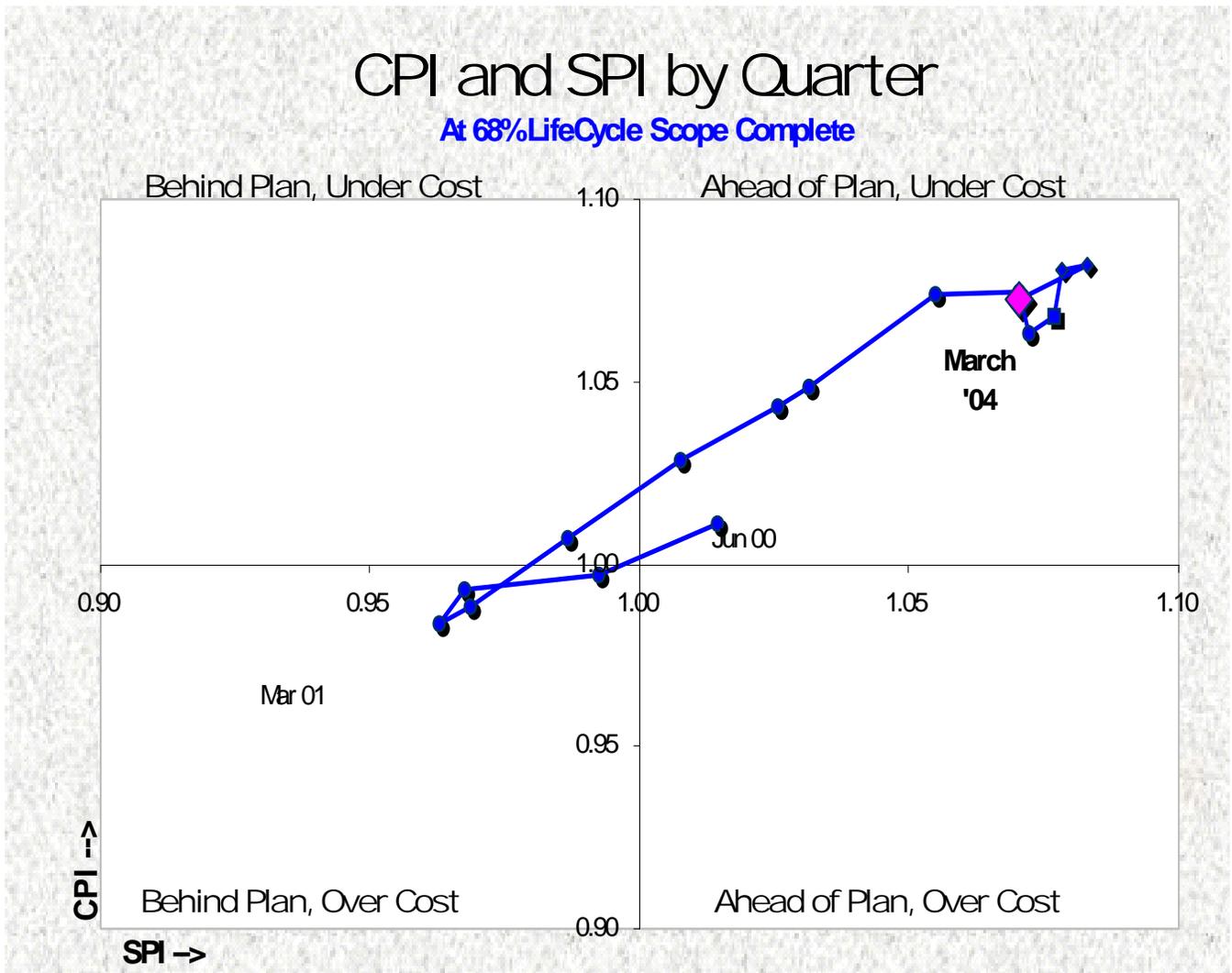


RFPO RFETS

Total Project Report

2nd Quarter, FY04
January - March, 2004



Total Project Report RFPO RFETS

2QFY04 • January - March 2004

Table of Contents

EXECUTIVE OVERVIEW	1
EXECUTIVE SUMMARY	1
Contract Status	1
Fee Payments.....	1
Penalty Assessment	1
Requests for Equitable Adjustments (REAs):	1
Safety	1
GFS/I Performance	1
Critical Path.....	1
Cost	2
Schedule	3
Key Milestones	4
Project Risk Report	4
DETAILED OVERVIEW	1
SAFETY	2
B.6 Safety Analysis.....	2
Events of Significant Concern	2
Safety Stand-downs.....	2
Key Indicators:	2
PBD A 371 COMPLEX	6
PBD B 707 COMPLEX	7
PBD C 771 COMPLEX	8
PBD D 776/7 COMPLEX	9
PBD E INDUSTRIAL / SITE SERVICES.....	10
PBD F MATERIAL STEWARDSHIP.....	11
PBD G REMEDIATION	12
PBD H ENGINEERING, ENVIRONMENTAL, SAFETY, HEALTH & QUALITY	13
PBD J SUPPORT PROJECT.....	14
ROCKY FLATS BUDGET	14
ROCKY FLATS BUDGET	15
TRANSITION TO LEGACY MANAGEMENT.....	16
APPENDIX A ORPHAN WASTES	A
APPENDIX B COST VARIANCE TRENDING	B
APPENDIX C OTHER SCHEDULE PERFORMANCE INDICATORS	C
Traditional Schedule Variance	C
Modified Milestone Schedule Variance	C
P3 Completion.....	C
Comparative Schedule Metrics.....	C
PROJECT METRICS	D
KEY DEFINITIONS / TERMS	E

Executive Overview

In General: The Closure Project as a whole is now more than 68% complete and has remained below cost and ahead of schedule for more than 2 years. During the second quarter, Kaiser-Hill continued to struggle with schedule delays and cost overruns in the D&D of the nuclear buildings. Unexpected penetration of contaminants into structural materials and safety stand-downs have significantly impacted performance as we move into the most difficult D&D work. The project's cost and schedule variances have neither improved nor declined since the beginning of the fiscal year, and remain significantly positive.

Key Accomplishments: This quarter, Rocky Flats demolished three reportable and 18 other miscellaneous structures, completed another 10 worksets in the Nuclear facilities, and achieved Crit-incredible in B707. More than 93% of all gloveboxes have been removed from nuclear facilities, and 55% of the Site's steam lines have been removed to date. The Waste Program continued to accelerate shipping of Low Level (~35,000 m³), Low Level Mixed (~4,000m³), and TRU Waste (~800m³), and is currently averaging more than seven shipments per hour. The Environmental Remediation project completed work on 4 IHSS groups this quarter, and received approvals for no further action on six others.

METRIC	
Safety:	NTS Reports: 3 Events of "Significant Concern" or above: 13
<i>Bears Watching</i>	Offsite Hospitalizations: 2 Rad/Haz Transport Incidents: 3 Lock-Out/Tag-Out: 1 Other Events: 5 Contaminations: 5
Cost:	Cumulative Cost Variance = +7%, +\$183M out of ~\$2,715M BCWP_{CUM}
<i>On Plan</i>	<i>LIFECYCLE: 68% of target scope completed; 64% of target cost expended - continues positive performance.</i>
Schedule:	Predetermined Work Activities SV = +57% ,+\$168M
<i>On Plan</i>	<i>LIFECYCLE: 26% of scope scheduled; 40% of scope completed</i> Traditional Schedule Variance = +7%, +\$178M <i>LIFECYCLE: 64% of scope scheduled; 68% of scope completed - continues positive performance.</i>
Critical Path	CP = <u>B371 D&D</u> Estimated Completion Date: <u>December 15, 2006</u>
Completion Date:	The critical path continues to involve B371 D&D and ER activities. RFPO is continuing to use the original Target Date, December 15, 2006, as the ECD. The lack of a LLMW receiver site for waste between 10 and 100 nanocuries/gram is causing concern about demolition of potential storage locations and if unresolved, will compete for the critical path.
Current CP: <i>On Plan</i>	<i>61% (50 months) of target contract duration elapsed.</i>
Key Milestones	Closure Activities: There were three reportable demolitions this quarter. Approximately 18 other minor structures were removed, including six valve vaults and several diesel tanks. B-991 is 70% demolished and the explosive component removal in B-881 went well. Steam line removal is approximately 55% complete (12,000 feet).
DNFSB: <i>On Plan</i>	DNFSB: DOE responses to the Defense Board's report on the fire in glovebox 8 (B371) were released with Secretarial approval in the first week of May.
RFCA: <i>FY04 Complete</i>	RFCA FY03 Milestones: All milestones completed for 2004
GFS/I	GFS/I requirements are being met and/or are in process except as noted here:
Status: <i>On Plan</i>	
Forecast: <i>Bears Watching</i>	Need DOE receiver site for all Low Level Mixed Waste Orphans between 10 and 100 nanocuries/gram.

Executive Summary

Contract Status

TC: 3.973B (Original: 3.963)

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

TCD: 15 December 2006

Fee Payments

As of March 31, 2003, RFPO has made fee payments to K-H of \$ 123,548,794 under the provisions of the Site Closure Contract. The contractor has requested no fee deferrals under this contract.

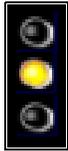
Penalty Assessment

No Fee Penalties were issued this Quarter. 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):

Ten REAs have been incorporated into the contract increasing the Target cost by \$10.2M. No new REAs were received in March, 2004. The \$16.4 million National Emergency REA (2000 – 2002 Costs) remains under HQ review. The following REAs were resolved by modification M116 to the contract, and will have no impact on target cost or fee.

- ~ \$5.2 million: Disposition of Pu Components
- ~ \$4.2 million: WIPP WAC Part III (actual 2002 and some 2003 costs)
- ~ \$3.2 million: WIPP WAC Part IV (actual 2003 not in Part III)
- ~ \$2.7 million: PuSPS Moisture Measurement
- ~ \$3.0+ million in these miscellaneous REAs: • System Engineers/B371 VSS • NTS Waste Acceptance Criteria • PuSPS outside SRS Requirement • Beryllium Monitoring

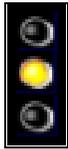


Safety

13 Events of “Significant Concern” or Above

During the last quarter, thirteen events were classified at the level of Significant Concern. This is an increase from the eight reported last quarter. The events occurred in the following functional areas: Occupational Safety and Industrial Hygiene (5), Waste Management (2), Fire Protection (1), Transportation (2), Nuclear Safety (2), and Integrated Work Control Program (1).

In February, a high number of low-level safety incidents motivated the contractor to institute a safety stand-down in the RISS activities. Shortly thereafter, a Site-wide safety stand-down was initiated following the B991 foam fire and a moratorium was placed upon all foam usage. Priority foam applications were authorized after a reassessment of individual workpackages and hazard analysis. B991 initiated demolition following investigation of and cleanup of foam fire.



GFS/I Performance

Most requirements for accelerated closure have been and continue to be met. The key remaining issue is the identification of disposal sites for LLMW between 10 and 100 nCi/g activity - possibly a breakthrough in the availability of either NTS or Hanford.

Until a disposal option is identified, these “orphans” may need to be stored offsite at increased cost. Some may be returned to the site after treatment, with the possibility of negatively impacting the closure schedule or scope.



Critical Path

ECD: 15 December 2006

The Critical Path continues to run through B371 D&D activities, followed by site grading. RFPO continues to monitor the critical path and near critical path activities resulting from the contractor's accelerated schedule. Identifying a receiver site for all MLLW greater than 10nCi/gm is a DOE GFS/I activity which is beginning to approach the Critical Path for accelerated closure. All the MLLW must be removed from the site to complete demolition of the buildings (esp. B460). RFPO and KH are working to refine the schedules and agree on the logic tie details and remaining durations. For the time being, RFPO will continue to utilize December 15, 2006 as the estimated completion date.

Total Project Report RFPO RFETS

2QFY04 • January - March 2004



Cost

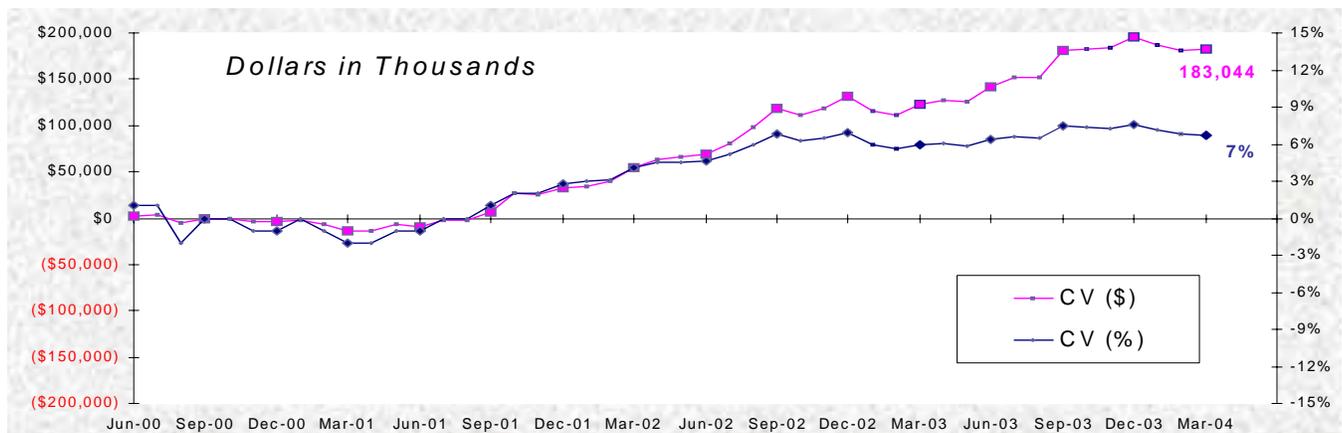
Cost Variance +6.7%, +\$183M

LIFECYCLE: 68% of scope completed; 64% of target cost expended

Over all cost savings on the Project to-date remains significantly positive (\$183M). However, this quarter, the Closure Project completed \$19M less work than was planned, for \$12M over the budgeted cost, returning the accumulated cost savings on the project to the same level at which we began the fiscal year. Most of the cost overruns during the quarter are attributable to decontamination efforts in the nuclear buildings. Hydrolazing activities failed to decontaminate floors and walls due to unexpected levels of penetration of the contamination into the concrete, especially in areas of historical acid spills or operations. Lower productivity in the higher hazard work sets and delays due to safety stand-downs have also contributed to lower than anticipated performance during the quarter.

The completed workscope associated with PuSPS operations is responsible for almost all of the negative cost variance in PBD A (B371). In PBD C (B771), the Fixed Price Demolition Contract is \$9.5M more than the baseline estimate for the work, and is expected to continue to impact the cost variance for that sub-project. Higher than expected waste volumes and disposal costs are expected to continue to impact cost variances in Material Stewardship.

Cumulative Cost Variance Over Time



NOTE: Currently, the closure project has accumulated \$28.9M in non-target Site Closure (EY06) and Safeguards and Security (FS30) 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.

Cost Performance by PBD:

Project Description	BCWP	ACWP	CV (\$)	CV (%)
1A 371 Complex Project	326,638	382,608	(55,970)	-17%
1B 707 Complex Project	196,610	212,043	(15,433)	-8%
1C B771/774 Closure Project	221,784	227,080	(5,296)	-2%
1D B776/777 Closure Project	196,454	188,598	7,856	4%
1E Industrial and Site Services Project	538,258	412,536	125,722	23%
1F Material Stewardship Project	595,045	601,918	(6,873)	-1%
1G Remediation Project	133,107	64,216	68,892	52%
1H Engr., Environ, Safety & Quality	170,265	151,254	19,010	11%
1J Support Project	336,972	291,836	45,136	13%
Project Totals	2,715,134	2,532,090	183,044	6.7%

Includes all target fund sources: EY06, FS30, EW09, GG08, NN61 and YN01 (EW05 was recast to EY06 and FS40 recast to FS30 beginning in FY04)

Total Project Report RFPO RFETS

2QFY04 • January - March 2004



Schedule (Predetermined Work Activities)

SV_{PWA} (+\$168M, +57%)*

At the end of this second quarter, 26% (\$294M) of the PWA scope was scheduled for completion (lifecycle), and 40% (\$462M) was actually completed. The Rocky Flats Project Office validated that K-H completed \$41M in PWA work scope during the quarter; \$8.2M more than was planned.

Although the cumulative schedule variance on these critical work activities remains significantly positive, performance during the quarter was appreciably less than expectations. As the Closure Project moves into the most difficult D&D work, productivity in the highly contaminated work sets has been less than forecasted. In February, an increase in the number of safety incidents lead to a safety stand-down in non-nuclear D&D activities, followed by a Site-wide Safety stand-down in response to the foam fire in the B991 tunnel. The cumulative effect of these delays is reflected in the schedule variances for the quarter.

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 +\$178M (+7%) and +\$172M (+21%) respectively. Kaiser Hill's P3 estimated completion date is nearly thirteen months ahead of the target date of December 15, 2006 (RFPO continues to use December 15, 2006 as the estimated completion date while it monitors the contractor's ambitious schedule). These other indicators are further discussed in Appendix D.

** These are the validated RFPO figures*

Validated Schedule Variance on Predetermined Work Activities



PWA Schedule Performance by PBD

	Project Description	BCWS	BCWP	SV (\$)	Change from last QTR	SV (%)	Change from last QTR	DELTA RFPO - KH BCWP**
1A	371 Complex	56,901	59,440	2,539	(1,797)	4%	-4%	(364)
1B	707 Complex	55,641	68,789	13,147	1,062	24%	16%	0
1C	B771/774 Closure	64,882	64,415	(467)	(4,432)	-1%	-9%	0
1D	B776/777 Closure	41,037	52,805	11,768	(799)	29%	21%	0
1E	Industrial and Site Services	3,291	33,043	29,752	-	904%	896%	0
1F	Material Stewardship	57,691	106,959	49,268	(657)	85%	77%	67
1G	Remediation	14,609	76,318	61,709	14,873	422%	414%	0
	Project Totals	294,053	461,768	167,715	8,249	57%	49%	(297)

***All values are cumulative-to-date*

Total Project Report RFPO RFETS

2QFY04 • January - March 2004



Key Milestones

CLOSURE ACTIVITIES: Three reportable demolitions were accomplished in the second quarter, the 131 training facility, 128 vehicle shelter, and the Site fitness center. Eighteen other demolitions included removal of several slabs, tanks, valve vaults and trailers. The B302 shoot house was dismantled and transferred to DEA. The Site's heliport was removed, and asbestos abatement continues in B443 (boiler plant). B881 continues D&D with block wall removal and decontamination. Component removal with explosive was successful. Demolition was delayed into the 3rd quarter for review of the work-package for explosives preparation.

DNFSB COMMITMENTS – The Site continues to work on DNFSB 2001-2 software quality improvements. The DOE response to the Defense Board's report on the Glovebox 8 Fire in B371 was released with Secretarial approval on the 4th of May.

RFCA MILESTONES – Due to the dramatic and successful progress to-date, Earned Value targets are no longer tracked with the regulators. The five out-year Tier One milestones which name key remedial and decommissioning activities have been retained. There is no Tier One milestone for 2004. Progress against all out year milestones is on or ahead of schedule.

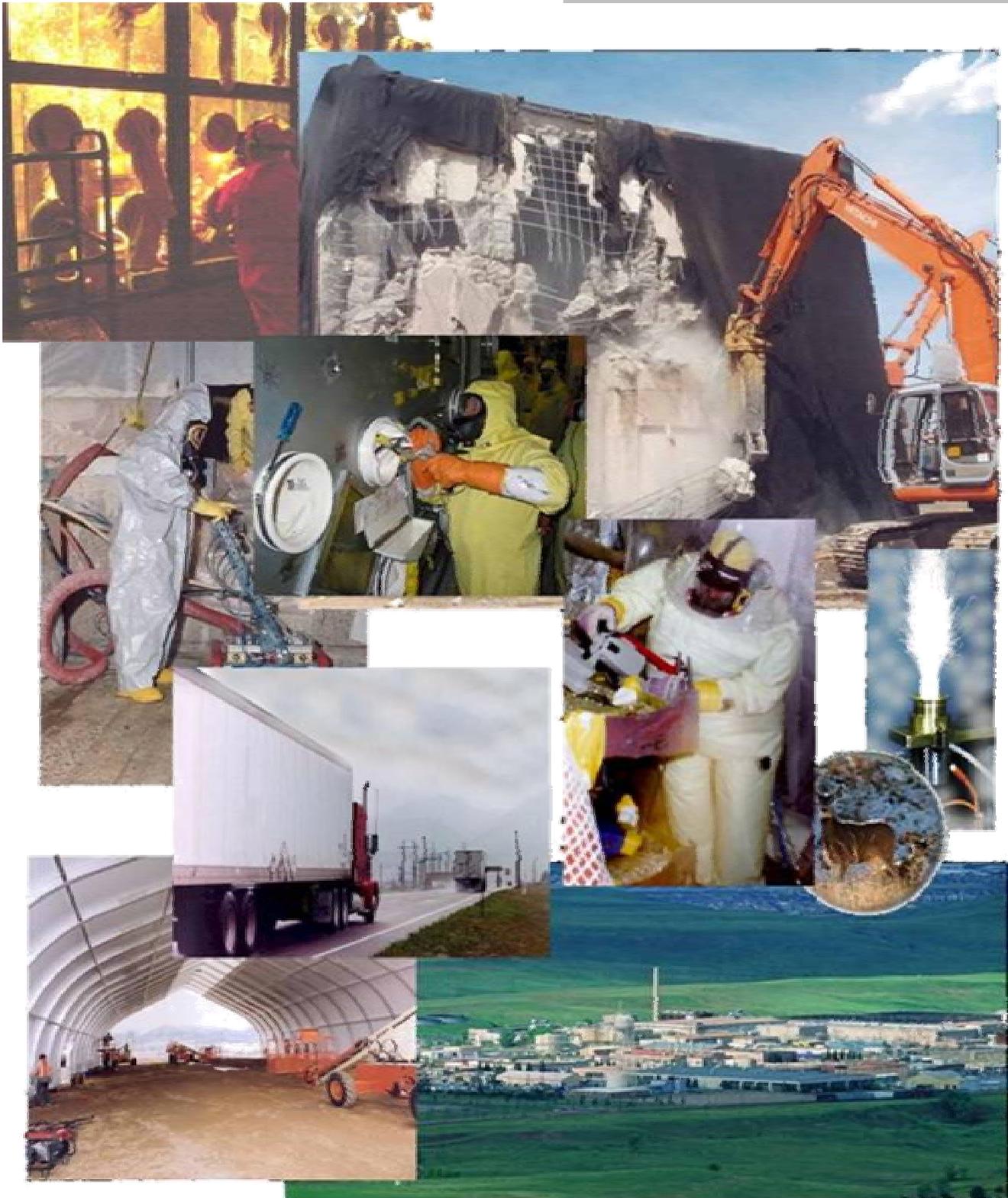
STP MILESTONES – RFETS has 7 Site Treatment Plan milestones for FY04. We are currently on track to meet all of the FY04 Milestones, and assuming that all FY04 milestones are successfully met, only two waste streams will require disposition in FY05.

Project Risk Report

DOE and K-H continue to work vigorously to eliminate/mitigate potential schedule or cost impacts. The ability to safely perform work remains the most critical project risk and receives constant attention. Lapses in safe work practices could easily result in unrecoverable schedule delays and associated cost growth.

Receiver sites and treatment requirements for some Low-Level Mixed Waste (LLMW) have not been confirmed and confirmation is needed in order to permanently remove these materials from the site. Removal of orphan LLMW is a near-critical path activity that could soon be driving the project completion date.

Detailed Overview



Safety

Ed Westbrook x 7074

B.6 Safety Analysis

There are no reported incidents where the B.6 safety criteria were exceeded (and contractual actions taken) during the second quarter of FY 2004.

Events of Significant Concern

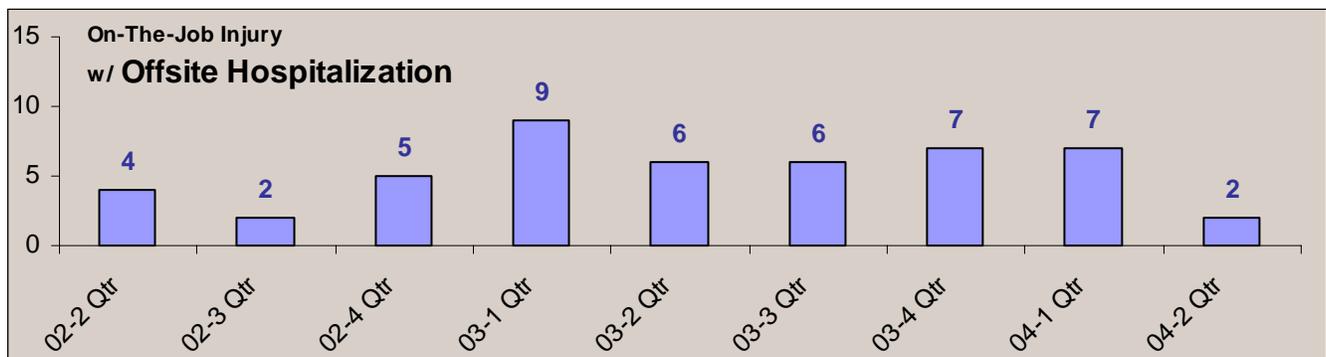
During the last quarter, thirteen events were classified at the level of Significant Concern. This is an increase from the eight reported last quarter. The events occurred in the following functional areas: Occupational Safety and Industrial Hygiene (5), Waste Management (2), Fire Protection (1), Transportation (2), Nuclear Safety (2), and Integrated Work Control Program (1).

Safety Stand-downs

- In February, too many low-impact safety events in too short a period of time motivated the contractor to call for a four day safety stand-down for all work activities outside the four main plutonium buildings.
- Days later, a Site-wide safety stand-down was initiated following a foam fire in the B991 tunnel, and a moratorium was placed upon all foam usage. Work resumed over the course of a week, and foam applications were delayed further as each workpackage went through additional reviews.

Key Indicators:

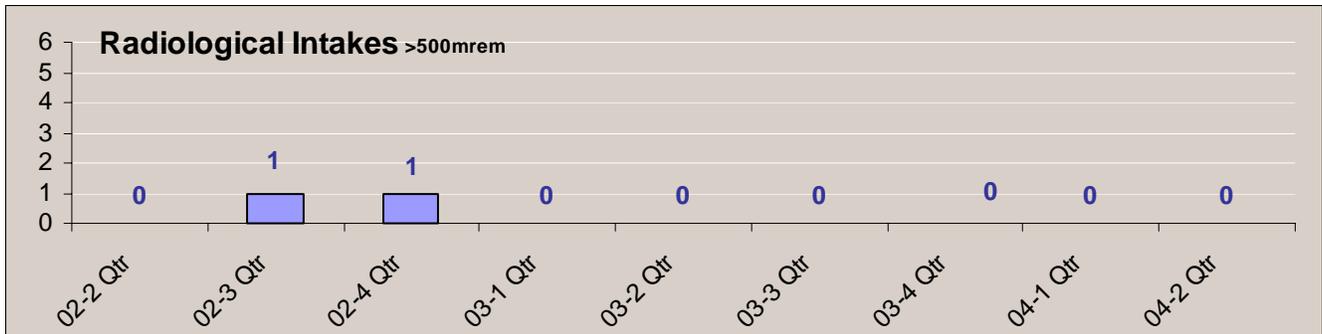
Beginning in the second quarter of fiscal year 2003, status on the indicators below has been included with this report. The working definitions and reporting levels for these indicators are included in each narrative.



Off-site Hospitalizations:

On-the-job injuries where an individual was taken to the hospital for something other than observation.

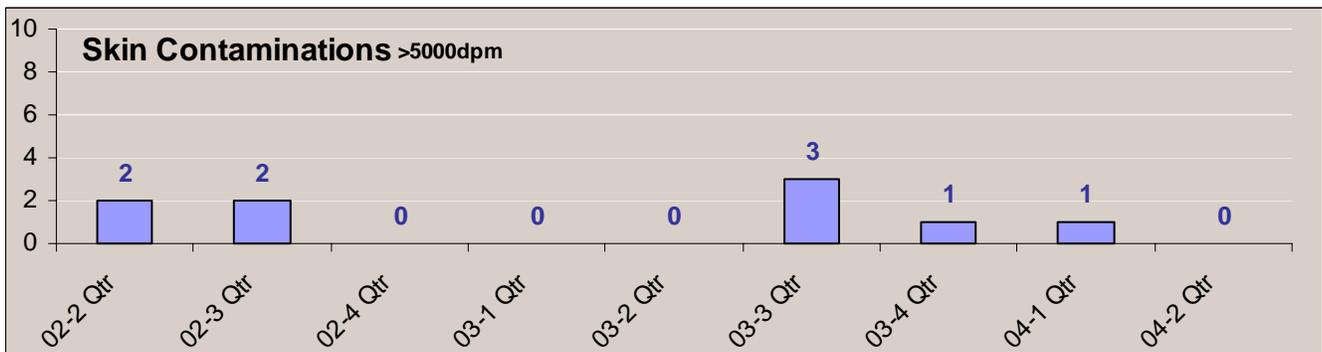
In the last quarter, two (2) on-the-job injuries required offsite medical care. In one event an electrician stepped into a conduit chase hole that had been covered with cargo tape. He was released with prescription medication. The second event involved an individual working in the overhead of an office trailer and cutting his hand on wire supporting the tile ceiling. He required several stitches to close the wound.



Radiological Intakes:

Any internal deposition in an individual greater than 500mrem. Data currently includes unconfirmed, potential intakes.

The ORPS reportable level for Radiological Intakes increased from 100mrem to 500mrem. There have been no incidents of potential internal dispositions at any level this quarter.



ORPS Reportable Skin contaminations:

Any radiological contamination of an individual's skin greater than 5,000dpm per 100cm², or any external contamination found on an individual outside of an RBA (Radiological Buffer Area).

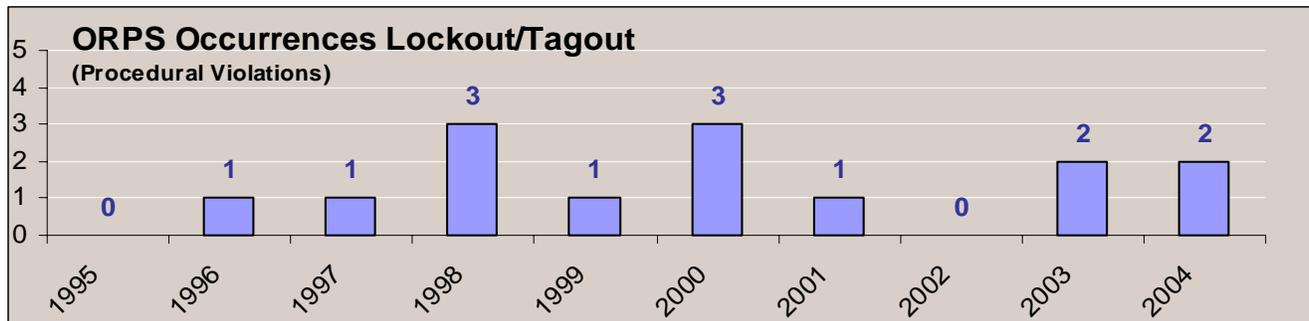
There were no ORPS reportable Contaminations during the quarter. Five (5) incidents of skin contamination were reported to HQ during the last quarter. None of those events exceeded the new ORPS reportable level (greater than 5,000 dpm), and only two exceeded the reporting level established under the Closure Contract (greater than 1,000 dpm), and are described below.

In the first incident, a D&D worker performing decontamination activities using wet methods kneeled in a small amount of liquid and received a skin contamination of 3509 dpm alpha (erroneously reported initially as 5,000 dpm). He was successfully decontaminated in the facility.

In the second incident, a D&D worker received 2400 dpm skin contamination to his left elbow and forearm while removing instrument air piping. It was determined that the worker had rested his arm on a contaminated surface while using a sawzall. He was successfully decontaminated in the facility.

Safety CONT.

Ed Westbrook x 7074



LockOut/TagOut cases:

Any ORPS reportable violation of the LO/TO program.

One (1) LockOut/TagOut incident occurred this quarter, the second this year. The EM 4.0 Safety Program definitions for this category have included incidents that are not ORPS reportable LO/TO violations. Those incidents are discussed under “Other Significant Incidents”, below for consistency and clarity

A subcontractor employee received a shock from a 120 volt source while disassembling and removing office partitions and desks in T119B. The employee was evaluated and released with no restrictions by site medical. The job was stopped and a fact finding meeting was held that determined the zero-voltage verification check was performed inadequately.

Other Significant Incidents

(Any incident flagged as potentially significant or called in under the Event Notification program.)

There were five (5) events reportable under this category this quarter.

The first event involved a fork truck contacting an overhead telecommunication line near B750. The line remained intact but had to be re-secured to the facility.

The second event also involved a fork truck mast contacting an abandoned overhead telecommunication line. The EM 4.0 database described this as a “near miss”. It should be noted that traffic routes for large equipment had previously been walked down at the site and overhead power lines either raised or moved to prevent contact with energized lines.

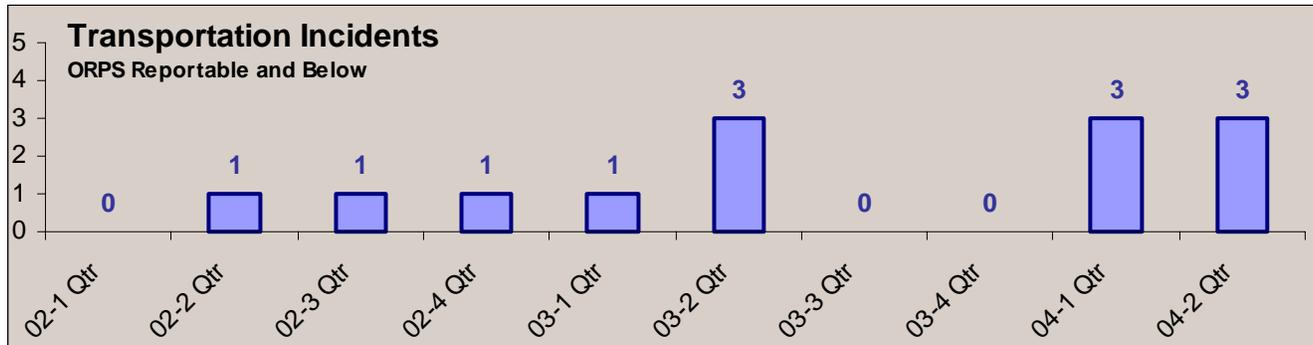
The third event occurred during pipe removal activities in B444. A near-miss occurred when workers dropped a six foot section of domestic cold water pipe into what they mistakenly believed was a pipe chase. It landed in an unoccupied area of the locker room, but since there were no controls in place to prevent entry into this area it was categorized as a near miss.

The fourth event involved a diesel fuel oil spill due to a failure of the recirculation pumps. Approximately 150 gallons were forced through the tank vent line and onto the ground.

Safety CONT.

Ed Westbrook x 7074

The fifth event involved a worker banging his head against a beam flange and knocking himself unconscious for approximately four minutes. He was working in an attic space which limited his mobility, but was wearing appropriate PPE (i.e., clothing, hard hat). He was evaluated and released from a local hospital.



Rad/Haz transport incidents:

Any ORPS reportable transportation incident /accident involving radioactive and/or hazardous materials.

Three transportation incidents involving radiological or hazardous substances took place this quarter. One of the events was ORPS reportable through Nevada.

The first event involved a flat bed trailer becoming disconnected from its tractor while performing an onsite transfer of low level waste packages. The trailer came to rest on the wheels of the tractor and the waste packages remained intact and on the flat bed.

The second incident occurred when a truck transporting waste from Rocky Flats to Nevada was struck in the rear by a minivan. One package tie down failed, but the packages remained on the trailer and intact. Minor injuries were reported by passengers in the minivan.

The third incident involved Beta contamination found at the Nevada Test Site on a truck which originated at Rocky Flats. The leased Flatbeds rotate through numerous facilities across the country. Tests have been unable to determine whether the contamination originated at Rocky Flats or elsewhere.

Total Project Report RFPO RFETS

2QFY04 • January - March 2004



PBD A 371 Complex Warren Seyfert x5925

BCWS _{LC}	436,817
ACWP _{CUM}	382,608
BCWP _{CUM}	326,638
BCWS _{CUM}	319,010
CV _{CUM}	-17%
Scope Completed	75%
Cost Expended	88%

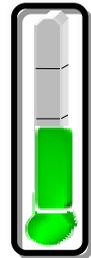
PBD A is over cost with a negative cost variance of -\$56M (-17%). Most of the Closure Project's negative cost variance is accumulated in this PBD. The majority of the negative cost variance in this PBD is attributable to completed scope: PuSPS and related activities. The negative CV is not expected to be recovered in the limited amount of schedule and scope left in this PBD.

Costs were negatively impacted this quarter by lower productivity in the highly contaminated 'canyons', and an underestimation of costs for landlord supplies and activities.

The negative schedule variance has been recovered, and the PBD stands at 2% SV.

The contractor completed \$1.4M in PWA scope this quarter; for a cumulative total of \$59.4M

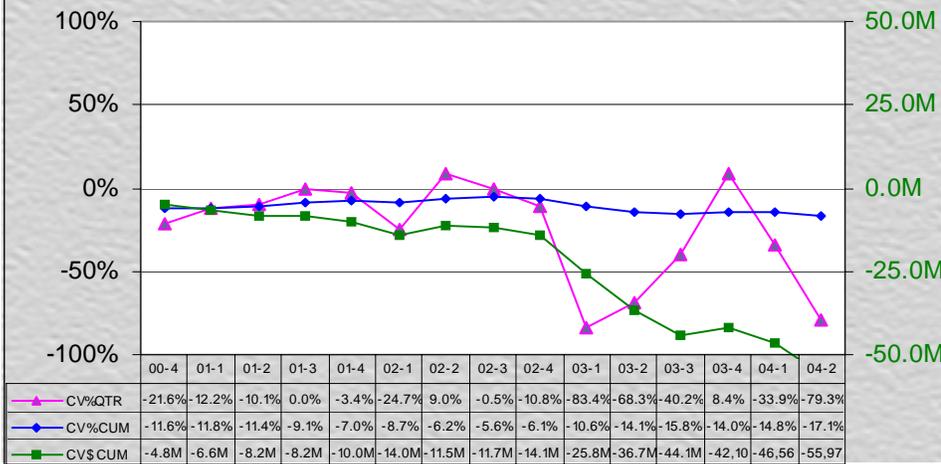
\$128M



\$60M
47%

**PWA
Completion**

Quarterly Cost Variance Percentage at 75% Complete



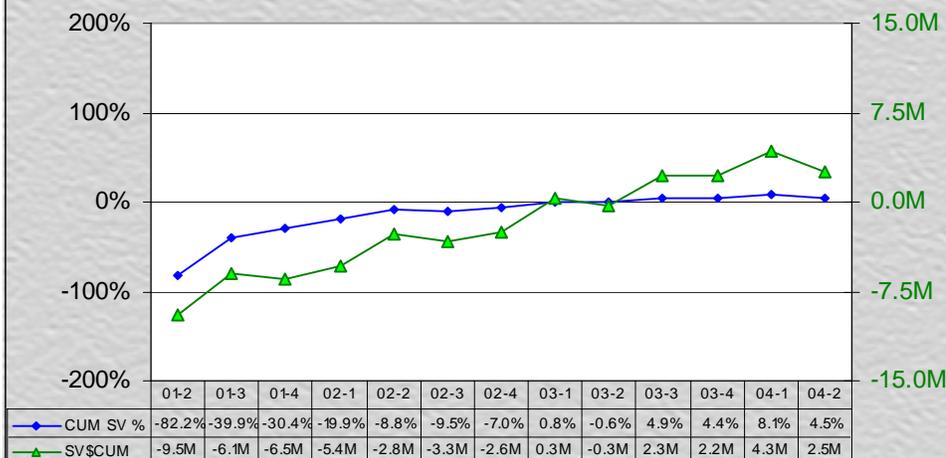
Accomplishments this quarter:

- Started dismantlement of the Central Storage Vault
- Completed demolition subcontractor assessment
- Completed 2 D&D Dismantlement Sets

Potential Impacts to Cost & Schedule:

- Removal of pallet racks from the Central Storage Vault is on Critical Path for Site Closure
- Decontamination and removal of equipment from highly contaminated areas

Quarterly PWA Schedule Variance at 46% PWA Scope Complete



UPCOMING:

Key Activities / Milestones / GFS/I

- Continue D&D
- Continue repacking TRU waste drums
- Approve Criticality Incredibility

Total Project Report RFPO RFETS

2QFY04 • January - March 2004



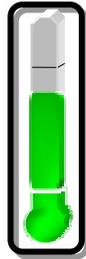
PBD B 707 Complex Gary Schuetz x3016

BCWS _{LC}	267,869
ACWP _{CUM}	212,043
BCWP _{CUM}	196,610
BCWS _{CUM}	186,528
CV _{CUM}	-8%
Scope Completed	73%
Cost Expended	79%

The Building 707 sub-project is 73 % complete. This project is slightly over cost and ahead of schedule, reporting a cost variance (CV) of - 7.8% and schedule variance (SV) of 5.4 %. The contractor estimates completion of this PBD in June 2005. Negative variances are mostly attributable to lower productivity in the more highly contaminated worksets, particularly the XY retriever.

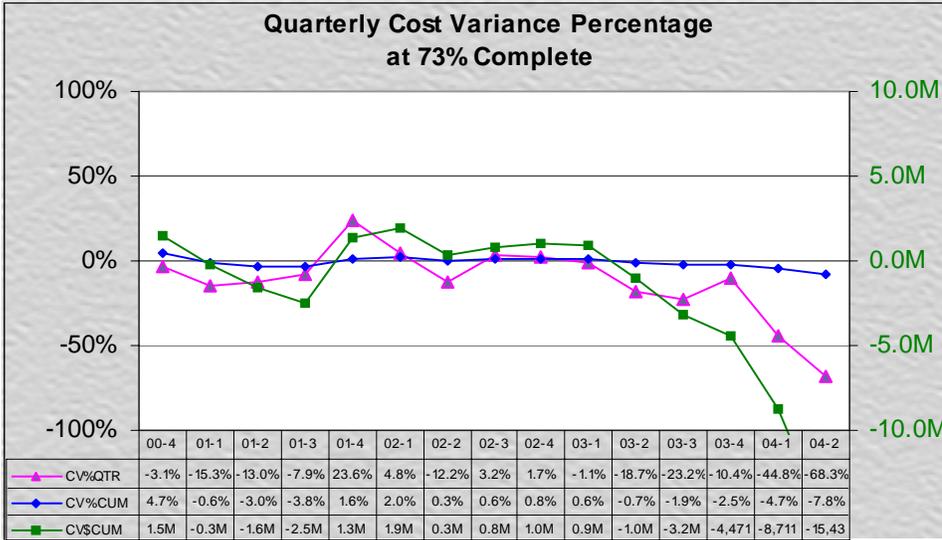
Four (4) decommissioning worksets were completed this quarter, for \$3.6 million in PWA Earned Value. The cumulative PWA schedule variance is 23.6% (\$13.1M), very similar to last quarters reported 23%.

\$111M



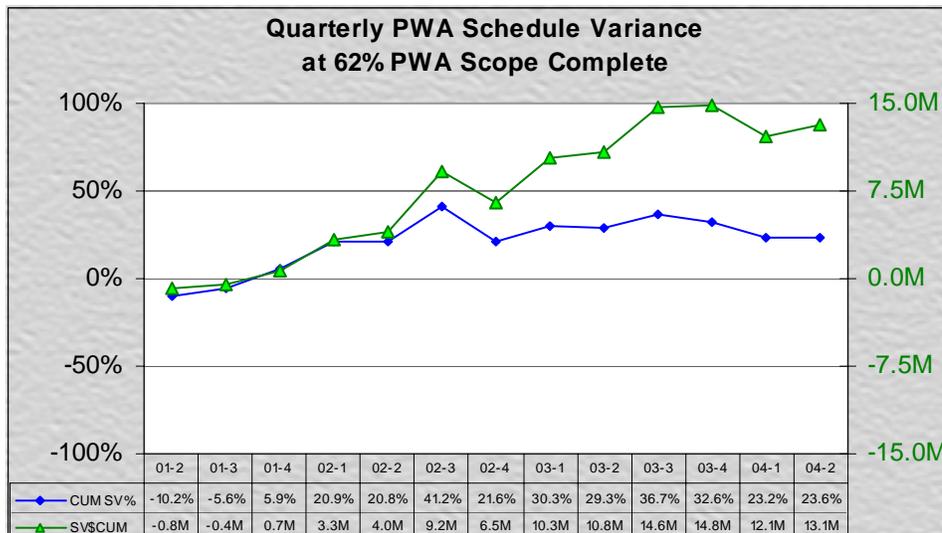
\$69M
62%

PWA
Completion



Accomplishments this quarter:

- Four decommissioning worksets were completed. The sets were Set 1, Set 3, Set B6, and Set 2-2nd floor.
- Downgraded SNM Safeguards access controls from Limited Access to Property Protection Area.
- Nuclear Criticality Safety declared B707 "Criticality Incredible".



Potential Impacts to Cost & Schedule:

- None

UPCOMING:

- Key Activities / Milestones / GFS/I
- Issuing Independent Verification Plan (ORISE) for Pre-Demolition characterization of B707.

Total Project Report RFPO RFETS

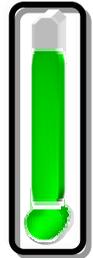
2QFY04 • January - March 2004



PBD C 771 Complex

Warren Seyfert x5925

\$77M

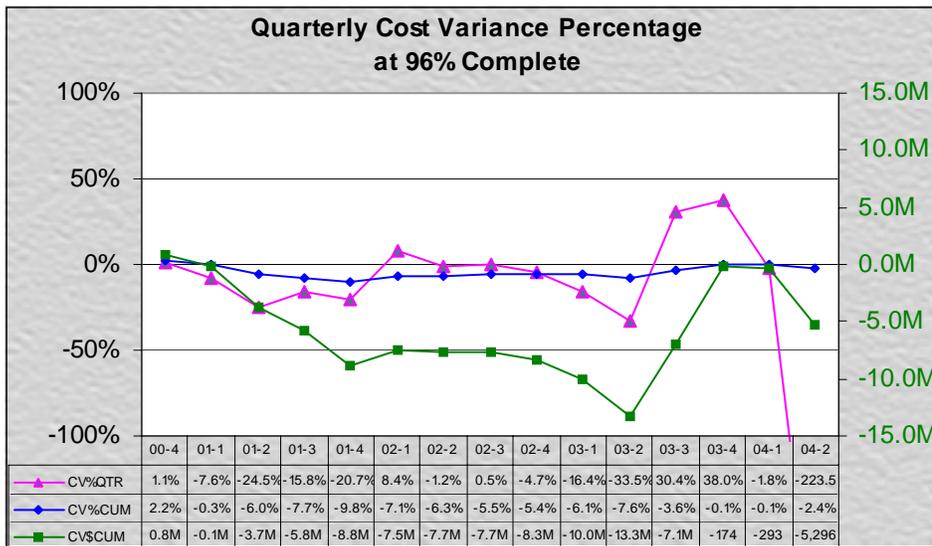


\$64M
84%

PWA
Completion

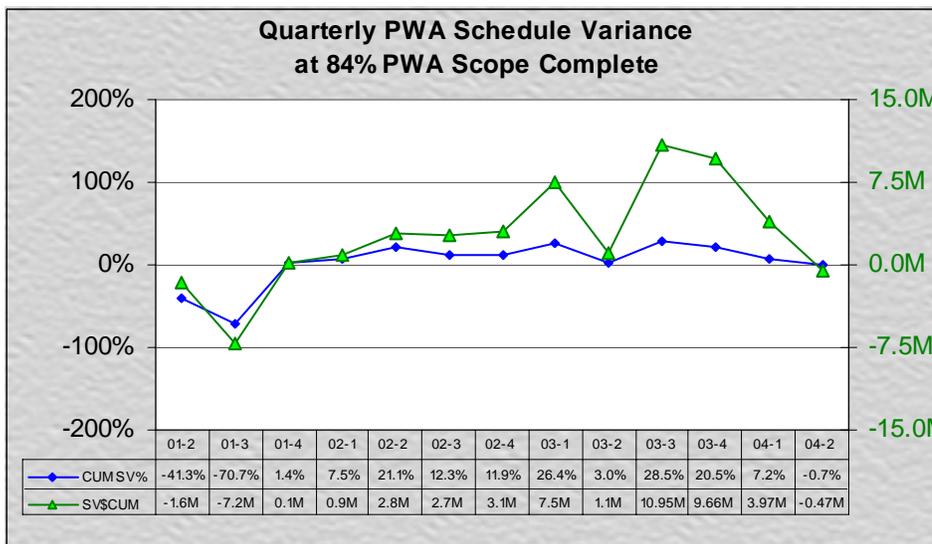
BCWS _{LC}	232,023
ACWP _{CUM}	227,080
BCWP _{CUM}	221,784
BCWS _{CUM}	220,122
CV _{CUM}	-2%
Scope Completed	96%
Cost Expended	98%

This PBD is slightly ahead of schedule and over budget. With 95% of the work scheduled to date, cumulative variances show an SV of +0.8% and a CV of -2.4%. -\$22M in negative cost variance in Facility Maintenance, Decommissioning, and Support Services is partially offset by \$16.7M in positive variances in Project Management, Deactivation, and the D&D program. The increase in negative cost variance this quarter can be attributed to difficulties decontaminating the building structure and the need to purchase additional waste containers for removing contaminated building shell. KH completed \$5.2M of PWA earned value this quarter. The cumulative PWA schedule variance now stands at -\$0.5M (-1%).



Accomplishments this quarter:

- Completed three areas: AB (Annex) Decontamination, AH (2nd Floor) Dismantlement, and AM (Bldg 774) Decontamination.
- Completed Minor Modification #6 to the Bldg 771/774 Decommissioning Operations Plan (DOP) clarifying the implementation of removal of contaminated portions of the bldg shell.
- Completed pre-demolition surveys for the Bldg 771/774 roof and exterior
- Started demolition of the north side of Bldg 774 (Rooms 202, 203, and 210)



Potential Impacts to Cost & Schedule:

- Some areas are difficult to decontaminate by hydrolazing. Removal of concrete and shipment as Low Level Waste has been required on a limited basis.
- Removal of contaminated infinity room (Room 141)

UPCOMING:

Key Activities / Milestones / GFS/I

- Continue Areas dismantlement, decontamination, and demolition.
- Independent Verification and Validation of radiation surveys
- Complete Bldg 774 demolition

Total Project Report RFPO RFETS

2QFY04 • January - March 2004



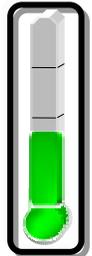
PBD D 776/7 Complex Gary Schuetz x3016

BCWS _{LC}	268,472
ACWP _{CUM}	188,598
BCWP _{CUM}	196,454
BCWS _{CUM}	176,828
CV _{CUM}	4%
Scope Completed	73%
Cost Expended	70%

The Building 776/777 sub-project is 73 % complete. This project continues to perform under cost and ahead of schedule, reporting a cost variance (CV) of 4 % and schedule variance (SV) of 11 %. The contractor estimates completion of this PBD in May 2005. These indicators are consistent with performance seen for the last couple of years.

No decommissioning worksets were completed in the 2nd quarter; the cumulative PWA earned value remains at \$53M with a schedule variance of \$12M (29%).

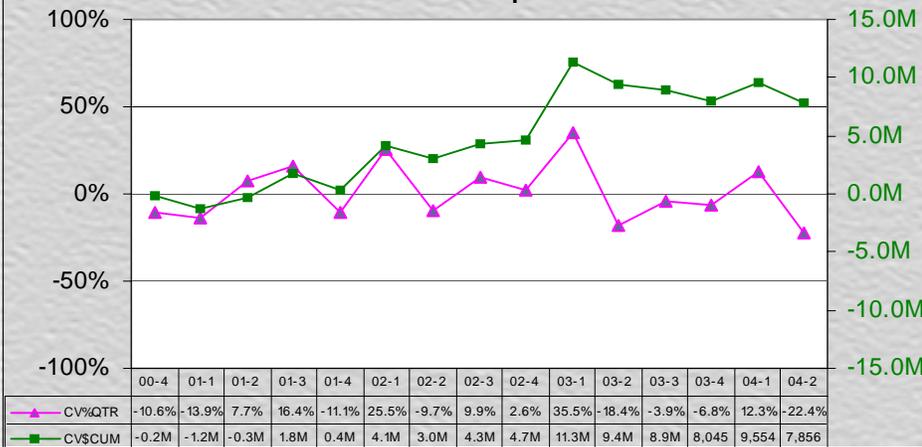
\$122M



\$53M
43%

PWA
Completion

Quarterly Cost Variance Percentage at 73% Complete



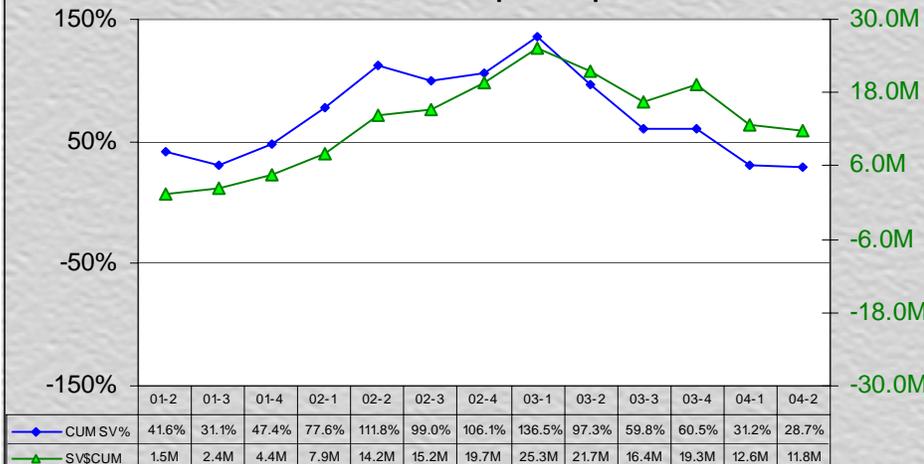
Accomplishments this quarter:

- Issued the Independent Verification Plan (ORISE) for Pre-Demolition characterization of B776.

Potential Impacts to Cost & Schedule:

- None

Quarterly PWA Schedule Variance at 43% PWA Scope Complete



Upcoming:

Key Activities / Milestones / GFS/I

- Continue decontamination and characterization for demolition.
- Initiate Independent Verification of B776 Pre-Demolition characterization.

Total Project Report RFPO RFETS

2QFY04 • January - March 2004



PBD E Industrial / Site Services

Gary Morgan, x6003

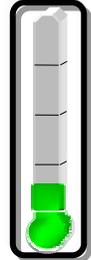
BCWS _{LC}	792,396
ACWP _{CUM}	412,536
BCWP _{CUM}	538,258
BCWS _{CUM}	445,590
CV _{CUM}	23%
Scope Completed	68%
Cost Expended	52%

Project continues under cost and ahead of schedule. Cost variance is \$126M (23%). Schedule Variance is \$93M (21%), however significant schedule delays were caused by safety stand-downs during the quarter. The foam fire in the B991 tunnel caused both a stand-down and a moratorium on all foam usage for three weeks. Additional schedule impacts were caused by greater than anticipated concentrations of contaminants in the concrete floors of B881.

This PBD is responsible for 69% of the Closure Project's positive cost variance and 52% of the Project's positive schedule variance.

No PWAs were completed in the 2nd quarter; the cumulative PWA earned value remains at \$33M with a schedule variance of \$30M (904%).

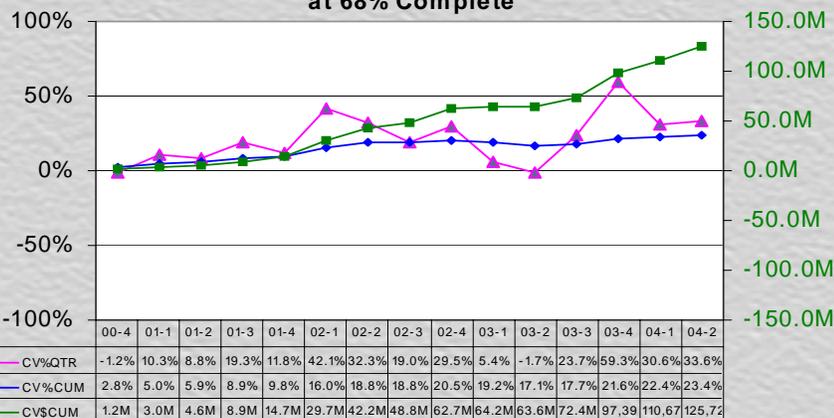
\$306M



\$33M
11%

PWA
Completion

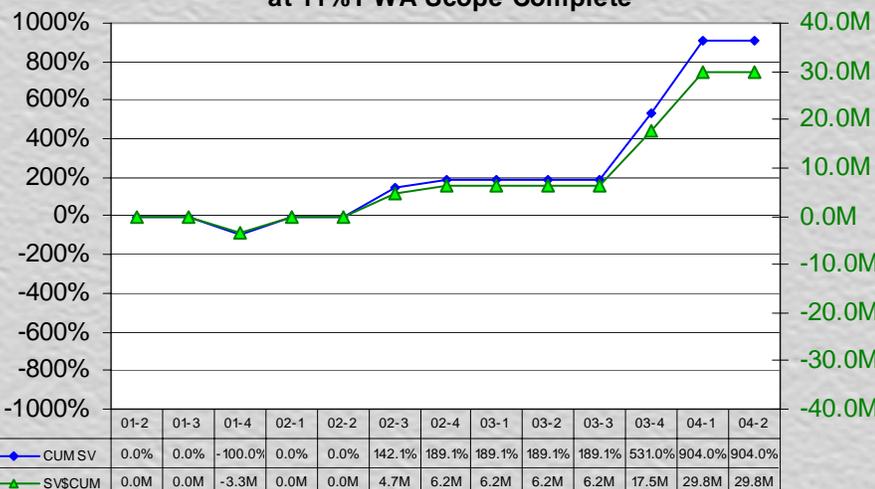
Quarterly Cost Variance Percentage at 68% Complete



Accomplishments this quarter:

- Building 865 PWA finished this quarter (the Cluster PWA having finished last quarter).
- 12,000 ft of steam lines cumulatively demolished out of an estimated 20,000 ft
- 664 ft of old process waste lines cumulatively removed
- B566, B566A&B, B668, B984, B985, 989, B454, B455, B375, B549, B869, B119, 240 steam condensate storage, VV015 process waste vault, and tank 100 demolished.
- B-991 is 75% demolished and 3 diesels removed from site.

Quarterly PWA Schedule Variance at 11% PWA Scope Complete



Potential Impacts to Cost & Schedule:

B-881 continues to impact this PBD negatively due discovery of new work scope and concentrations of contamination in concrete floors was greater than expected. A slippage beyond May would have major implications.

UPCOMING:

Key Activities / Milestones / GFS/I

- Buildings 991 and 881 will dominate work effort
- Glovebox sets in B559 will go through May
- B444 slightly behind schedule

Total Project Report RFPO RFETS

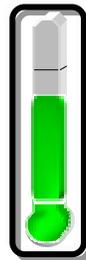
2QFY04 • January - March 2004



PBD F Material Stewardship

Lam Xuan x3135

\$161M



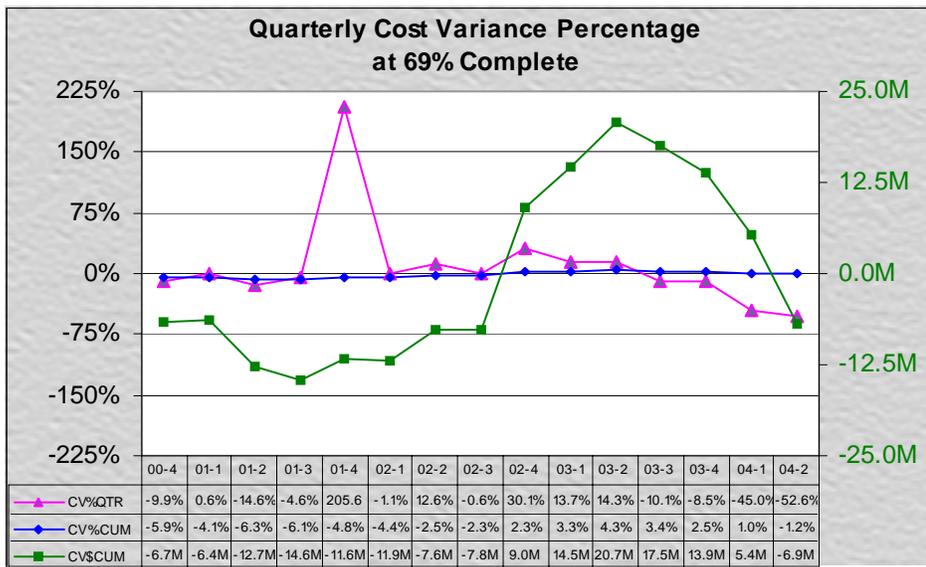
\$107M
66%

PWA
Completion

BCWS _{LC}	860,215
ACWP _{CUM}	601,918
BCWP _{CUM}	595,045
BCWS _{CUM}	575,170
CV _{CUM}	-1%
Scope Completed	69%
Cost Expended	70%

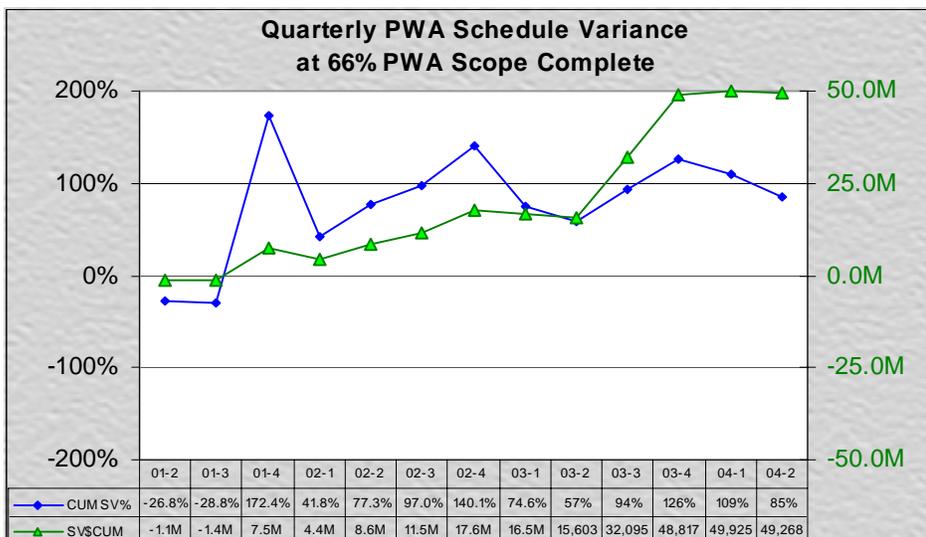
With 69% of the work completed, this PBD is over cost and ahead of schedule. The PBD has a cost variance of -\$ 7M (-1%), and a schedule variance of +\$ 20M (+ 3%). The positive cost variance is mainly due to waste shipping efficiencies and acceleration, while the biggest cost overages are due to the need for a larger security force for longer than anticipated.

RFPO validated PWA earned value of \$11M of TRU, LLW, and LLMW of work completed this quarter.



Accomplishments this quarter:

- ~ 34,992 m3 of LL Waste
- ~ 4,067 m3 of LLM Waste
- ~ 820 m3 of TRU Waste to WIPP in 115 shipments
- Shipped 10,557 tons sanitary waste
- Completed shipment of bypass sludge



Potential Impacts to Cost & Schedule:

- Receiver sites for LLMW (>10nCi/g)

UPCOMING:

Key Activities / Milestones / GFS/I

- Shipping bypass Sludge to WCS for treatment; demonstrate interim storage at WCS (or return to RFETS)
- Expand T-1 Treatability demonstration (100 containers)
- Complete Record of Decision March 2004

Total Project Report RFPO RFETS

2QFY04 • January - March 2004



PBD G Remediation

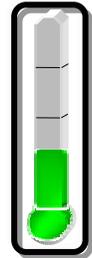
Norma Castañeda x4226

BCWS _{LC}	295,956
ACWP _{CUM}	64,216
BCWP _{CUM}	133,107
BCWS _{CUM}	106,265
CV _{CUM}	52%
Scope Completed	45%
Cost Expended	22%

This PBD is ahead of schedule (25% SV), and under cost (52% CV). Several activities were accelerated this quarter, but those gains are somewhat offset by delays in closing the Sanitary Sewer system and in some UBC work.

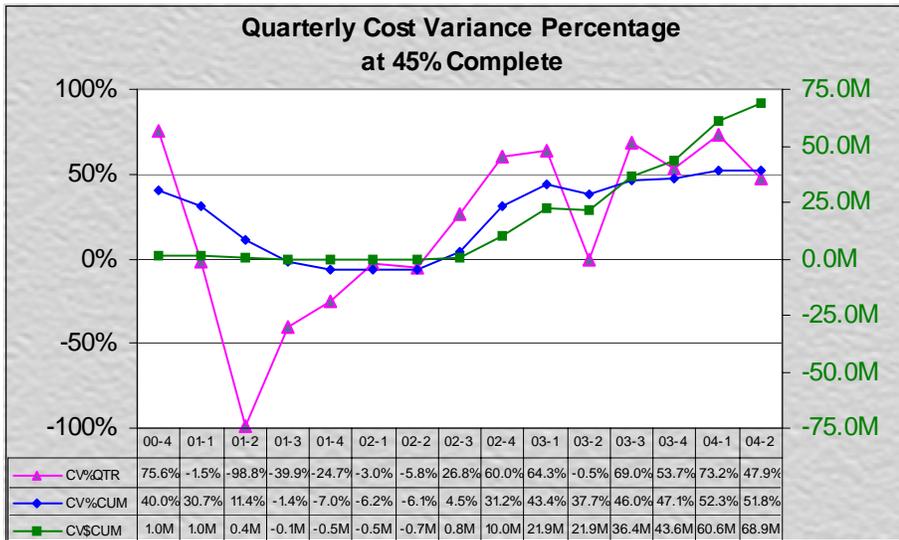
Kaiser-Hill claimed Earned Value on 3 PWAs this quarter, while DOE reviewed and validated four for EV credit of \$8.4M. The fourth PWA had been submitted by K-H for Earned Value last quarter, but regulatory approval was not received until this quarter.

\$240M



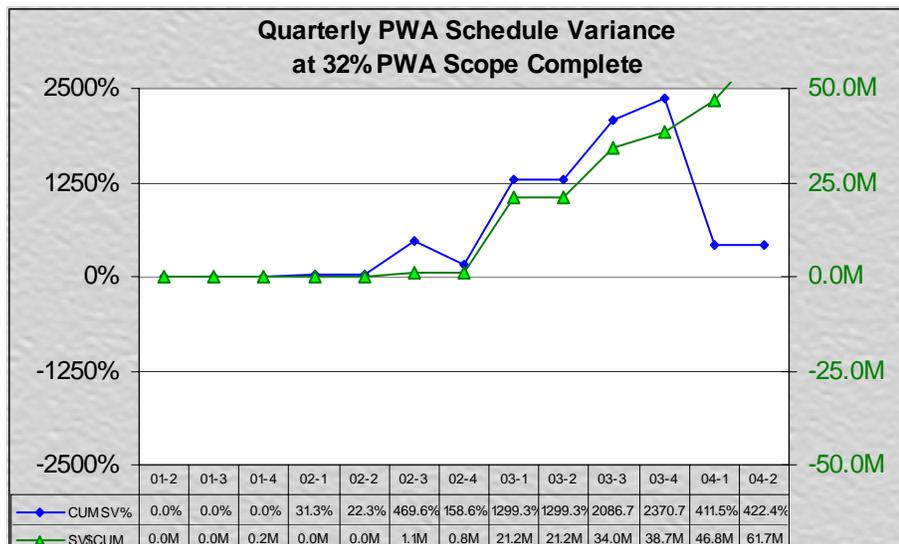
\$76M
32%

PWA
Completion



Accomplishments this quarter:

- Received NFAA approvals on following Closeout Reports and Data Summary Reports for PWA Earned Value: IHSS Groups 800-1 (UBC 865); 400-8 (UBC 441); 700-4 (UBC 771/774); 300-3 (UBC 371); 300-4 (UBC 374), and 900-1 (UBC 991).
- Received NFAA approval for PAC 500-169 (Waste Drum Peroxide burial site).
- Received IASAP approvals on IHSS Group 600-5 PAC 600-1004 (Central Avenue Ditch Cleaning); IHSS Group 800-3 (B883); and IHSS Group 700-8 (750 Pad).
- Received ER RSOP Notification approval on IHSS Group 700-10 PAC 700-1101 (Laundry Tank Overflow-B732);



Potential Impacts to Cost & Schedule:

Delays in completion of the 903 Pad
However, the daily cost of the total project remained level.

UPCOMING:

Key Activities / Milestones / GFS/I

- Complete 903 Inner Lip Area, and begin 903 outer lip remediation
- Begin public comment period in April on 903 Lip Area, windblown area, and surface soil in OU1 IM/IRA
- Review of Original Landfill IM/IRA
- Ground water strategies on GW IM/IRA

Total Project Report RFPO RFETS

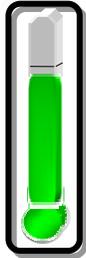
2QFY04 • January - March 2004

PBD H

Engineering, Environmental, Safety, Health & Quality

Ed Westbrook x 7074

\$239M

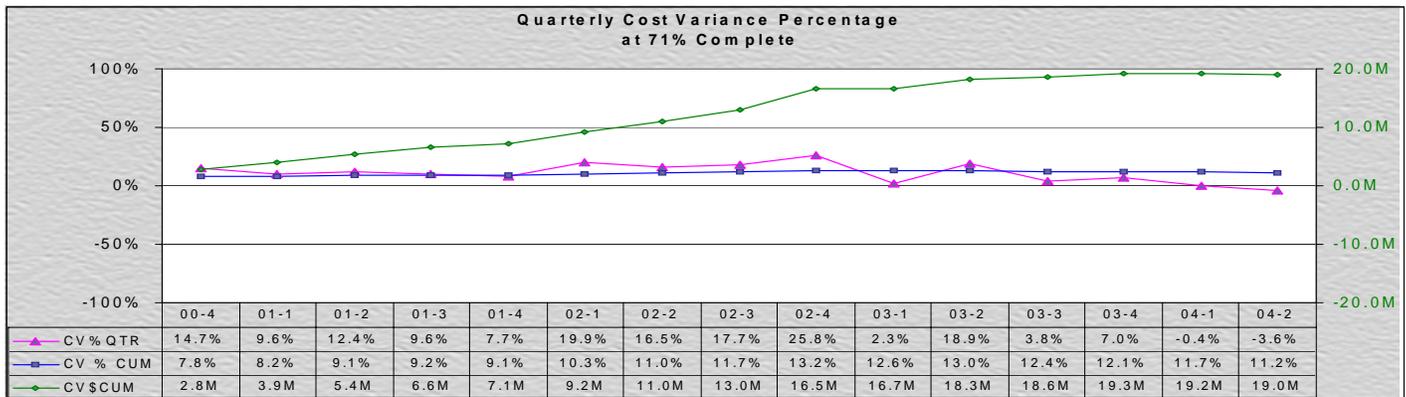


\$170M
71%

BCWS _{LC}	239,308
ACWP _{CUM}	151,254
BCWP _{CUM}	170,265
BCWS _{CUM}	170,264
CV _{CUM}	11%

Scope
Completion

This level of effort (LOE) PBD is +11% (+19M) under budget – no change from last quarter. The contractor attributes the positive CV in this PBD in large part due to staff vacancies. It is anticipated that this positive CV will decrease over the next quarter due to additional expenditures on outside consultants to perform ISM and COOP assessments. These assessments are being driven by concerns identified in the December 2, 2003 letter from the DNFSB to the Secretary of Energy.



Accomplishments this quarter:

- Conducted Value Engineering Workshop on Work Control with representatives from each project. Received CEO concurrence to proceed with proposed enhancements to the site's work control program.
- The Fire Protection Program assisted in the investigation of, the recovery from and the independent investigation of the 991 fire that involved combustion of a polyurethane plug in the tunnel area.
- The Fire Protection Program assisted in the preparation of Standing Order 96 that provided clear expectations to all Site personnel in the use of fire extinguishers and the proper response to a fire.
- Nuclear Safety (NS) received approval of the 559 Hazard Category 3 Documented Safety Analysis (DSA) on March 23rd.
- NS implemented PGC-707-03.1782-RAN for B-707 "criticality incredibility" on March 19th
- NS received approval to convert the B-707 LS/DW system to wireless.
- NS received approval and implemented reconfiguration of Waste Management Cells for Projects: 559, 771 and 776/777. This included DOE, RFPO-directed enhancements to verification of siting criteria.
- Internal Dosimetry successfully completed the testing and the on-site assessment for the In-vivo (lung counting) DOE Laboratory Accreditation Program (DOELAP).

UPCOMING:

Key Activities / Milestones / GFS/I

- None.

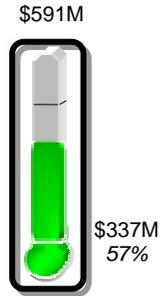
Potential Impacts to Cost & Schedule:

- None.

Total Project Report RFPO RFETS

2QFY04 • January - March 2004

PBD J Support Project Betsy Jordan x 5921

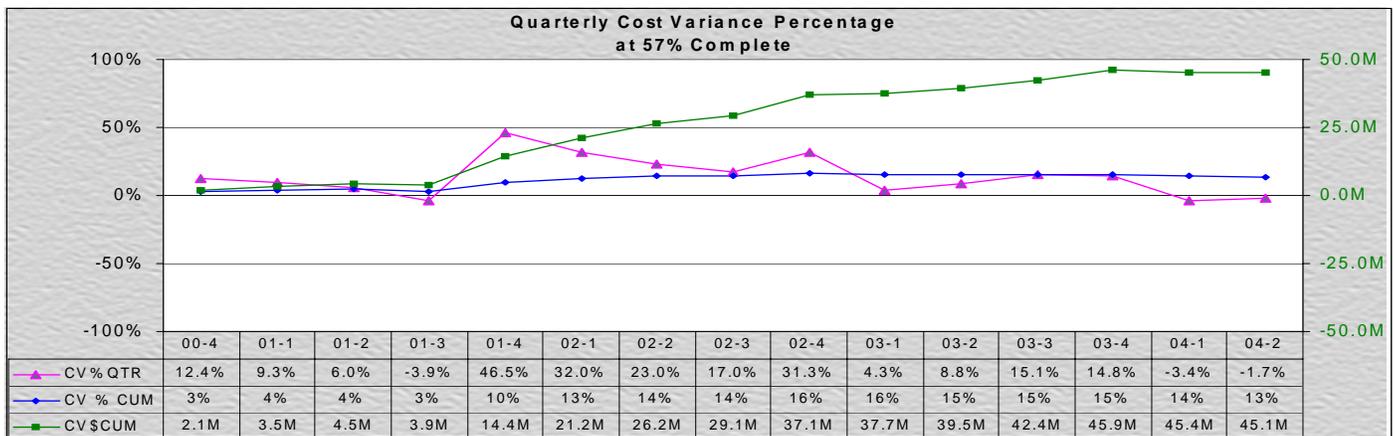


**Scope
Completion**

BCWS _{LC}	590,251
ACWP _{CUM}	291,836
BCWP _{CUM}	336,972
BCWS _{CUM}	336,972
CV _{CUM}	13%

This level-of-effort PBD has completed 57% of its workscope and expended 49% of its costs. PBD J is currently 13% under cost with a cumulative CV of \$45M.

This PBD is also a major contributor to the Closure Project's successful performance with 25% of the project's positive cost variance.



JAA –The cost variance for the KH Executive Office was +84%, or \$18.9M. The positive CV is primarily due to cost risk funds held in management reserve (contingency) in this cost account, along with previous understaffing.

JAB – General Counsel & Audit was +16%, or \$1.4M. The positive CV is due to historical under staffing.

JAC – Planning and Integration (including Communications) cost variance was 21% or \$5.7M. The positive CV is due to P&I staff members charged against project activities supported, and reduced consulting subcontract costs.

JAE – Steelworker Overhead cost account was 24% or \$3.5M. The positive CV is due to historical difference between the budgeted amount of lump sum bonuses planned for distribution and the amount actually paid.

JAG – Fringe Benefits- was +120% or \$5.2M. The positive CV is due to higher than planned labor costs due to staffing reductions occurring later in the year than planned and to a one time per year payment to National Jewish Hospital as part of the Collective Bargaining Agreement.

Accomplishments this quarter:

- The Career Transition Center (CTC) held two job fairs. One in March was for the DOE Complex where 25 DOE contractors exhibited and approximately 426 employees attended. Successfully aided 90 hourly workers as a result of a reduction in force.

UPCOMING:

Key Activities / Milestones / GFS/I

- None

Potential Impacts to Cost & Schedule:

- None.

Rocky Flats Budget

Lance Schlag x 3171

Performance

EY06 Budget Authority Planned \$9.8 M, Obligated through March (\$1.7M)

FS30 Budget Authority Planned \$0.3 M, Obligated through March – (\$0M).

Issues/Concerns

Cook case litigation support requirements are increasing.

Upcoming Focus

Completion of the FY 2006 field budget request and resolution of the FY 2004 Safeguards and Security funding issue.

Transition to Legacy Management

Bob Birk x 5921

Background

RFPO's Sunset Project and KH's Program Termination Efforts identified functions and physical equipment that are expected to continue past Physical Completion. The Integrated Site Transition Checklist captures these functions and items. Physical Completion is defined as the point in the closure project where KH has performed the work necessary to satisfy the seven (7) completion criteria identified in the contract statement of work. It is expected that responsibility for these functions and physical property will transition to Environmental Management (EM), LM or the U.S. Fish and Wildlife Service (FWS). The goal of this transition is to achieve zero service disruption of critical activities without negative impact to the closure mission.

Transition teams and working groups were formed consisting of representatives from RFPO, KH, and OLM to address the following areas: Program Management, Environmental, Communication, Procurement, Finance and Legal, Business and Administration, Property, and Personnel.

Accomplishments:

- Responsibility for administration of the Public Reading room was officially transferred from RFPO to LM on April 21, 2004. This transfer included the facility lease, personal property, funding, and the full-time equivalent staff position.
- A stakeholder workshop was held on April 21, 2004 concurrent with the announcement of Reading Room responsibility transfer. The workshop focused on the planning and process for transition of functions that will continue after closure.
- LM is in the process of selecting the Identified Closure Contractor. The ICC will procure the National Stewardship Entity that will be responsible for managing the employee benefits and pension programs after Physical Completion.
- Planning for the transition of necessary electronic applications and databases is progressing. Initial data migration is expected to start in late April or early May.
- RFCA Negotiations are ongoing for a revision to address post-closure site conditions. This revision will assist in solidifying the post-closure monitoring strategy which will then allow planning to progress regarding the specific elements that will transition to LM.

Upcoming Focus

- Disposition of classified and unclassified hard copy and electronic records
- Disposition of environmental and administrative databases, software applications and computer hardware
- Disposition of property, leases and easements
- Management continuity of employee/retiree benefits and insurance programs.

Legacy Management CONT...

Issues/Items Being Worked

- LM has yet to hire a contractor to administer and manage pensions and benefits. Because of the enormous scope and importance of this issue, either a contractor needs to be hired and integrated into the transition in the short term or a contingency plan must be formed to continue managing pensions and benefits after declaration of Physical Completion.
- The transition of electronic applications and databases is a significant task which requires detailed understanding of what is to be transferred and how these applications and databases will be utilized after closure. Much of the data is to be migrated to different software platforms, which requires substantial effort. The challenge is to migrate all of the data and transfer responsibility ensuring no disruption of employee benefits or long-term environmental monitoring commitments. DOE LM has been provided detailed information to support decisions regarding which applications and databases are to be transferred.
- EM will continue to provide support to the Cold War Museum development effort by providing information and artifacts. DOE responsibility for the ex-officio to the Museum Board will be transitioning from EM to LM.

Needed Decisions or Support

- Workers Compensation claims are currently processed by KH. It has not been determined whether LM or EM will be responsible for providing this support after Physical Completion.
 - Requested Action: EM-1 & LM-1: determine the lead and provide a Point of Contact.
- In the event that Orphan Waste remains at Physical Completion, programmatic responsibility needs to be assigned.
 - Requested Action: EM-1 & LM-1 should determine the lead and provide a Point of Contact
- Based on project performance data, Physical Completion could be achieved by the fall of 2005; one year earlier than the Contractual Target date of December 15, 2006. As a result, funding for LM to accept responsibility for those functions that must continue after physical completion must be in place at the start of FY06.
 - Requested Action: EM-1 & LM-1 concur with this approach for development of the FY06 budget. This is a LM responsibility with Ray Plienness as the Point-of-Contact. (Concurrence not received – Carry over from previous report)
- DOE RFPO expects to have outstanding legal actions that will continue for a finite period after physical completion is declared and the RFPO is closed. Current speculation is that this responsibility will go to DOE at the Savannah River Site or to EM Headquarters in the Office of the General Counsel.
 - Requested Action: EM-1 determines where the responsibility will reside for ongoing legal actions after the RFPO is closed.

Appendix A Orphan Wastes

POC: Dave Hicks, x3122
Rich Schassburger, x4888
Lam Xuan, x3135

Update as of March 2004

Issues:

- *Lack of Disposal Capability for Mixed Low-Level Waste greater than 10 nanocuries per gram*

The site currently lacks a disposal site for mixed low-level waste (MLLW) with activity levels greater than 10 nanocuries per gram (nCi/g). Two sites have been identified by the Waste Management Programmatic Environmental Impact Statement (PEIS): Hanford and the Nevada Test Site (NTS). RFETS staff continues to work with both Hanford and NTS personnel by providing waste forecast and waste profile data. RFETS also continues to explore alternative disposition pathways for this waste.

Hanford is not available due to open issues with the Hanford Solid Waste Program Environmental Impact Statement. NTS has submitted a permit to the State of Nevada to allow disposal of offsite MLLW. This permit is currently under review by Nevada. It is not known when this permit will be approved and disposal of Rocky Flats' MLLW could commence.

The lack of a designated disposal path complicates the Site's plans for treatment of MLLW with activity greater than 10 nCi/g. There are STP milestones to complete offsite treatment of approximately 1000 cubic meters of MLLW, most of it greater than 10 nCi/g. Currently, there is no designated method for treating these wastes, and without a designated disposal path and its associated acceptance criteria, finding one becomes more difficult. Until a disposal option is available, this waste will either need to be; stored offsite at a commercial treatment facility at increased cost to the closure project; returned to the site after treatment, again with increased costs and potential impacts to D&D work; or stored at another DOE facility. Commercial facilities are also restricted by their license limits for storage of radioactive material.

Additionally, onsite storage capacity is diminishing as facilities are being decommissioned and demolished. Some of these wastes may be segregated with a subset falling below 10nCi/g or above 100nCi/g, which may then have current disposal options. The Site is evaluating placing MLLW >10 nCi/gm into interim storage at an offsite commercial facility until a permanent disposal facility is available. Interim offsite storage will allow existing onsite waste facilities to be decontaminated and decommissioned in accordance with the "2 to Go" schedule. The RFPO is working with Kaiser-Hill to resolve issues relating to offsite storage, including regulatory and contractual requirements.

Appendix A CONT...

▪ *TSCA Incinerator*

The Toxic Substances Control Act Incinerator (TSCAI) in Oak Ridge, Tennessee, is currently the only available facility for some RFETS wastes requiring incineration. Due to higher than expected radioactivity and/or beryllium levels in two of our waste streams (*PCB Solids* and *Organic Solids, Non-PCB*), these wastes no longer met the TSCAI acceptance criteria and RFETS was unable to meet two of its FY03 STP milestones. The waste streams were subdivided to split out the high beryllium population and the wastes meeting the TSCAI acceptance criteria were shipped for treatment in early January 2003. Treatment options are being evaluated for the remainder of these waste streams, and one-year extensions were approved by the Colorado Department of Public Health and Environment (CDPHE) on the STP milestones.

▪ *Availability of Commercial Treatment Facilities*

Some existing wastes are without an available treatment facility. For MLLW, there are several waste streams that do not have a clearly identified treatment option:

- Trench T-1 remediation waste (~245 cubic meters)
- PCB Solids and Organic Solids, non-PCB (12 cubic meters)
- PCB Liquids (~3 cubic meters)
- Waste Chemicals (~25 containers)

RFETS is working with EM-23 on the Trench T-1 waste stream and is currently performing treatability studies at a commercial vendor. The PCB/Organic Solids waste streams are relatively small and procurement packages to solicit proposals from treatment vendors are being prepared by Kaiser-Hill. Review of the Waste Chemical population revealed 18 containers that have high beryllium content and 7 containers that have EPA code F027. No commercial facilities have been identified that can treat these wastes and Kaiser-Hill is evaluating treatment options. The Site is evaluating placing these MLLW into interim storage at an offsite commercial facility until a treatment technology is developed. Once a treatment plan is identified the waste will be treated to meet Land Disposal Restrictions and then remain in interim storage until a permanent disposal facility is available. Interim offsite storage will allow existing onsite waste facilities to be decontaminated and decommissioned in accordance with the "2 to Go" schedule. The RFPO is working with Kaiser-Hill to resolve issues relating to offsite storage, including regulatory and contractual requirements.

Pacific EcoSolutions, LLC (formerly known as ATG), located in Richland, WA, maintains compaction/macroencapsulation treatment capabilities producing a waste product acceptable for Hanford disposal. PEcoS also maintains sludge stabilization capabilities and is able to receive and process unique waste matrices. PEcoS is presently the only facility available to RFETS to macroencapsulate LLMW debris with an activity greater than 10 nCi/g. PEcoS remains of interest to RFETS as an efficient treatment conduit of waste that may be destined for Hanford disposal.

Appendix A CONT...

PermaFix Environmental Services includes the PermaFix facility in Gainesville, Florida; Diversified Scientific Services (DSSI) in Kingston, Tennessee; and Material and Energy Corporation (M&EC) in Oak Ridge, Tennessee. RFETS has utilized the DSSI boiler and industrial furnace (BIF) for destruction of waste chemicals. RFETS personnel will evaluate additional services and technologies offered by PermaFix including: repackaging, debris washing, stabilization, and chemical oxidation. In addition to treatment of LLW and LLMW chemicals, PermaFix is under consideration for the treatment of various unique RFETS LLM waste streams.

Envirocare presently provides treatment and disposal services for nearly all LLMW debris with an activity less than 10 nCi/g generated at RFETS. RFETS ships waste to Envirocare to macroencapsulate debris, macroencapsulate oversize debris (including gloveboxes), direct dispose environmental restoration soil and soil-like material, and direct dispose oversize LDR-compliant debris. Envirocare also offers treatment/stabilization services that RFETS utilizes, or has utilized, for solar pond sludge, incinerator ash, mercury contaminated crushed light bulbs, and lead acid batteries. A thermal desorption unit is also available for organics treatment. Envirocare also receives RFETS Alternate Water Treatment System (AWTS) liquids for solidification and disposal.

Waste Control Specialists (WCS), located in Andrews, Texas, currently maintains waste stabilization, shredding and repacking capabilities. Stabilization includes use of cement grout materials to reduce the leachability of regulated metals and form a solid matrix. WCS possesses a Class A and B/C radioactive license enabling the receipt and treatment of mixed waste with activities greater than 10 nCi/g for storage and treatment. In October 2003, WCS was awarded the contract to treat. Shipments of over 400 m³ of solidified bypass sludge to WCS began in November 2003 and are expected to continue at a rate of three per week until March 2004. Treated waste will be stored at WCS until a disposal path is identified. WCS is also utilizing a GeoMelt[®] in-container vitrification system at their Andrews facility. This batch process will be used to treat non-STP regulated depleted uranium chip waste in a treatability study. Texas proposed legislation to establish a low level radioactive disposal site in west Texas is under State House consideration and a bill may be finalized within a year. The proposed plan would allow for the burial of up to six million cubic yards of waste and WCS may be the preferred site.

▪ *TRU disposition at WIPP*

Pathways for all transuranic (TRU) wastes have been identified. All TRU waste is to be disposed at WIPP. Special characterization and transportation needs are being resolved for the following:

1. Legacy Solidified Organic TRU (OASIS) ~744 drums
 - Solid Core Sampling at Argonne West Lab (statistical sampling of about 36 drums of the OASIS and aqueous TRU waste populations) was completed. All coring and analysis have been completed and the wastes will be returned to RFETS by May 2004.

Appendix A CONT...

- Extended gas generation testing at Argonne West for wastes with Hydrogen Gas Generation Problem is no longer needed. RFETS is conducting the gas generation testing of all organic containers on Site. For those containers failing the total gas generation testing, the Site will need NRC's approval for the use of dunnage and reduced shipping time in TRUPACT-II. WIPP expects NRC's approval of TRAMPAC Rev. 20 by August 2004.
- 2. Solidified Aqueous TRU (~1040 drums)
 - Solid Core Sampling at Argonne West Lab (statistical sampling of about 36 drums of the OASIS and aqueous TRU waste populations). *See discussion in item 1, above.*
- 3. Organic TRU liquids (~50drums)
 - RFETS conducts manual coring method on site. WIPP performed the audit the week of July 22, 2003. Shipping is planned for FY04.
- 4. Disposal of Classified TRU waste at WIPP (224 drums)
 - All classified waste shipments to the WIPP were completed December 1, 2003.
- 5. TRU waste contaminated with PCB > 50 ppm (~13 drums)
 - EPA issued the approval decision for public review and the comment period was completed on 2/28/03.
 - WIPP submitted the Class 2 permit modification to NMED for approval on May 21, 2003. Approval from NMED was received on September 11th.
 - DOE HQs GC-1 is making recommendation to the Secretary to either make policy or delegate to subsidiary managers to designate waste for disposal at WIPP.
 - The Site is waiting for GC's decision.
 - RFETS is planning to ship PCB waste to WIPP as soon as PCB authorization is received.

Background:

Orphan wastes are mixed or PCB wastes that do not have a treatment plan and/or do not have a disposal site available. As required by the Federal Facility Compliance Act of 1992, a Compliance Order on Consent was signed in 1995 to implement a treatment plan for those wastes in violation of the one year RCRA storage prohibition. This Site Treatment Plan (STP) describes the treatment options for each waste stream and establishes milestones on a rolling basis through negotiations with the State

Milestones are proposed and updated in the Annual Progress Report and Quarterly Progress Update reports. Compliance with the STP is necessary to allow the site to continue storage of mixed wastes in excess of one year without being subject to fines or penalties. To date all milestones have either been met or have been extended by the State. RFETS has several mixed waste streams with milestones due in FY 2004. RFETS continues to make progress in finding treatment options for wastes. EM-23 is providing technical support and funding to find solutions for treatment challenges.

Appendix A CONT...

Impacts:

1. If treatment and/or disposal facilities are not found for these wastes, they would have to be stored at RFETS or another DOE site or at a commercial facility, after closure.
2. Lack of disposal capability may result in increased storage and/or transportation costs.
3. Request extension of STP Milestone(s) from the CDPHE if necessary.

Recommendations:

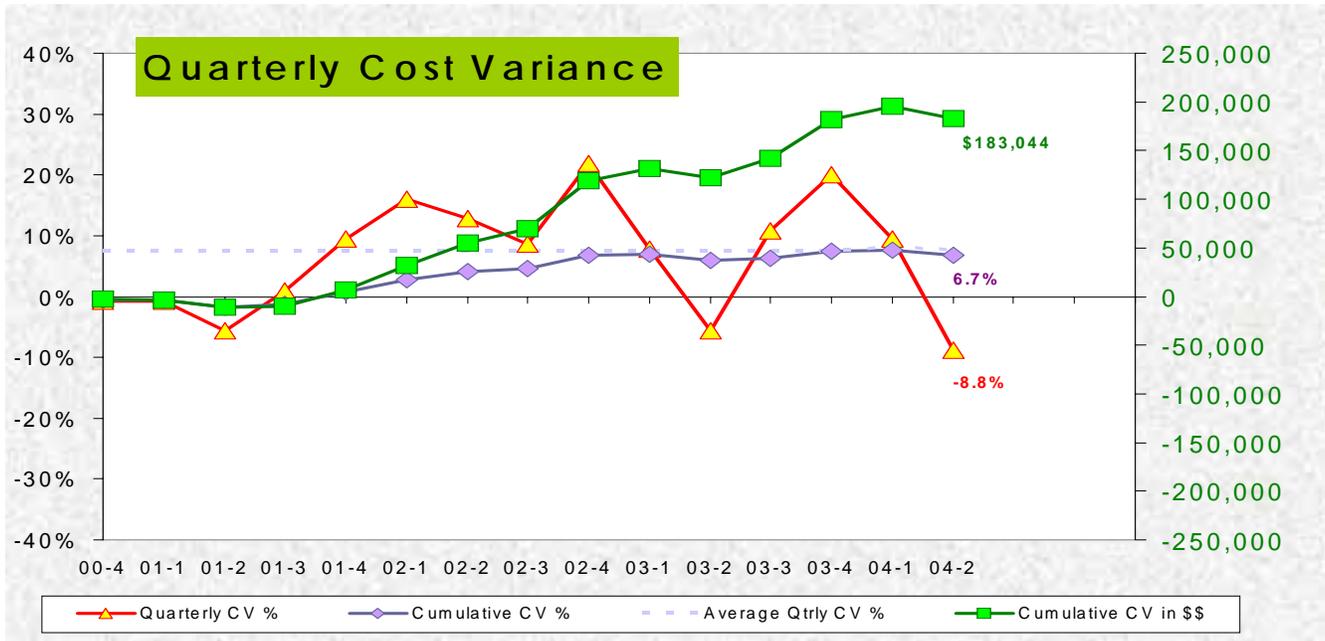
Continue partnering with K-H, and work with EM-23 to identify treatment technologies for:

- T-1 Trench Material Disposition Plan
- PCB Solid and Organic Solids, non-PCB Treatment
- Brief manager monthly on status of Orphan Wastes.

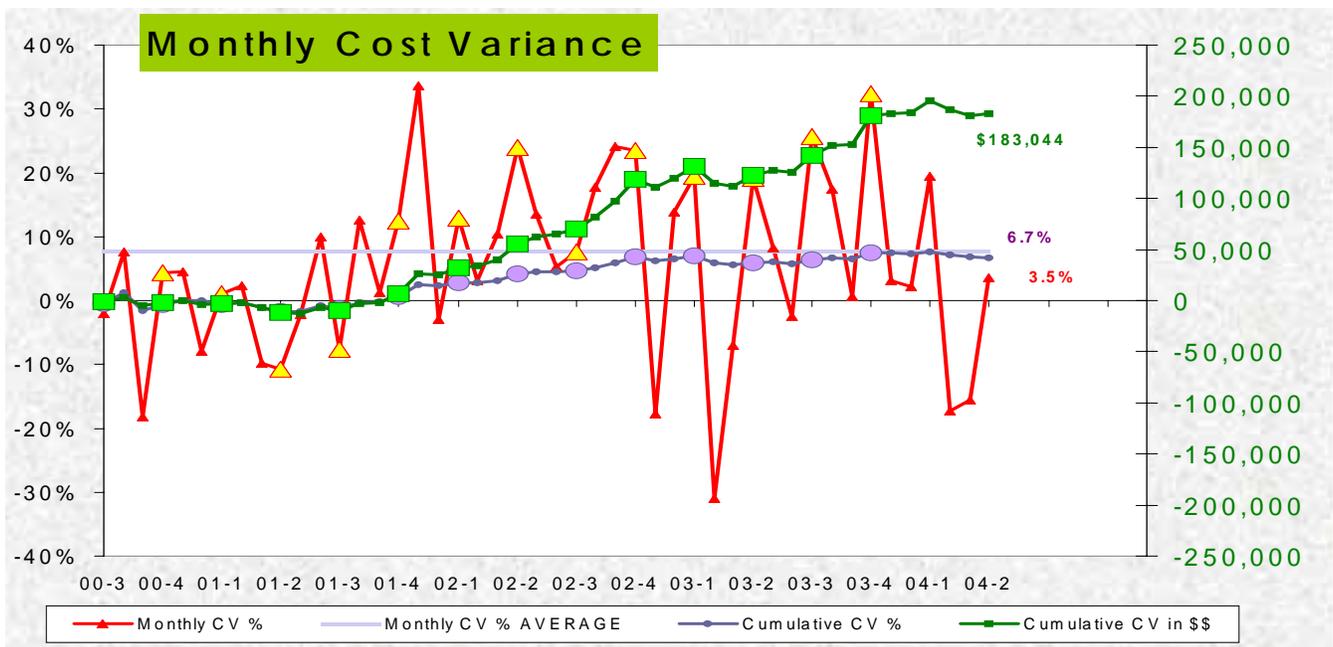
Appendix B Cost Variance Trending

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

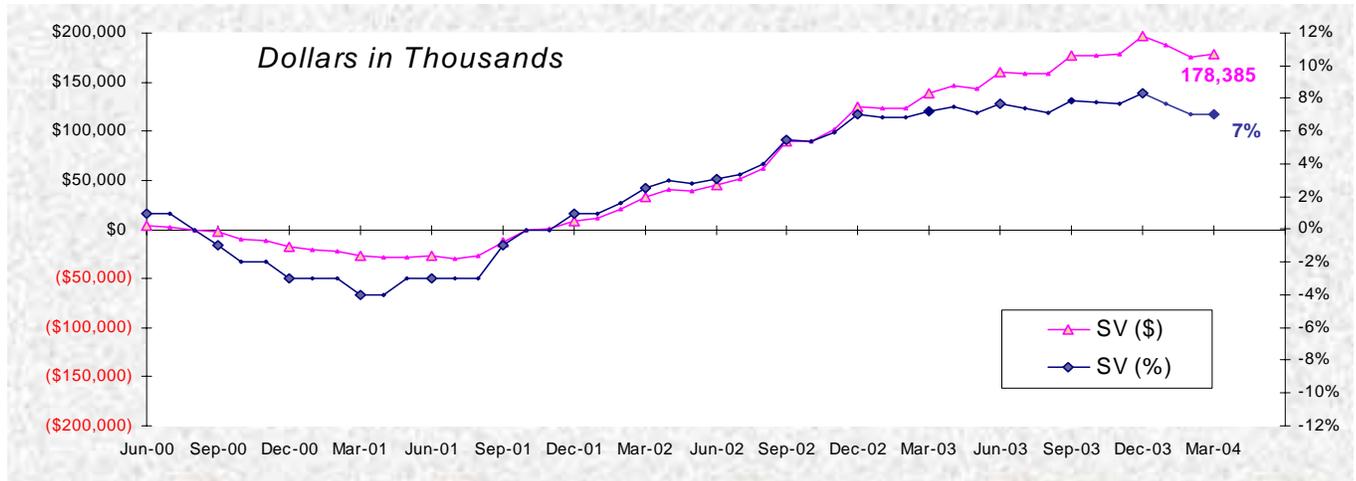


Appendix C Other Schedule Performance Indicators

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

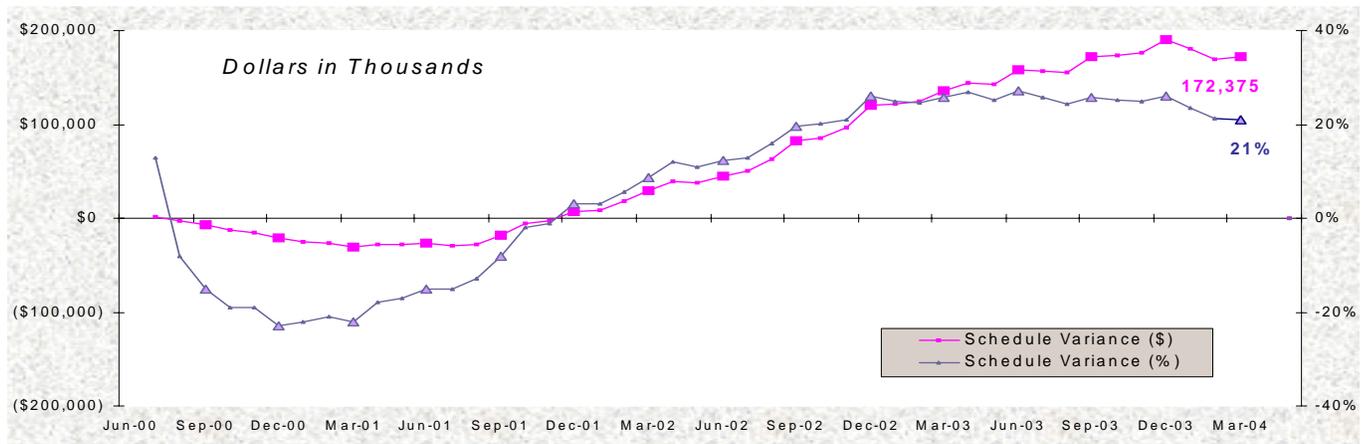
SV\$: +\$178M SV%: +7%



Traditional Schedule Variance (SV) for target activities was \$198M and 8% at the end of last quarter.

Modified Milestone Schedule Variance

SV\$: +\$172M SV%: +21%



About 52% of Modified Milestone activities were scheduled to be complete at the end of this quarter and 63% were completed. The current Budgeted Cost of Work Performed (BCWP) for these modified milestone activities is \$997M; with a life cycle BCWS for these activities of \$1.6 billion (B). The Modified Milestone SV decreased \$18M since last quarter. That drop is due mostly to about \$16.5M of additional workscope completed in the Industrial and Site Services, and Environmental Remediation Projects, respectively. Positive gains were offset by ~ \$3.6M from delays in B774 decommissioning.

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2QFY04 • January - March 2004

Appendix C CONTINUED

P3 Completion

Estimated Completion Date: 14 December 2006

The *K-H generated* Estimated Completion Dates (ECDs) from the P3 schedule are represented below.

K-H and RFPO continues to examine critical path activities to identify schedule acceleration opportunities. RFPO is monitoring this critical path and continues to utilize December 15, 2006 as the Estimated Completion Date.

PBD	Activity Description	Baseline Early Finish	Stated Early Finish
A	B371	11-Oct-06	04-Oct-05
B	B707	13-Mar-06	09-Jun-05
C	B771/774	18-Aug-04	18-Aug-04
D	B776/777	27-Oct-06	12-May-05
E	Industrial Sites	11-Oct-06	13-Sep-05
F	Material Stew.	14-Dec-06	24-Oct-05
G	ER	14-Dec-06	09-Nov-05
ALL		14-Dec-06	09-Nov-05

* Under RFPO Review

Comparative Schedule Metrics

The project-level positive schedule variances reflect the contractor's continued success at accelerating workscope. However, the majority of accelerated activities have been in Environmental Remediation and the decommissioning of structures and facilities in the industrial zone (PBDs G and E) – not on the Critical Path. This is the second quarter since the project began that the percent schedule variance on all of the real work (non level-of-effort) PBDs is positive.

Project		SV _{TRAD}	SV _{PWA}	SV _{MM}	SV _{P3 +/- Days}
1A	371 Complex Project	2%	4%	6%	232
1B	707 Complex Project	5%	24%	12%	191
1C	B771/774 Closure Project	1%	-1%	0%	0
1D	B776/777 Closure Project	11%	29%	23%	371
1E	Industrial and Site Services Project	21%	904%	58%	246
1F	Material Stewardship Project	3%	85%	13%	260
1G	Environmental Remediation	25%	422%	27%	249
Total Project:		7%	57%	21%	249

* RFPO Validated Percentages differ from the KH reports

** Under RFPO Review

Total Project Report RFPO RFETS

2QFY04 • January - March 2004

Project Metrics

Project Metric	Contract Lifecycle Planned	CPB Planned to end of FY	FY Plan (AWA)	Actuals to Date	FY Actuals	Actuals for Quarter	LC Completion (CPB)	FY Completion on (CPB)
Low Level Waste Disposed (m ³)	184,475	116,662	54,000	154,541	54,940	34,992	84%	Exceeded Plan to-date
Low Level Mixed Waste Disposed (m ³)	44,614	10,911	3,500	33,505	7,130	4,026	75%	Exceeded Plan to-date
TRU Waste Disposed (m ³)	12,355	9,688	4,600	9,933	1,719	820	80%	Exceeded Plan to-date
B371 Project Work Sets	60	33	26	27	5	2	45%	82%
B707 Project Work Sets	98	72	16	74	6	6	75%	Exceeded Plan to-date
B771 Project Work Sets	106	106	35	78	7	2	74%	74%
B776 Project Work Sets	82	72	8	77	0	0	92%	Exceeded Plan to-date
Facilities Demolished	290	141	61	152	21	3	52%	Exceeded Plan to-date
Nuclear Facilities Decommissioned	6	2		1	0	0	17%	50%
Radioactive Facilities Decommissioned	54	14		19	4	0	35%	Exceeded Plan to-date
Industrial Facilities Decommissioned	317	197		219	17	3	69%	Exceeded Plan to-date
Environmental PWAs Completed	65	19	8	28	5	3	43%	Exceeded Plan to-date
Environmental Remediation Sites Completed	360	182	24	242	51	35	67%	Exceeded Plan to-date
Gloveboxes removed	1,324	1,324	277	1,232	141	37	93%	93%

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 (RFPO) 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 K-H Executive Office.