i> RFCA: <i>On Plan</i> STP: <i>Bears Watching</i>	Closure Activities: Buildings 850, 886 and 442 were demolished. Pond Sludge shipments commenced. B771 "Infinity Room" decommissioned; decon in process. DNFSB: <i>Liquids</i> - All liquid milestones are complete. <i>Residue repackaging</i> - All residue repackaging was completed on May 1, 2002. <i>Pu Metals & Oxides</i> - May 2002 milestone was not met. Completion of SNM metal and oxide repackaging expected in January 2003. Milestone change being worked with DNFSB. RFCA FY02 Milestones: *K-H Reporting. <i>These figures are validated Quarterly by RFFO</i> <i>D&D</i> - Complete, <i>LLW</i> - Complete, <i>TRU waste</i> - 89%, and <i>ER</i> - Complete. STP: To date all milestones have been met, and others have been extended by State.
GFS/I Status: <i>Bears Watching</i> Forecast: <i>Bears Watching</i>	Delays have occurred in the delivery of a receiver site for Special Nuclear Material. Expanded DOE commitment regarding SSTs has provided some mitigation, but impacts are still being calculated. The site does not have a receiver site for shipping LLMW > 10 nCi/g.

Executive Summary

Fee Adjustment Recommendation

PAYMENTS THROUGH END OF 2QFY02: \$52,799,566

The RFFO recommends payment of target fee for this quarter. This recommendation is made based on the contractor's progress in achieving a positive schedule variance for PWA activities (+\$41.1M, +37%) as well as positive variance for traditional schedule variance and modified milestone schedule variance. To date 10% of the total PWA activities have been scheduled and 13% have been completed. The cost variance also continued the positive trend that began in May 2001. The cost variance is +\$69.6M, +5%. This is the third consecutive quarter that the contract metrics have all been positive. To date, the RFFO has made fee payments to K-H totaling \$52,799,566 through June 30, 2002 under the provisions of the Site Closure Contract. The contractor has requested no fee deferrals under this contract.

Penalty Assessment

There was one fee penalty issued this quarter for \$100,000 related to the gas venting incident in Building 776.

To date, four fee penalties have been issued under the terms of this contract with total penalties equaling \$510,000.

Contract Status

TC: 3.973B (Original: 3.963)

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

TCD: 15 December 2006

Requests for Equitable Adjustments (REAs):

Two REAs were settled this quarter, the International Atomic Energy Agency REA for an adjustment of \$48,148 to Target Cost and \$4,131 to Target Fee, and the WIPP Waste Acceptance Criteria Part II REA for an adjustment of \$5,167,653 to Target Cost and \$522,038 to Target Fee. DOE and Kaiser-Hill have agreed on a method to handle deferred cost impacts.

Pending REA's: ~ \$37M +/-

- ★ ~ **\$13 million:** WIPP WAC Part III (projected 2002 - 2005 costs)
- ★ ~ **\$18 million:** National Emergency costs
- ★ ~ **\$1 million:** PuSPS Moisture measurement
- ★ ~ **\$3 million:** Shipment of 125 items greater than 1000A2.
- ★ ~ **\$2+ million:** Miscellaneous (System Engineers, WIPP Vent Filters, NTS Waste Acceptance Criteria...)



Safety

1 Major (Level-of-Concern 5) Events

Total Site-wide events for the third quarter of 2002 were 543. During this time, there was one (1) Major Level 5 event. For this event, a D&D excavator hit an overhead 13.8 kva power line. There were also five (5) Level 3 and six (6) Level 2 events because of their collective significance.



Management Priorities / Initiatives

Confirm Receiver sites and approved containers for the shipment of SNM.
Disposition for TRU/TRM and LLMW Orphans.



GFS/I Performance

GFS/I related delays prevented the timely initiation of SNM shipping that caused a shift in the Critical Path of the Project. DOE has expanded its commitment regarding SSTs, which has allowed the contractor to assume a schedule recovery in their calculation of the Estimated Completion Date.

114 TRUPACT IIs were provided in June, versus the 120 required under the contract. DOE met or exceeded their commitment on the delivery of TRUPACT IIs during April and May (for the first time since the beginning of the contract). Previous under provision has caused delays in shipments, but K-H expects to be able to make up the delay without significant, long-term impact to Closure Project targets for cost and schedule, provided future GFS/I commitments are met.

Future Focus: disposition of SNM, certifications for remaining nuclear materials, treatment and disposal sites for orphan waste, and disposal sites for LLMW between 10 and 100nCi/g activity.

Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002



Critical Path

ECD: 14 November 2006

Inability to ship SNM can cause a day-for-day slip in the Estimated Completion Date of the closure contract. The critical path includes the preparation and shipment of plutonium and highly enriched uranium followed by B371 D&D and final site grading associated with PBD G. Current projections for SNM shipment provide for a completion date of 14 November 2006.



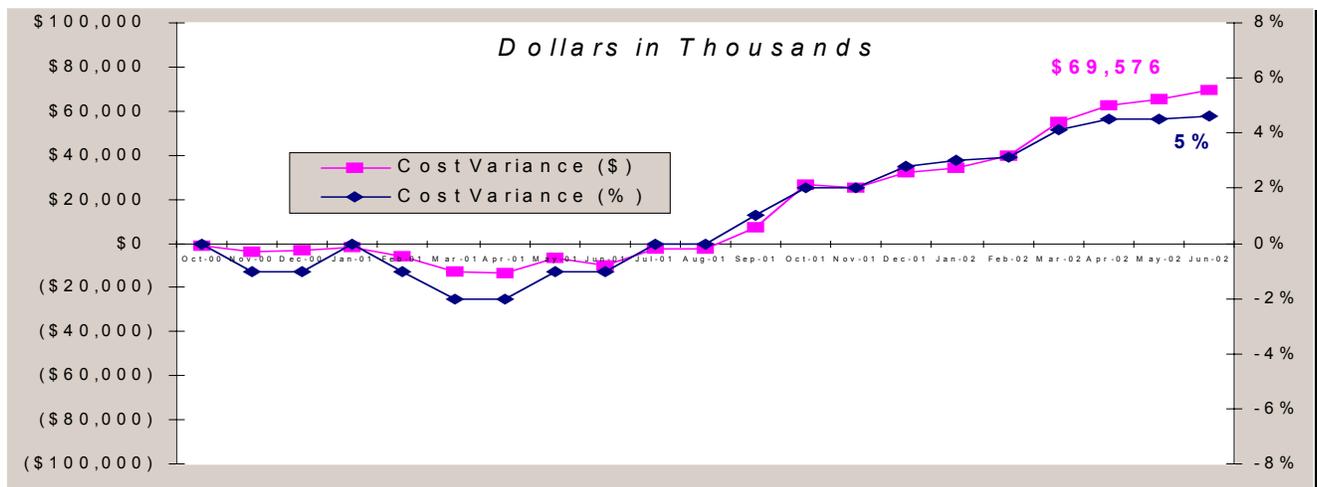
Cost

Cost Variance +5%, +\$69.6M (positive trend)

LIFECYCLE: 38% of scope completed; 36% of target cost expended.

During the third quarter Fiscal Year 2002 (3QFY02), cost performance continued to improve. Cost Variance for target activities went from +\$55.2M and +4% in December 2001 to +\$69.6M and +5% in June 2002. K-H has achieved a positive cost variance for four successive quarters. (See below.)

Cumulative Cost Variance Over Time



NOTE: The closure project has now accumulated \$15M in non-target Site Closure (EW05) and Safeguards and Security (FS40) costs. These non-target costs may eventually be considered as part of potential Requests for Equitable Adjustment, and / or will impact cost variance.

Cost Performance by PBD*:

Project Description		BCWP	ACWP	CV (\$)	CV (%)
1A	371 Complex Project	207,594	219,244	(11,650)	-6%
1B	707 Complex Project	118,844	118,074	770	1%
1C	B771/774 Closure Project	140,295	147,961	(7,667)	-5%
1D	B776/777 Closure Project	107,494	103,217	4,278	4%
1E	Industrial and Site Services Project	258,882	210,084	48,797	19%
1F	Material Stewardship Project	338,635	346,462	(7,827)	-2%
1G	Remediation Project	16,540	15,790	750	5%
1H	Engr, Environ, Safety & Quality Programs	111,395	98,382	13,012	12%
1J	Support Project	202,814	173,702	29,112	14%
Project Totals		\$1,502,493	\$1,432,917	\$69,576	5%

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, as a result of the acceleration of the 800 area D&D and in the level-of-effort activities in PBD J, Support. Significant cost savings have been realized in some cost accounts of PBDs A, C and F (371, 771 and Material Stewardship Project), however they are overshadowed by overruns in other cost accounts. The B371 Project, Building 771 Project, and Material Stewardship Project are over budget by -\$27.1M.

Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002



Schedule (Predetermined Work Activities)*

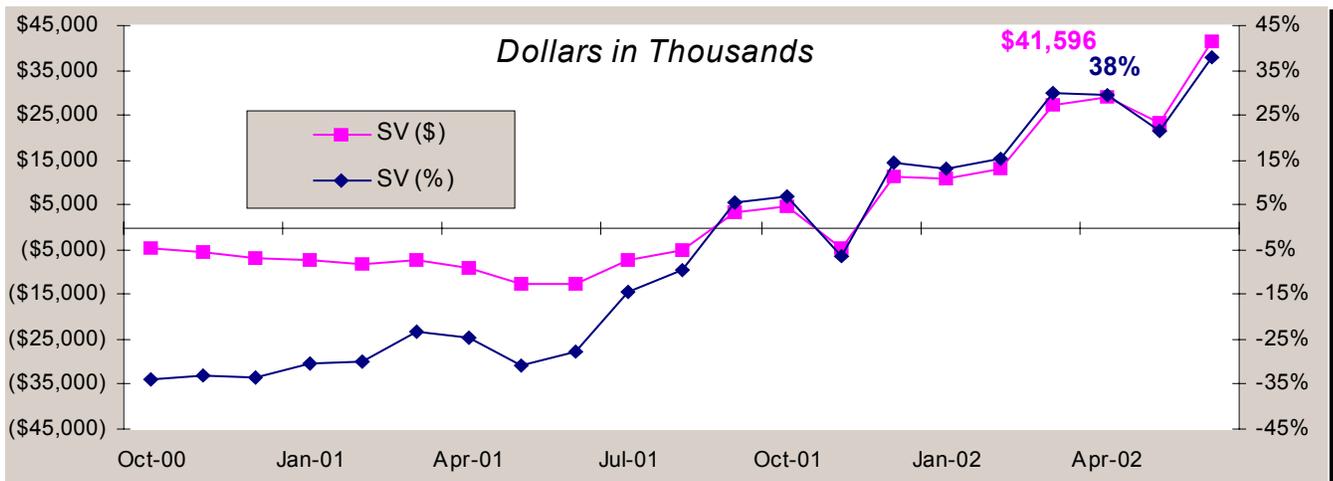
SV_{PWA} (+\$41.1M, +37%, positive trend)

K-H has achieved a positive trend on Pre-determined Work Activity schedule variance (SV_{PWA}) for the fourth consecutive quarter. The current BCWS for these activities is \$110.1M and the lifecycle BCWS for these activities is \$1.145B. At the end of the quarter, 35% of the contract schedule has elapsed (29 out of 82.5 months), 10% of the PWAs were scheduled for completion (lifecycle), and 13% of the PWA activities are actually completed. During the quarter, the SV_{PWA} went from +\$27M and +30% to + \$41.1M and +37%.

[Other indicators of schedule performance include Traditional Schedule Variance, Modified Milestone Schedule variance and P3 estimated completion dates. The Traditional Schedule Variance and Modified Milestone Schedule Variance are +\$45.5M (+3%) and +\$44.9 (+12%) respectively. The P3 estimated completion date is currently 18 workdays ahead of the target date December 15, 2006. The gain in schedule is the result of DOE's commitment to increase SST support to the Site. This improvement will be temporary unless DOE meets the new SST delivery commitment. An additional concern that may impact the critical path in the future is the PuSPS throughput rate and the ability to have containers ready to meet the shipment schedule. These other indicators are further discussed in Appendix E.]

* These are the validated RFFO figures

Schedule Variance on Predetermined Work Activities



K-H reported slightly higher results for the Building 371 Projects than what was reported by RFFO. The difference is the result of the methodology used to calculate fee earnings for PuSPS containers. K-H uses a graded scale approach awarding greater earned value to the earlier containers while RFFO uses a straight-line valuation method.

PWA Schedule Performance by PBD

(*RFFO BCWP differs slightly from KH methodology in PBD A):

Project Description	BCWS	BCWP	SV (\$)	Change from last QTR	SV (%)	Change from last QTR
1A* 371ComplexProject	34,904	31,573	(3,331)	Worse	-10%	Worse
1B 707ComplexProject	22,405	31,634	9,228	Better	41%	Better
1C B771/774ClosureProject	22,045	24,763	2,718	Same	12%	Worse
1D B776/777ClosureProject	15,362	30,564	15,201	Better	99%	Better
1E Industrial and Site Services Project	3,291	7,969	4,678	Better	142%	Better
1F Material Stewardship Project	11,834	23,315	11,481	Better	97%	Better
1G Remediation Project	239	1,359	1,121	Better	470%	Better
Project Totals	110,080	151,676	41,596	Better	38%	Better

Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002



Key Milestones

CLOSURE MILESTONES: Buildings 850, 886 and 442 were demolished. Pond Sludge shipments (LLMW) commenced. B771 "Infinity Room" decommissioned; decontamination in process.

DNFSB MILESTONES— Plutonium Metals and Oxides – The May 2002 milestone completion date will not be met due to delays in the startup of the PuSPS, lower than anticipated production rates, and a higher than anticipated weld failure rate. Corrective actions have been implemented and a January 2003 completion date is projected. A milestone change is in process. An alternative disposition path for some material is still being evaluated.

Residues – Completed on May 1, 2002; ahead of schedule.

Building 771 Liquids – All liquid milestones are complete.

RFCA MILESTONES— Performance results summary:

D&D – milestone \$23.54M; actual to date \$61.42M, 297% - - COMPLETED

LLW – milestone \$3.27M; actual to date \$17.32M, 529% - - COMPLETED

TRU – milestone \$814K; actual to date \$724K, 89%

ER – milestone \$263K; actual to date \$1.36M, 1030%, - - COMPLETED

STP MILESTONES—One milestone was due this quarter and was completed on time - GAC to TSCA Incinerator.

Seven milestones remain in FY02; Five for the TSCA Incinerator (TSCAI) in Oak Ridge, one for shipment of mercury waste, and one for tank 231B sludge removal and shipment offsite for treatment.

Of the five TSCAI milestones, one is expected to be completed in September. Due to higher than expected levels of Be, two of the milestones cannot be met - the waste streams no longer meet the Waste Acceptance Criteria (WAC) for TSCAI. A one-year milestone extension has been requested for these milestones. The two remaining TSCAI milestones are in jeopardy due to higher than expected levels of alpha radiation. Re-sampling is underway to determine if an extension is avoidable.

The milestone for tank 231B sludge removal and offsite shipment is also in jeopardy due to unforeseeable technical problems encountered during the removal of the sludge. There are no issues with the planned shipment of mercury waste.

Additional REA Information

To date, RFFO has received a total of 17 REAs requesting approximately \$44.4M (about 1% of total project cost) in upward adjustment to target cost. New REA submittals this quarter include one for WIPP WAC Part III for \$13.2 million and another, related to Air Monitoring for Beryllium, for \$520,372. Two REAs were settled this quarter: the International Atomic Energy Agency REA for an adjustment of \$48,148 to Target Cost and \$4,131 to Target Fee, and the WIPP Waste Acceptance Criteria Part II REA for an adjustment of \$5,167,653 to Target Cost and \$522,038 to Target Fee.

Potential REA's

- **SNM removal delays** ~ \$10+ million and extension of closure date : This REA could be avoided with the resolution of issues related to disposition of SNM. Most importantly, solving the remaining issues related to a receiver site for plutonium oxide, Safe Secure Transport shipping services and providing container certifications for the DT-22 will avoid cost and schedule impacts.
- **Dangerous Goods Regulation** ~\$4 million : Changes per IATA/49CFR
- **All Other Potential REAs** ~\$1 million : DOE and Kaiser-Hill are working to mitigate/eliminate the impact of these smaller REAs.

Total Potential REAs: ~\$15 million

KH Project Risk Report

Kaiser-Hill's 3rd quarter schedule uncertainty analysis indicates that the controlling path for overall closure includes activities in Building 371 and subsequent Environmental Restoration (ER) activities. Preparing Special Nuclear Material (SNM) for shipping continues to comprise the early part of the critical path, and is followed by B371 D&D as the highest risk activities. The number of activities in Building 707 and 776 that result from the stochastic critical path analysis indicate these two buildings should not have an impact on the Closure Project Targets.

In summary, the project remains in a relatively solid position to meet the target schedule and target cost provided that SNM shipping is initiated and sustained soon.

Detailed Overview

Map removed for electronic publishing.

Safety

James Jeffries x 7417

No B.6 thresholds were violated during the third quarter of 2002.

Focus on safety related concerns, continues to be a top priority at the Rocky Flats Site. Sitewide events identified below are representative of a wide variety of activities. As such, some categories of events may have a seemingly large number of events, but the concern level remains low as these small events are treated as leading indicators directing our safety program improvements.

Focus Areas:

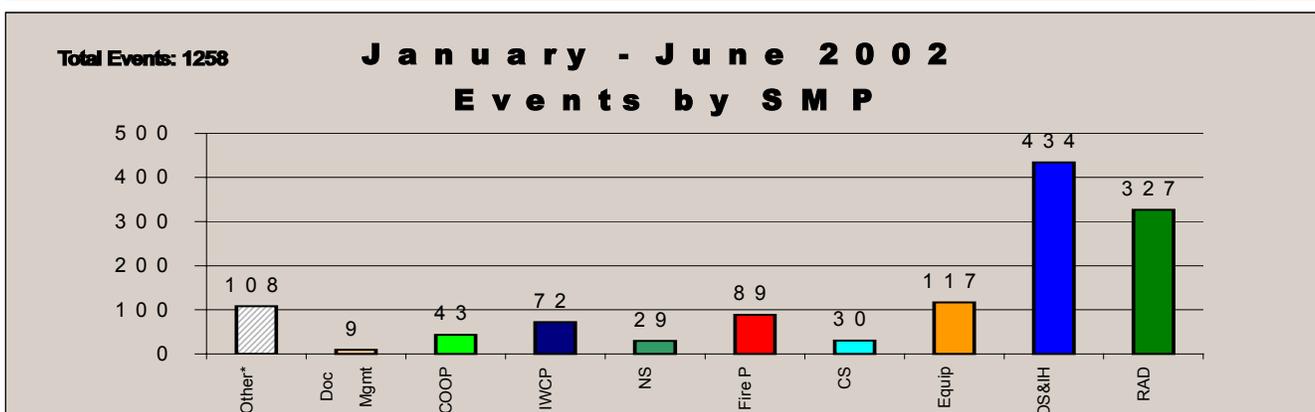
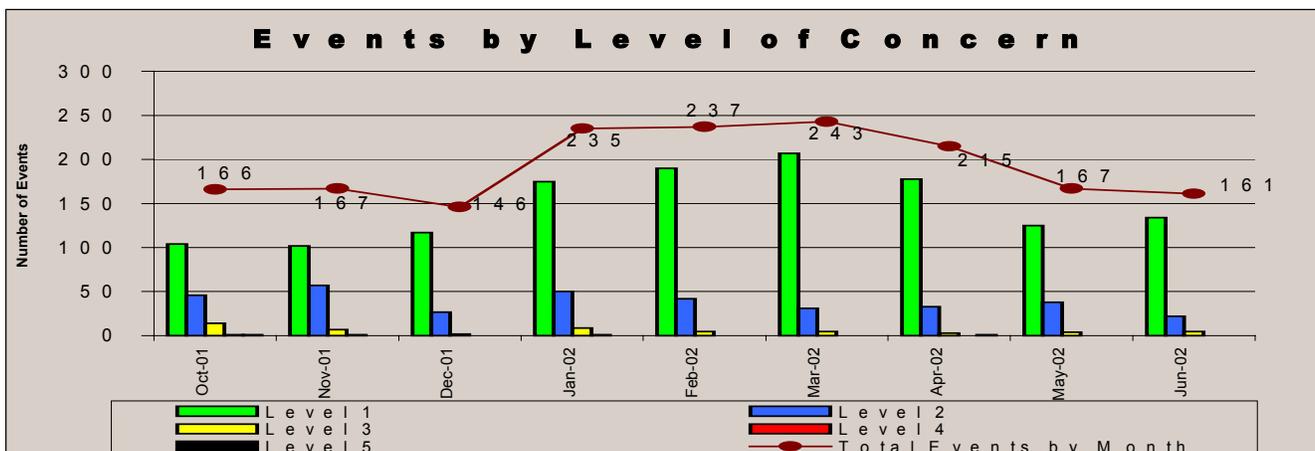
- Electrical Safety
- Fall Protection
- Hoisting and Rigging
- Heavy Equipment
- Fire

Work Processes

- Scope definition and hazard identification
- Planning for and response to unexpected conditions
- Individual compliance with posted limits
- **Support/control of non-Project personnel**

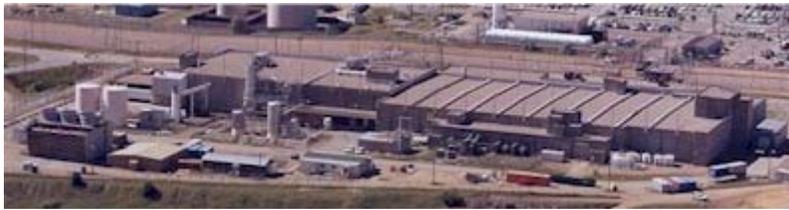
Improvement Initiatives

- Joint Company Union Safety Committee
- Safety Assessment Center
- Safety Partnering (RFFO/KH/Unions)
- Centers of Excellence (12 active)
- Assessments
 - By Projects
 - By KH evaluation teams
 - By combined (RFFO/KH) teams
- Site Safety Continuous Improvement Plan
 - 5 areas, 24 initiatives (This includes ongoing efforts to verify the effectiveness of corrective actions taken by the contractor).



Total Project Report RFFO RFETS

3QFY02 • Apr - Jun 2002



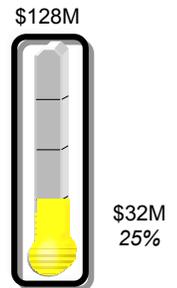
Detailed Overview

PBD A
371 Complex
 Fred Gerdeman
 x6203

BCWS _{LC}	436,625
ACWP _{CUM}	219,244
BCWP _{CUM}	207,594
BCWS _{CUM}	218,633
CV _{CUM}	-6%

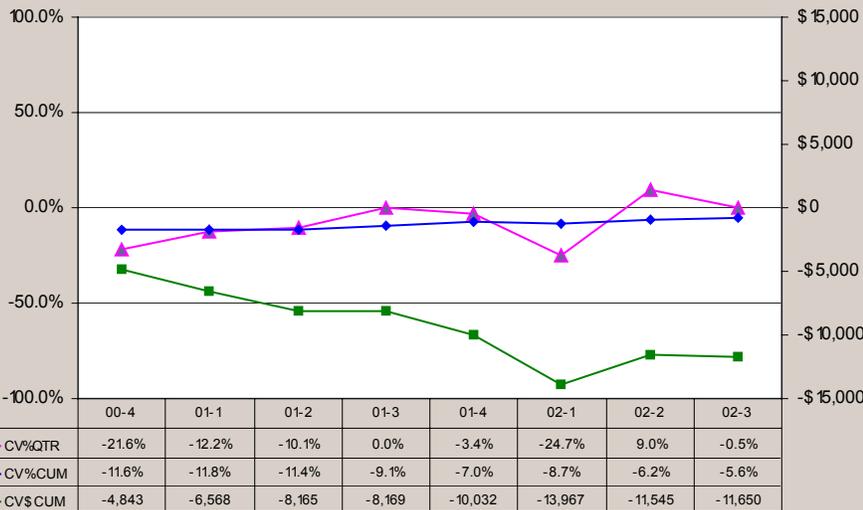
This PBD is over cost and behind schedule. With 50% of the lifecycle BCWS scheduled to have been completed, this PBD has accomplished 48% of its work scope, and expended 50% of its costs. This PBD has a negative cost variance of \$-11.65M (-5.6%) and schedule variance of \$-11.04M (-5.0%). Most of the Closure Project's negative CV is accumulated in this PBD, the majority of which is in PuSPS, with a CV of -\$16M (-90.8%) and an SV of -\$2.5M (-12.2%).

The RFFO verified cumulative SV on PWAs is at -9.5%. This quarter, 5 D&D PWAs were completed & progress was made on several quantity based PWAs.



PWA Completion

Quarterly Cost Variance Percentage



Accomplishments this quarter:

- Completed residues packaging on schedule. Met DNFSB milestone.
- Packing of Pu contaminated HeU items into DT-22 commenced on July 1, 2002.
- A total of 243 3013 compliant containers were completed in the quarter.
 At the end of the quarter, a total 750 compliant 3013s have been completed, certified and released to shipping.

Potential Impacts to Cost & Schedule:

- PuSPS continues to experience welding and operational problems.
- Recurring weld defects and equipment problems on both inner and outer containers (3013 containers).
- Errors in documentation associated with SNM material movement caused curtailment of operations the week of June 24.

Quarterly Schedule Variance on PWAs



UPCOMING:

Key Activities / Milestones / GFS/I

- Begin AWTS operations.
- Receive additional DT-22 from Y-12 for shipment of HEU to SRS.
- Finalize approvals to start packaging of oxide materials containing <80% Pu.
- Complete documentation associated with size-reduction operations.
- Central Storage vault will be de-inerted in July.
- Complete draining tank 231B to support AWTS operations.

Total Project Report RFFO RFETS

3QFY02 • Apr - Jun 2002

Detailed Overview



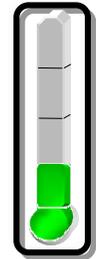
PBD B
707 Complex
 Gregg Nishimoto x7022

BCWS _{LC}	267,682
ACWP _{CUM}	118,074
BCWP _{CUM}	118,844
BCWS _{CUM}	114,678
CV _{CUM}	1%

This PBD is ahead of schedule and slightly below cost. With 43% of the work scheduled to have been completed, this PBD has accomplished 44% of its work scope, and expended 44% of its costs. The project has a 3.6% schedule variance and a 0.6% cost variance. By comparison, last quarter, the project reported a 2.7% schedule variance, and a 0.3% cost variance.

A total of \$8.5 million in PWA earned value was validated this quarter. The cumulative schedule variance for Predetermined Work Activities increased to 41.2% (from 21% as of March 2002). This increase is due to the completion of eleven D&D sets.

\$111M



\$32M
29%

PWA
Completion

Quarterly Cost Variance Percentage



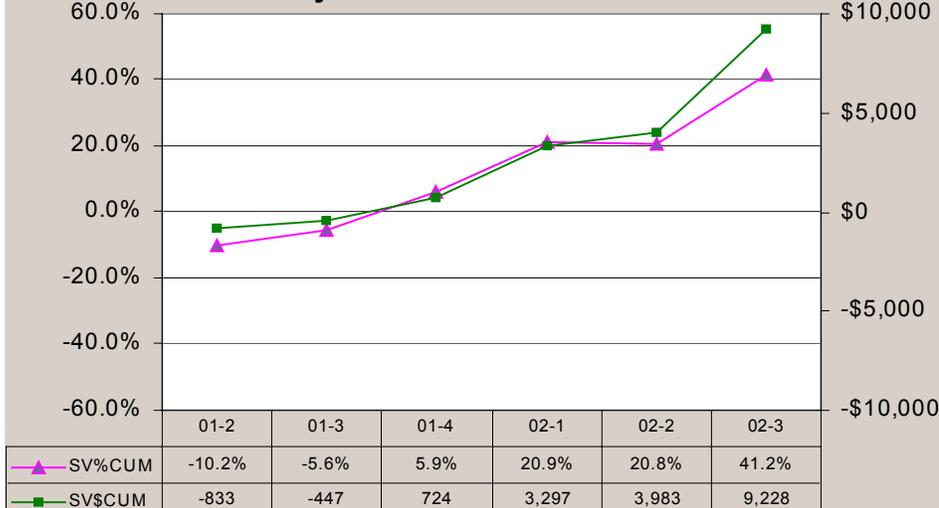
Accomplishments this quarter:

- Eleven D&D sets were completed: Second Floor, Set 16 - equipment removal, Sets A2, A4, C3, D5, D6, E6, F3, F5, G1, and G2.

Potential Impacts to Cost & Schedule:

- None

Quarterly Schedule Variance on PWAs



UPCOMING:

Key Activities / Milestones / GFS/I

- Complete 9 D&D work sets (next 90 days)
- Complete DBIO IVR

Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002



PBD C 771 Complex J. Brothers x7756

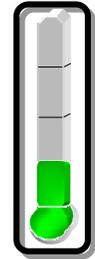
BCWS _{LC}	231,830
ACWP _{CUM}	147,961
BCWP _{CUM}	140,295
BCWS _{CUM}	132,653
CV _{CUM}	-5%

This PBD is ahead of schedule, but over budget. With 57% of the work scheduled to have been completed, this PBD has accomplished 61% of its work scope, and expended 64% of its costs. This PBD is 5.8% (+\$7,642) ahead of schedule (cumulative) but 5.5% (-\$7,667) over budget.

The negative cost variance is due to size reduction modifications, under estimated quantities of supplies, under estimated labor cost for waste packaging activities. This PBD tends to run negative on cost variance, with a significant amount of the variance in Support Services and Landlord.

The contractor accomplished \$9M of PWA work for this quarter. Last quarter, \$16M of work was accomplished. Cumulative PWA performance is at +12.3% ahead of schedule.

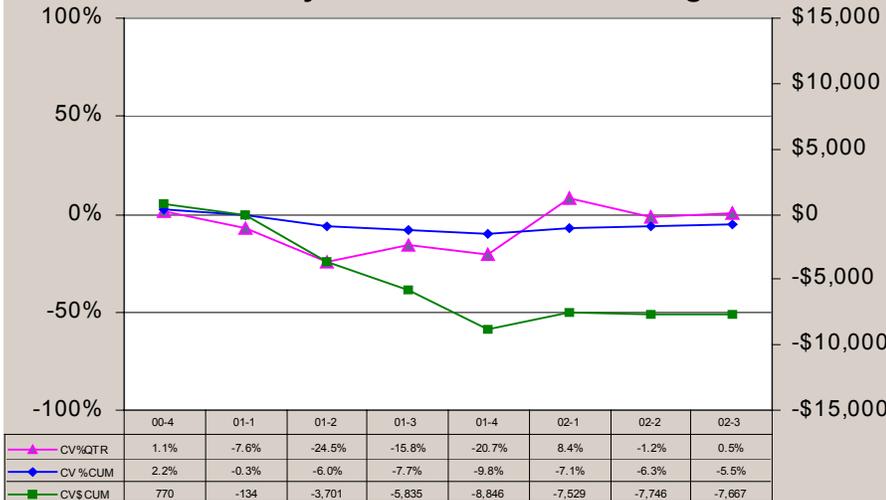
\$77M



\$25M
32%

PWA
Completion

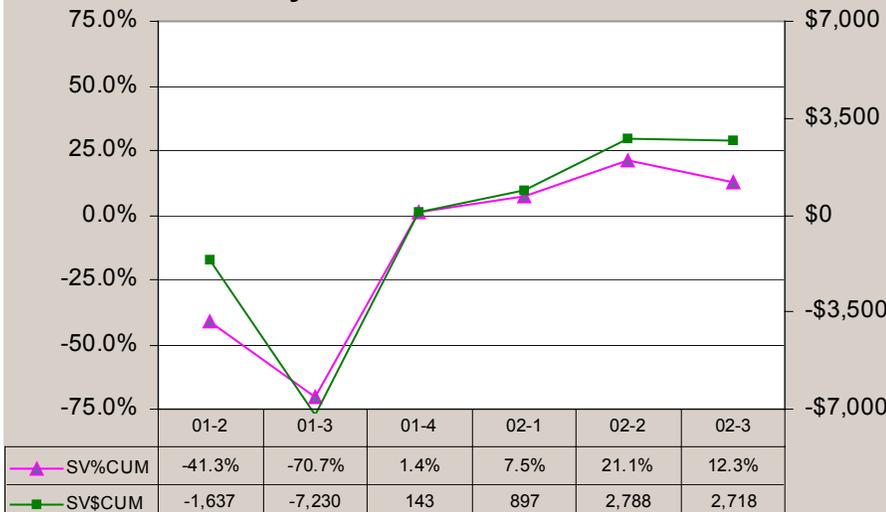
Quarterly Cost Variance Percentage



Accomplishments this quarter:

- KH completed five (5) D&D sets (#61, 74, 77, 91 and 92). During this quarter, KH successfully entered and deconned the infinity room (part of set 61) without an incident.
- Removed 22 gloveboxes and 23 tanks.
- Current work includes 7 different sets in B771 and 3 sets in B774.
- Continuing to size reduce glovebox (SR-12), one of the largest contaminated boxes.
- Dismantling and packaging internal walls in empty process room continues.

Quarterly Schedule Variance on PWAs



Potential Impacts to Cost & Schedule:

- If the remaining contaminated gloveboxes cannot be deconned successfully, the cost and/or schedule variance may be negatively impacted.

UPCOMING:

Key Activities / Milestones / GFS/I

- None

Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002



PBD D
776/7 Complex
 Gary Schuetz x3016

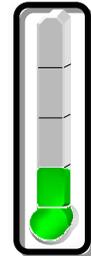
BCWS _{LC}	268,339
ACWP _{CUM}	103,217
BCWP _{CUM}	107,494
BCWS _{CUM}	93,373
CV _{CUM}	4%

This PBD is ahead of schedule and under budget. With 35% of the work scheduled to have been completed, this PBD has accomplished 40% of its work scope, and expended 38% of its costs. The Project has a schedule variance of \$14M (15%), and a CV of \$ 4M (4%). This is consistent with last quarter's \$14M (SV_{CUM}) and \$3M (CV_{CUM}).

Almost all of the positive SV (\$14M) is in Decommissioning. A large part of the positive CV is attributable to D&D Technology (\$6M), which is partially offset by maintenance cost overruns in Facility Management (\$3M).

Predetermined Work Activities continue their positive trend and are 99% ahead of schedule (\$15M), at the end of the Quarter.

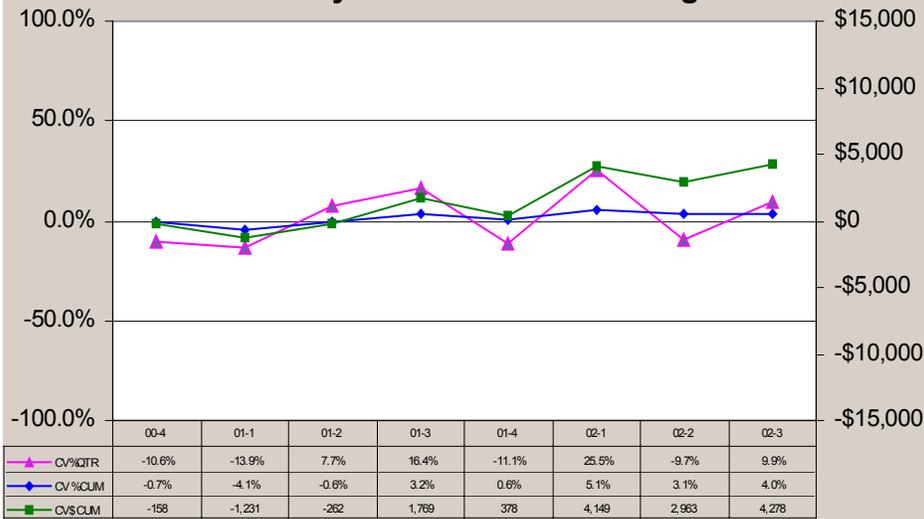
\$122M



\$31M
25%

PWA
Completion

Quarterly Cost Variance Percentage



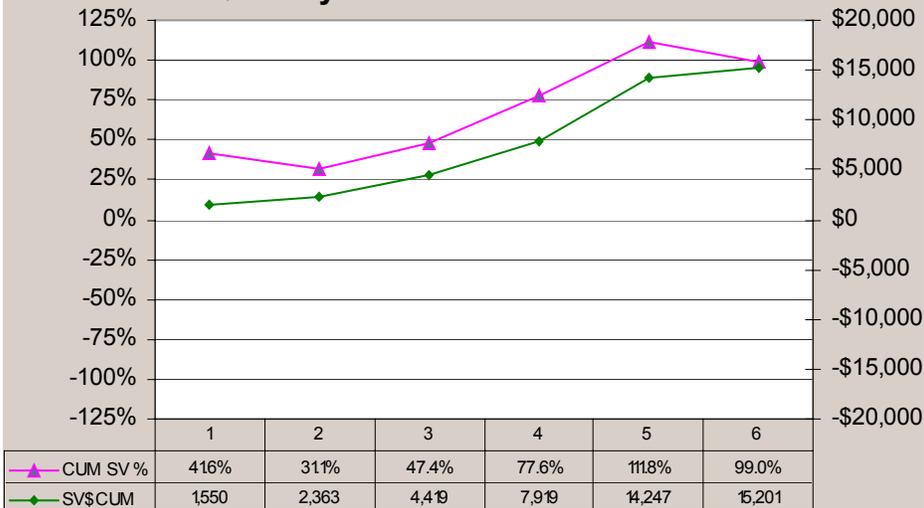
Accomplishments this quarter:

- 6 work sets completed this Quarter (21 total work sets completed for FY 02)
- 61 of 84 work sets completed to date
- Deployment and/or evaluation of several decommissioning technologies to improve project performance

Potential Impacts to Cost & Schedule:

- Unknown conditions such as buried equipment and building demolition continue to challenge baseline assumptions

Quarterly Schedule Variance on PWAs



Upcoming:

Key Activities / Milestones / GFS/I

- Initial entry into Advanced Size reduction Facility to begin decommissioning in August '02
- Complete last glovebox decommission work set (Set # 4) during August '02
- Remove first buried item from beneath the floor of Carpenter Shed in August '02
- Remove super-compact in September '02.

Total Project Report RFFO RFETS

3QFY02 • Apr - Jun 2002

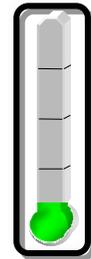


PBD E Industrial / Site Services Steve Tower, x2133

BCWS _{LC}	793,561
ACWP _{CUM}	210,084
BCWP _{CUM}	258,882
BCWS _{CUM}	217,173
CV _{CUM}	18.8%

This PBD is ahead of schedule and under budget. With 27% of the work scheduled to have been completed, this PBD has accomplished 33% of its work scope, and expended 26% of its costs. This PBD has a schedule variance of 19% (\$42M) and a CV of 19% (\$49M). PBD E accumulated another +6.6M in positive cost variance during this quarter. This quarter, PBD E accumulated +\$8M in positive schedule variance. Positive SV is attributed to delivery of B886, and B442. PWA performance of 142% attributed directly to accelerated delivery of B886.

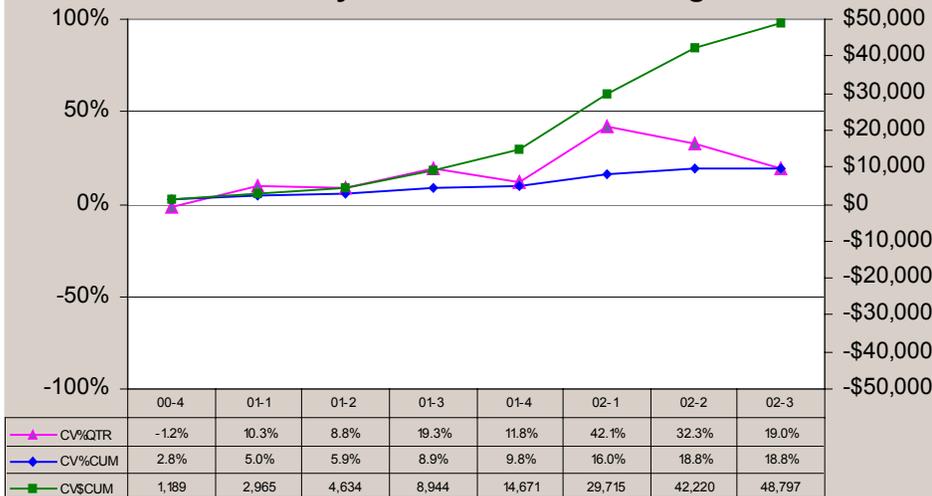
\$306M



\$8M
3%

PWA
Completion

Quarterly Cost Variance Percentage



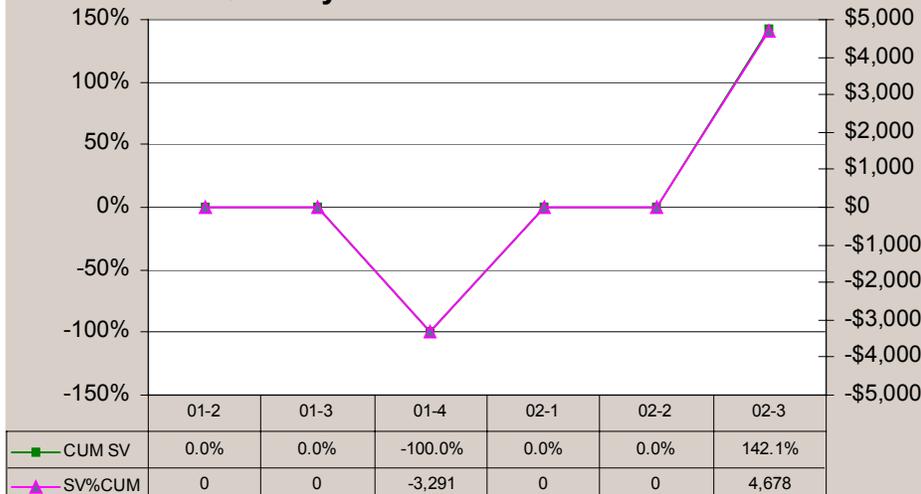
Accomplishments this quarter:

- Demolished B886, B442
- D&D acceleration B125, 452, B850
- Awarded AWTS Contract

Potential Impacts to Cost & Schedule:

- None

Quarterly Schedule Variance on PWAs



UPCOMING:

Key Activities / Milestones / GFS/I

- B850 Demolished in July, 02
- B662, B663 scheduled to be demolished in August, 02
- Portable Steam Boilers operational in September 02.

Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002



PBD F Material Stewardship Fran Geurink x4619

BCWS _{LC}	854,633
ACWP _{CUM}	346,462
BCWP _{CUM}	338,635
BCWS _{CUM}	347,849
CV _{CUM}	-2.3%

This PBD is slightly over cost and behind schedule. With 41% of the work scheduled to have been completed, this PBD has accomplished 40% of its work scope, and expended 41% of its costs. PBD F is -2.6% behind schedule and -2.3% over budget.

Completed 180 TRU shipments to WIPP during the quarter. These shipments consisted of pipe overpack components and the first shipment of standard waste boxes on May 23, 2002. Passed the WIPP/EPA/NMED Audit of Real Time Radiography system and Multi-Purposes Crate Counter.

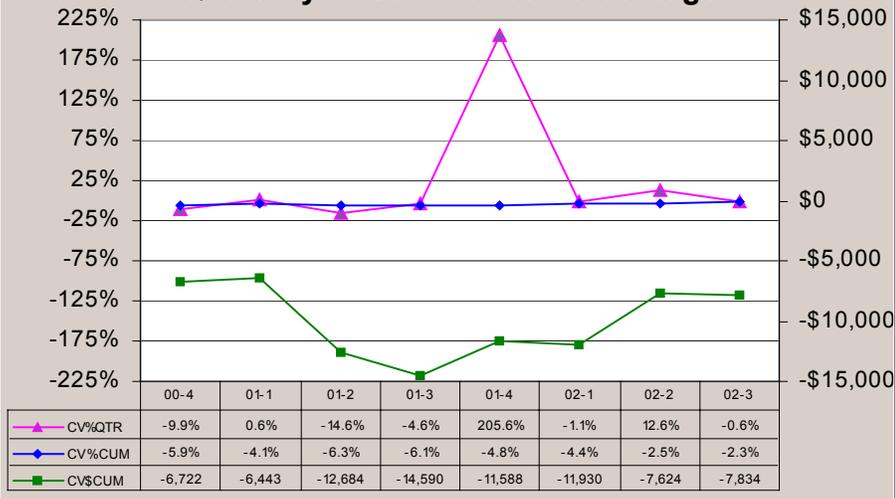
\$161M



\$24M
14%

PWA
Completion

Quarterly Cost Variance Percentage



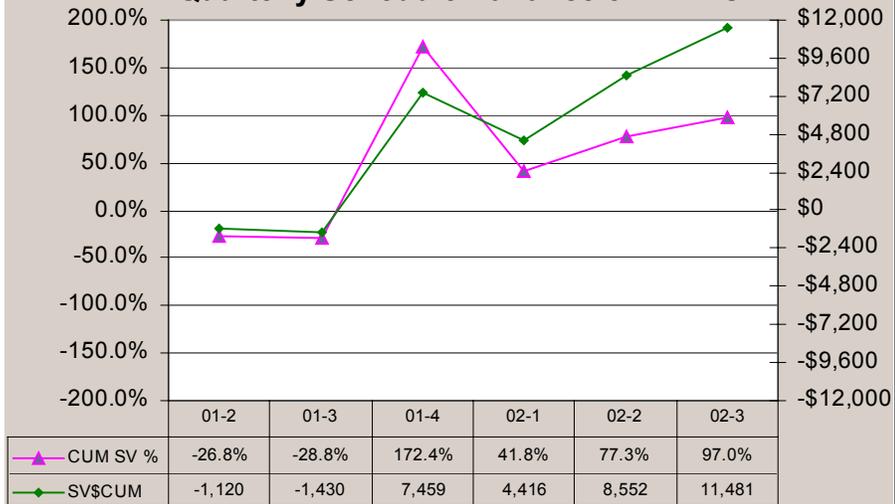
Accomplishments this quarter:

- 8,193 m3 LL waste shipped
- Shipped 220 m3 LLM waste
- Started Pond Sludge Operations
- Shipped 4 m3 of GAC to OR. (Met STP Milestone 6/30/02)
- 1,190 m3 TRU waste shipped to WIPP
- Received an average of 122 TRUPACTs per month

Potential Impacts to Cost & Schedule:

- Continued availability of TSCA Incinerator for organic solids and sludges and PCB liquids
- Receiver sites for LLMW (>10nCi/g)

Quarterly Schedule Variance on PWAs



UPCOMING:

Key Activities / Milestones / GFS/I

- Awaiting NMED approval of classified permit mod submitted on June 28th to support shipment of classified TRU to WIPP.
- To support Idaho's commitment to ship 3,100 cubic meters of TRU waste to WIPP, RFETS Shipping Plan is reduced to 9 shipments per beginning August 2nd to no later than 12/31/02. No impacts to accelerated closure are anticipated.

Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002



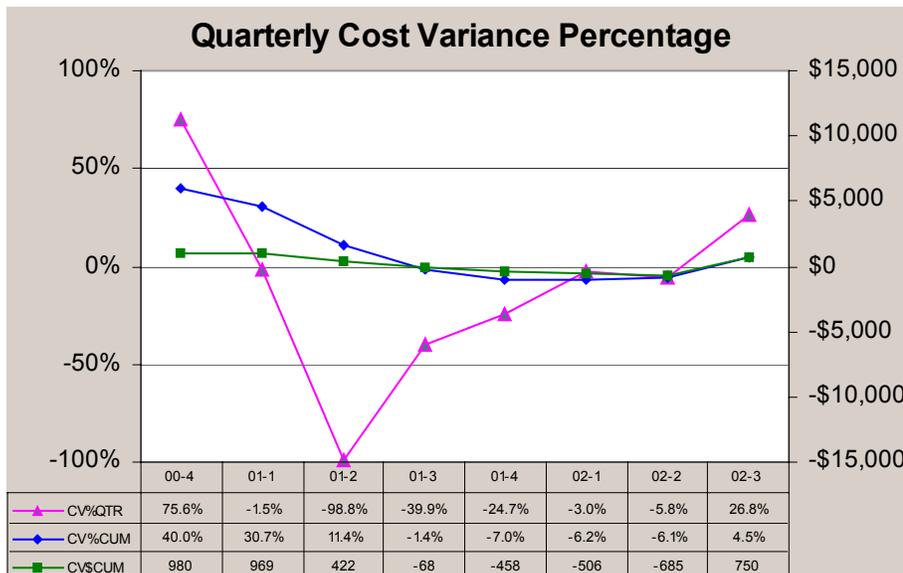
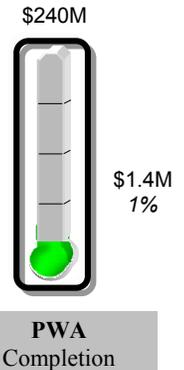
PBD G Remediation Norma Castañeda x4226

BCWS _{LC}	295,956
ACWP _{CUM}	15,790
BCWP _{CUM}	16,540
BCWS _{CUM}	18,370
CV _{CUM}	5%

This PBD is slightly under budget, but behind schedule. With 6% of the work scheduled to have been completed, this PBD has accomplished 6% of its work scope, and expended 5% of its costs. The SV is -10% (\$1,830K) and the CV is 5% (\$750).

Negative schedule variances (traditional) are caused by path forward changes in B771 Under Building Contamination (UBC) characterization, and are expected to continue until 2003.

PWA performance remains ahead of schedule by \$1M, with the majority of the scope scheduled in fiscal years 2004 - 2006.



Accomplishments this quarter:

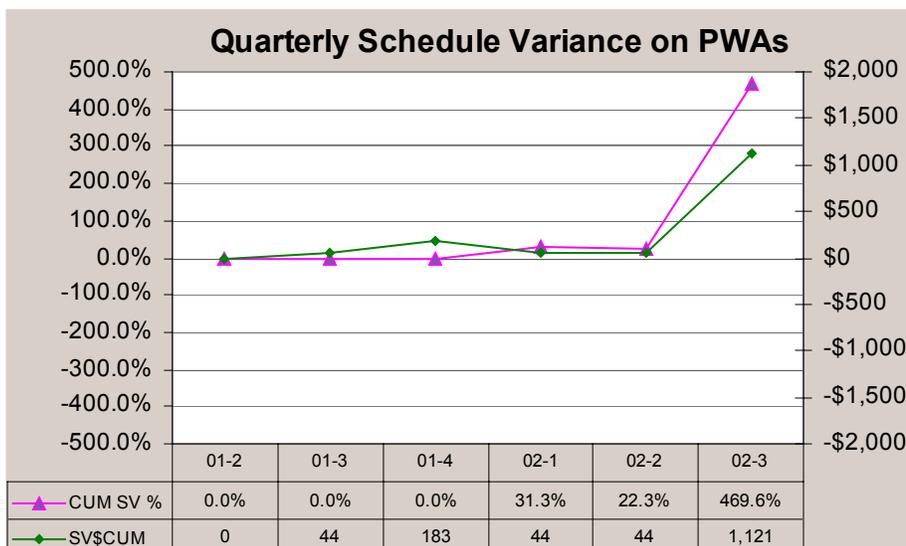
- EPA approved Draft RI/FS Work Plan
- Completed B123 Remediation Project
- Completed 45 day public comment period for 5 Year Review Report; comments being dispositioned.
- Draft 903 Pad ER RSOP Notification submitted to DOE for review
- Final Surface Water TM sent to agencies for approval
- Present Landfill IM/IRA submitted to agencies for review

Potential Impacts to Cost & Schedule:

- Schedule variance is mainly due to delay in B771 UBC characterization; expected to remain thru remediation.
- Possible lowering of the soil action levels, currently proposed by the Stakeholders

UPCOMING:

- Key Activities / Milestones / GFS/I
- Complete B442 Remediation Project (07/02)
 - Complete B889 Remediation Project (07/02)
 - 5 year Review Report to EPA, for concurrence (07/02)
 - Original Landfill IM/IRA to agencies for informal review (08/02)
 - Solar Ponds PAM (07/02)
 - 903 Pad ER RSOP Notification to agencies for review (07/02)
 - 30-day Public comment period for 903 Pad ER RSOP Notification begins (08/02)



Total Project Report **RFFO RFETS**

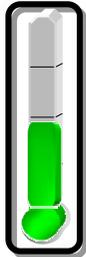
3QFY02 • Apr - Jun 2002

PBD H

Engineering, Environmental, Safety, Health & Quality

J. Torma-Krajewski x7165

\$239M



\$111M
47%

BCWS _{LC}	239,299
ACWP _{CUM}	98,382
BCWP _{CUM}	111,395
BCWS _{CUM}	111,412
CV _{CUM}	12%

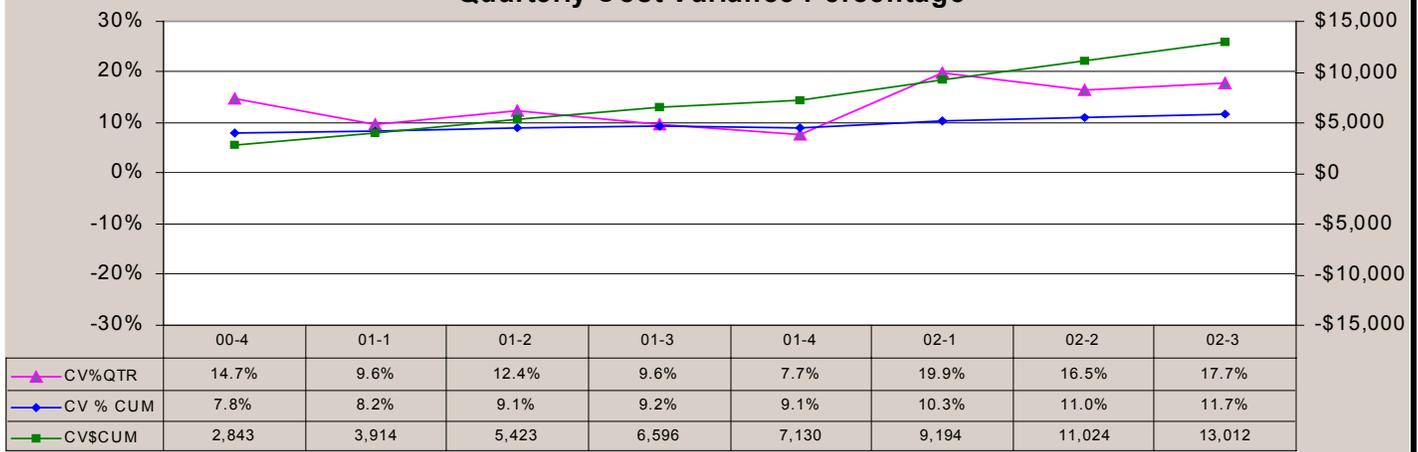
This level-of-effort PBD is has completed 47% of its workscope and expended 41% of its costs. PBD H tends to run positive cost variances with an average monthly variance of +13.6% calculated since June 2000. It is currently +12% under budget (+\$13M).

PBD H accumulated +\$2M in positive cost variance during this quarter. (CV_{QTR}), bringing the cumulative CV to +12% and +\$13M.

The contractor has attributed the positive CV in this PBD in large part to staff vacancies.

**Scope
Completion**

Quarterly Cost Variance Percentage



Accomplishments this quarter:

- The radio frequency site fire alarm system has been installed and is operational.
- The Final Documented Safety Analysis for Building 460 was approved.
- The final Actinide Migration Pathway Analysis Summary Report and Technical Appendix were completed for distribution to stakeholders.
- Installed surface water monitoring station GS55 (provides coverage for D&D and remediation in the 400 Area).
- Installed and activated two new RAAMPP samplers to support the 903 Pad remediation.

UPCOMING:

Key Activities / Milestones / GFS/I

- None

Potential Impacts to Cost & Schedule:

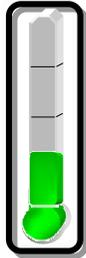
- K-H continues to increase the number of new Be workers rather than sharing them across the projects. In addition to increased training costs and exposure risks, each new Be worker increases DOE future liability as DOE is required to provide lifetime monitoring of each. From early estimates of a need for about 170 Be workers, the site now employs approximately 1,300.
- There were three Price Anderson Amendments Act Noncompliance Tracking System (NTS) violations identified during the third quarter. RFFO is currently tracking 14 Site NTS reports: ten are open, three are in closure review by RFFO, and one was closed by the OE in June.

Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002

PBD J
Support Project
 Bob Birk x5921

\$590M



\$203M
34%

Scope
Completion

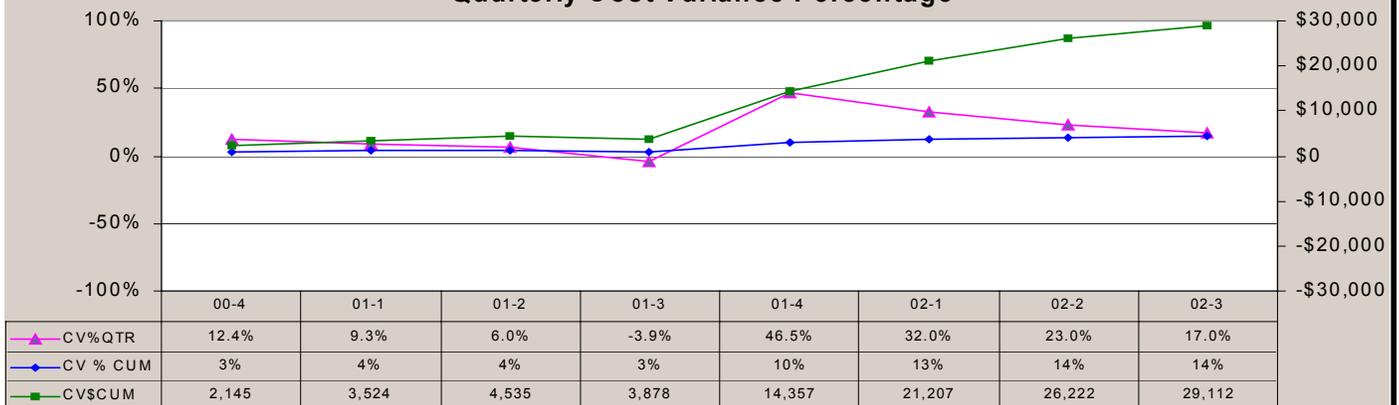
BCWS _{LC}	590,174
ACWP _{CUM}	173,702
BCWP _{CUM}	202,814
BCWS _{CUM}	202,814
CV _{CUM}	14%
EAC	502,446

This level-of-effort PBD is has completed 34% of its workscope and expended 29% of its costs. PBD J tends to run positive cost variances with an average monthly CV of +15% calculated since June 2000. It is currently 14% under cost (+\$29M).

PBD J accumulated another +\$3M in positive cost variance during this quarter (CV_{QTR}), bringing the cumulative CV to +\$29M.

This PBD is also a major contributor to the Closure Project's overall positive cost variance with 18% of the project's positive CV.

Quarterly Cost Variance Percentage



CAD Cost Analysis:

JAA – KH Executive Office was +79%, or \$10M. The positive CV is primarily due cost risk funds held in management reserve (contingency) held in this cost account, along with previous understaffing.

JAB – General Counsel & Audit was +25%, or \$1.3M. The positive CV is due to historical under staffing of this cost account partially offset by an underestimate of outside legal counsel costs.

JAC – Planning and Integration cost variance was +19% or \$3.4M. The positive CV is due to several positions being periodically understaffed and reduced consulting subcontract costs. These positive variances were partially offset by new subcontractor costs and contract extension.

JAE – Steelworker Overhead cost account was +24% or \$3.0M. The positive CV is due to the difference between the budgeted amount of lump sum bonuses planned for distribution and the amount actually paid as well as lower idle/training time charges to steelworker overhead account.

JAG – Fringe Benefits- was +126% or \$8.3M. The positive CV is due to the recovery of fringe costs which varies from actual costs because of the cyclical fluctuations in fringe pool costs versus the annual fringe rate used for recovery. A rate revision also contributed to the variance. The to-date ACWP reflects an over-recovery of fringe costs due to higher than anticipated use of security and steelworker overtime. The BCWP reflects a BEST system generated estimate of under-recovery of fringe that is not current with actual staffing.

Accomplishments this quarter:

– None

UPCOMING:

Key Activities / Milestones / GFS/I

– None

Potential Impacts to Cost & Schedule:

– None.

Total Project Report **RFFO RFETS**

3QFY02 • Apr - Jun 2002

Rocky Flats Field Office

Budget: Lance Schlag x3171

Strategic Goals: Elizabeth Jordan x8057

RFFO Strategic Measures

Current Management Priorities / Concerns

The RFFO has developed a Draft Strategic Plan. The Plan contains a Vision and Mission statement, Core Values, Eight Corporate Goals, and performance measures for each of the goals. Ricky Newton finalized the draft with the manager in June. The Manager decided to rewrite her message to staff since she would be leaving the site. The final Strategic Plan will be available to employees in the 4th quarter.

There are a number of items pending to complete the planning and implementation of the strategic planning process. For immediate planning purposes, these include the Strategic Planning annual review cycle to be integrated with CFO and HR, and a change control process for the annual operating plans. Work continues with CFO and HR to integrate, if possible, the budget and staffing processes. Management has tasked a team to undertake a functional analysis of current RFFO skills required over time. The Management team will then proceed with a skills needs analysis and staffing plan. This then will be submitted to EM-1 with an updated transition plan. The RFFO can then focus on transition activities and organizational realignment consistent with staffing.

Performance against Strategic Goals.

The RFFO has developed FY 02 Strategic Performance measures for each of the eight strategic goals 14 days ahead of schedule (as identified in the AMAT AOP). Tracking and trending of strategic performance measures are now being conducted by AMES. Monthly review of progress against goals occurs in the Monthly Project Reviews.

The scorecard is available by contacting Liz Wilson or Karen Lutz in Communications.

RFFO Budget

Performance

EW05 Budget Authority \$24.7 M, Obligated through July \$10.2 M or 42 %, Left to obligate \$14.1 M or 58%

FS40 Budget Authority \$.45M, Obligated through July \$.4 M or 89%, Left to obligate \$.05 M or 11%

RFFO has obligated \$3.5 M for GFS&I support.

Issues/Concerns

RFETS utilities costs have decreased an average of 7% based upon cold closure of buildings. If no significant short-term rate increases occur, such as experienced in FY 2001, utility costs should no longer be a concern.

RFFO received the remaining FY 2002 Closure Project funding of \$11.1 Million in July.

The RFETS has reviewed our FY 2002 Safeguards and Security funding requirements and determined that we are currently short approximately \$0.4 M vice the previously projected \$1.2 M. Headquarters has been informed of our revised requirements.

Upcoming Focus

The Cook Case trial anticipated for January 2002 has been delayed. This will reduce projected FY 2002 litigation support to a manageable level.

Appendix A

POC: Greg Moore x2394

SNM Shipping

Update as of June 2002

Description:

Removal of special nuclear material (SNM) is a critical activity in achieving RFETS closure schedule and cost targets. The magnitude of the uncertainties related to SNM shipping are appearing to decrease as DOE addresses the issues of shipping containers and receiver sites. Remaining key issues include:

- EM-5 packaging approvals to use the 9975 for certain plutonium metals, oxides and special items
- Absolute confirmation of receiver sites for all SNM

Current Status:

DOE guidance includes:

- Plutonium metals and oxides will be sent to SRS
- HeU will be sent to SRS
- 125 parts greater than 1000 A2 will be packaged in containers certified for these materials and shipped to SRS

Milestones

- No significant milestones this quarter

Top to Bottom References

- Issue #5 Safeguards and Security: Reducing the Threat at EM Sites – Special Nuclear Material remaining at Rocky Flats longer than necessary is not optimum for safety and security and increases the baseline cost of operating the site.
- Issue #10 Packaging and Transportation to Support Accelerated Risk Reduction – current packaging and transportation policies and procedures are delaying the removal of the material from Rocky Flats, causing increased costs and delaying risk reduction. In addition, the lack of organizational responsibility and accountability for packaging and transportation has resulted in long delays in package certification (e.g., 9975, DT22), which in turn has caused delays in the removal of materials from sites. The inability to predict when certified containers will be available makes it difficult to schedule SSTs and to negotiate shipments with states.

Sensitivities

- If there are cost and schedule impacts, the contractor will request an equitable adjustment resulting in an increase to target cost and target schedule.
- Tri-Valley CARES lawsuit
- Governor of South Carolina position on shipping SNM

Orphan Wastes

Update as of 20 Aug 2002

Issue:

• **TSCA Incinerator**

The Toxic Substances Control Act Incinerator (TSCAI) in Oak Ridge, Tennessee, is currently the only available facility for certain of RFETS STP wastes. Six milestones due in 2002 rely on shipping waste to the TSCAI. The Granulated Activated Carbon (GAC) Site Treatment Plan (STP) milestone to ship the GAC by June 30, 2002 was achieved. A second TSCAI milestone is expected to complete on time in September. The remaining 4 TSCAI milestones for FY02 are in jeopardy.

- Due to higher than expected levels of Be, two of the milestones cannot be met - the waste streams no longer meet the Waste Acceptance Criteria (WAC) for TSCAI. A one-year milestone extension has been requested for these milestones. Composite samples from populations of the two STP wastes, (Organic Solids PCB and non-PCB) produced results that beryllium (Be) was significantly higher than the Waste Acceptance Criteria (WAC) for TSCAI. Indications from TSCAI are that waste containing Be at these levels will not be acceptable for treatment.
- The remaining TSCAI milestones (PCB liquids and Organic liquids-non-PCB) are in some jeopardy due to recently received analytical results which report total alpha above the WAC for TSCAI. These waste streams have been resampled and depending on the results these waste streams may be acceptable at TSCAI and the September 30, 2002 milestone may be met. We have therefore not requested a milestone extension at this time, but may request an extension later if it becomes apparent that these milestones cannot be met

• **Tank 231B Sludge Removal**

Due to unforeseeable technical problems the milestone for sludge removal in tank 231B is also in jeopardy. Complications have been caused by the unanticipated growth of waste volumes during the removal of the sludge from tank 231B. To date 181 drums have been shipped, and barring further difficulties, the milestone should be met by the end of September 2002. However, weather and equipment problems have recently added to the delays, and if similar conditions reoccur, completion of this milestone by September 30 2002 could be in jeopardy, and the milestone may require an extension.

• **Availability of Commercial Treatment Facilities**

Some existing wastes are without an available treatment facility.

• **NTS Mixed Waste Permit**

The State of Nevada will take 12-18 months to do the Technical Review for the Mixed Waste Permit.

• **TRU disposition at WIPP**

A number of problems are being worked on including:

- Transportation of Wastes
- Gas Generation

Background:

Orphan wastes are Mixed or PCB wastes that have no current path for treatment to meet disposal or transportation WAC. A Compliance Order on Consent was signed in 1995 to comply with the FFCA Act of 1992 to cover mixed wastes which remain on-site for over one year because LDR treatment is not immediately available. The Site Treatment Plan (STP) milestones are established on a 3-year rolling basis through negotiations with the State. To date all milestones have been met, some have been completed early, and others have been extended by State. RFETS has several mixed waste streams with Milestones due in FY 2002.

Total Project Report RFFO RFETS

3QFY02 • Apr - Jun 2002

The waste streams with milestones to ship by September 30, 2002 include Mercury, PCB Liquids, Organic and PCB Solids, and 231B Wet Slurry. EM-50 is providing technical support and funding to find solutions for treatment challenges.

Teams are being created to provide technical support for:

- T-1 Trench Material Disposition Plan
- Bypass and Wet Slurry Cake Sludge Treatment and Disposition Plan
- Plan for Mitigation of WIPP Transportation Issues involving TRU Oasis Sludge

Impacts:

1. STP Milestone(s) may need to be changed.
2. If treatment and disposal facilities are not found for Low Level Mixed and TRU Mixed Waste, the waste would have to be stored at RFETS after closure.

Recommendations:

- Continue partnering with K-H, and work with EM-50 on technical assistance for problematic waste streams.
- Brief manager monthly on status of Orphan Wastes.

TRUPACT II Availability

Update as of 30 June 2002

Issue:

The Department of Energy (DOE) committed to supply 120 TRUPACTs per month for Fiscal Year 2002, 2003, and 2004 in the Rocky Flats Closure Contract..

Current Status:

- During the 3rd Quarter, the commitment to supply 120 TRUPACTs per month was made, as RFETS received 368 TRUPACTs or an average of 122 per month.
- At the request of WIPP to accommodate the regulatory commitment at INEEL, the Site has agreed to reduce to 9 shipments per week beginning August 02 to no-later-than 12/31/02 when INEEL's commitment is made.

Site Impacts:

None in the short term. With the recently revised TRU waste baseline, most TRU waste at Rocky Flats can be disposed timely to support the accelerated closure even with an average of 9 shipments per week from now on.

Needs:

WIPP continues to resolve driver shortage, TRUPACT supply, and quality control issues so that the Site can receive 120 TRUPACTs per month in case the acceleration is needed.

Short Term RFETS Shipping Plan: (August 1, 2002 to December 31, 2002)

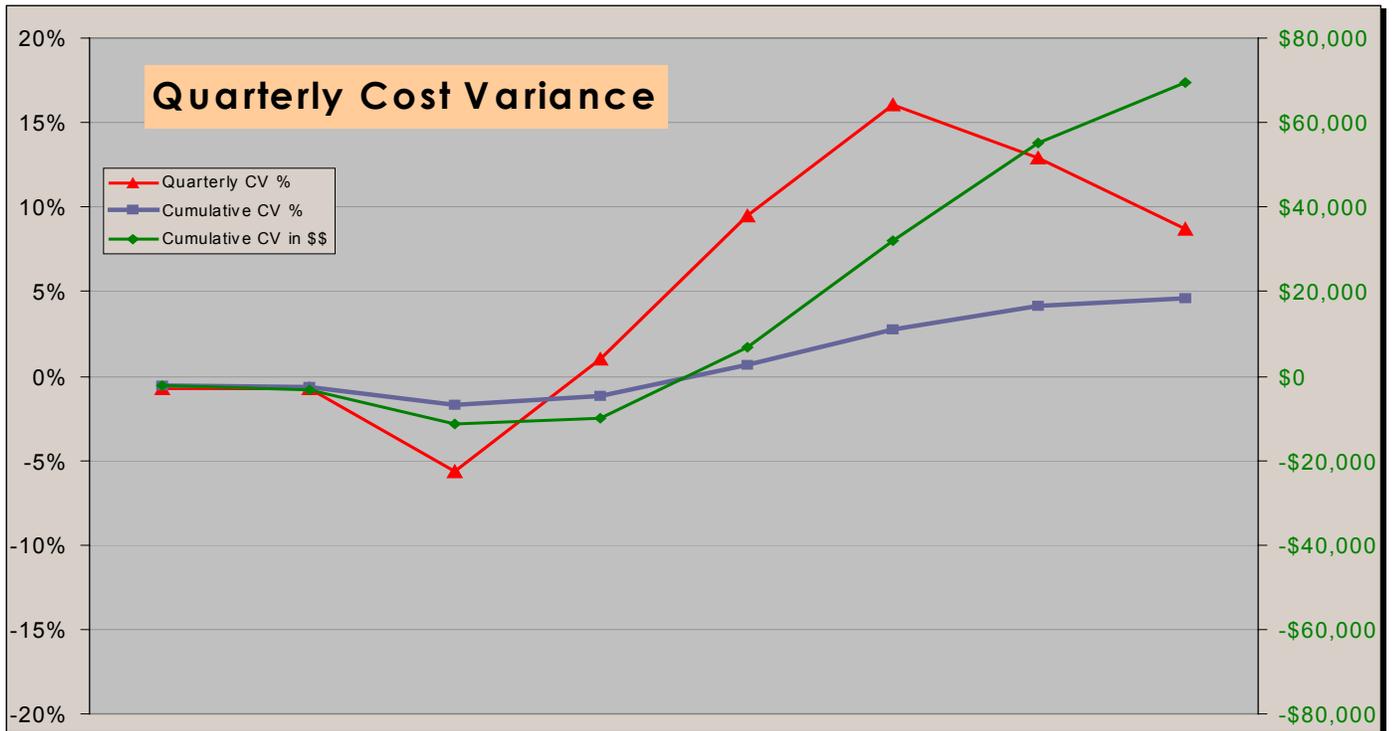
In order to support the Idaho's commitment on 3,100 cubic meters, RFETS Shipping Plan is reduced to 9 shipments a week starting August 1, 2002.

Appendix D

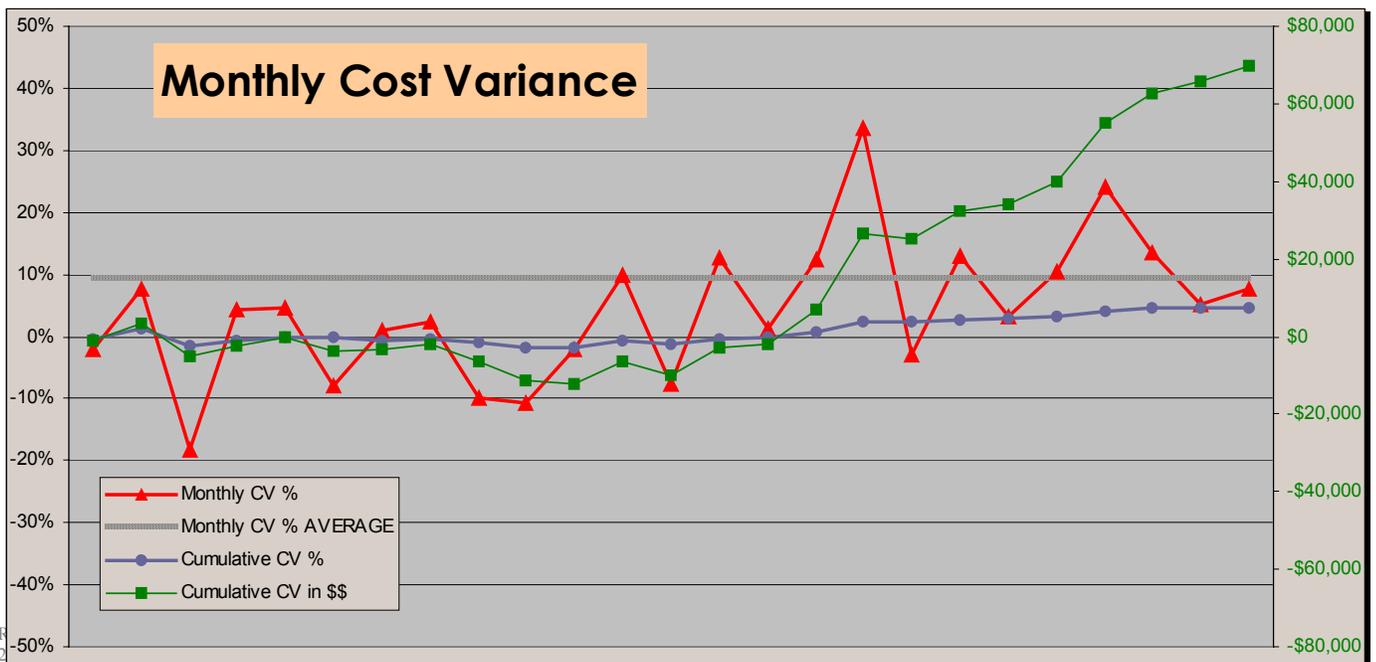
Cost Variance Trending

The following charts depict Project cost variance trends by quarter and monthly as referenced in the Cost section of the Executive Summary.

Quarterly CV



Monthly CV



Appendix E

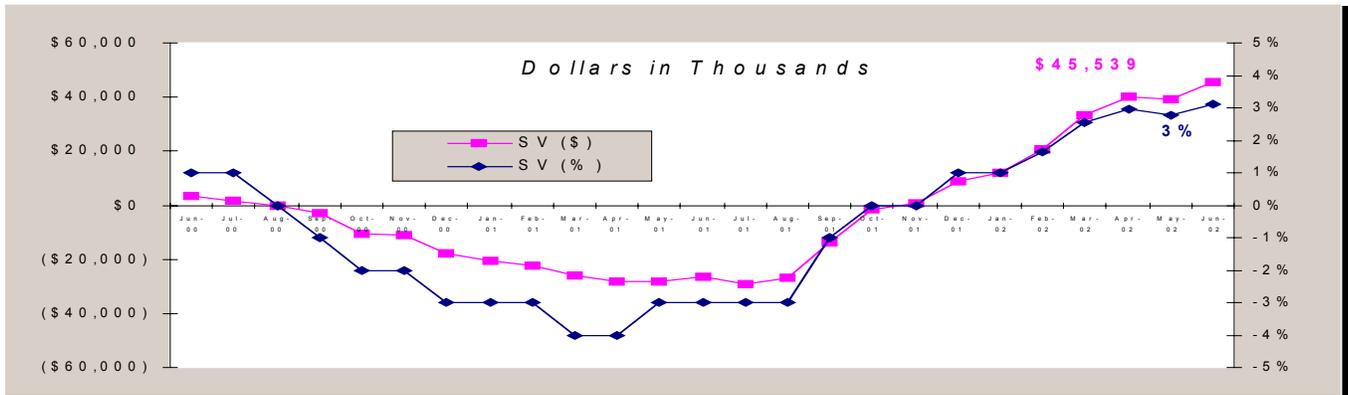
Other Schedule Performance Indicators

The following charts depict Project schedule variance metrics used to evaluate K-H schedule performance as referenced in the Schedule section of the Executive Summary.

Traditional Schedule Variance

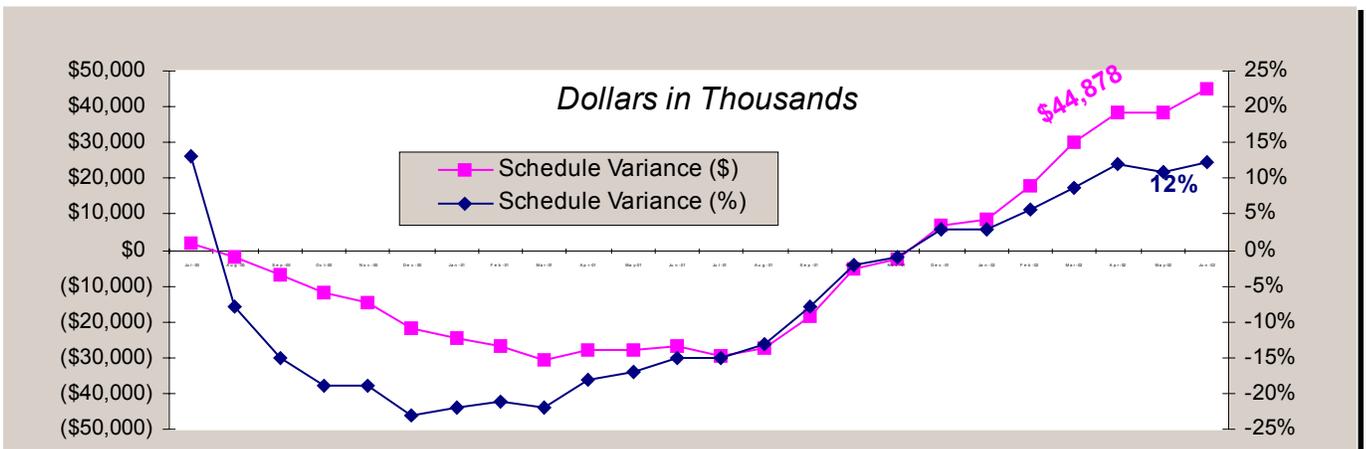
SV\$: +\$46M SV%: +3%, improving trend

Traditional Schedule Variance (SV) for target activities went \$33.3M and 3% in March 2002 to \$45.5M and 3% in June.



Modified Milestone Schedule Variance

SV\$: +\$45M SV%:+12%, improving trend



The RFFO has developed a measure of schedule performance called the Modified Milestone SV. This measure takes all level of effort activities and pre-May 25, 2000 activities out of the SV calculation, and adds non-target, EW40 Technology Development milestones. The activities that remain use the traditional method (percent complete of each activity or milestone) to determine earned value. The current Budgeted Cost of Work Scheduled (BCWS) for these modified milestone activities is \$364M, and the life cycle BCWS for these activities is \$1.591 billion (B). The Modified Milestone SV went from \$30M (9%) in March 2002 to \$45M (12%) in June. The change in this indicator is due mostly to improvement in the schedule performance in the Industrial and Site Services Project. About 23% (\$364M/\$1,591M) of the modified milestone activities were scheduled to be complete at the end of 3QFY02, and 26% (\$409M/\$1,591M) of the modified milestone activities were completed.

The recent improvement in modified milestone schedule variance performance is shown in the graph above.

Total Project Report RFFO RFETS

3QFY02 • Apr - Jun 2002

Appendix E CONTINUED

P3 Completion

Estimated Completion Date: 14 November 2006

The following chart identifies the K-H generated Estimated Completion Date (ECD) from the P3 stasured schedule. Except for PBD E – Industrial and Site Services, all of the end dates for the Projects have improved compared to the previous quarter and all the Projects are ahead of their baseline early finish date. The Project’s critical path improved by 22 workdays from December 21, 2006 to November 14, 2006. This improvement is the result of DOE’s commitment to increase SST support to the Site. This improvement will be temporary unless DOE meets the new SST delivery commitment. An additional concern that may impact the critical path in the future is the PuSPS throughput rate and the ability to have containers ready to meet the shipment schedule.

PBD	Activity Description	Baseline Early Finish	Stasured Early Finish
A	B371	11-Oct-06	13-Sep-06
B	B707	13-Mar-06	26-Jan-06
C	B771/774	18-Aug-04	13-Aug-04
D	B776/777	31-Oct-06	11-May-06
E	Industrial Sites	11-Oct-06	15-Dec-05
F	Material Stew.	13-Dec-06	13-Sep-06
G	ER	14-Dec-06	14-Nov-06
ALL		14-Dec-06	14-Nov-06

Comparative Schedule Metrics

Positive schedule metrics in B776 Closure Project (D) and the Industrial and Site Services Project (E) are masking negative schedule metrics in the B371Complex Project (A) caused in part by our continued inability to ship Pu Metals and Oxides to Savannah River. The Critical Path for site closure has shifted this quarter as a result of DOE’s commitment to increase SST support to the Site. This improvement will be temporary unless DOE meets the new SST delivery commitment. An additional concern that may impact the critical path in the future is the PuSPS throughput rate and the ability to have containers ready to meet the shipment schedule.

Project		SV _{TRAD}	SV _{PWA}	SV _{MM}	SV _{P3} +/- Days
1A	371 Complex Project	-5%	-9%	-13%	18
1B	707 Complex Project	4%	41%	11%	28
1C	B771/774 Closure Project	6%	12%	-11%	3
1D	B776/777 Closure Project	15%	99%	40%	108
1E	Industrial and Site Services Project	19%	142%	107%	187
1F	Material Stewardship Project	-3%	99%	-12%	58
1G	Environmental Remediation	-10%	470%	-12%	18
Total Project:		3%	38%	12%	18 days