

October 30, 1992



COPY

EG&G Rocky Flats, Inc.
Rocky Flats Plant
Procurement, Bldg. 131
P.O. Box 464
Golden, Colorado 80402-0464

ATTENTION: Mr. Steve Heiman
Subcontract Administrator

SUBJECT: SUBCONTRACT PC 84017JB ROCKY FLATS SOLAR POND/PONDCRETE PROJECT
SUBMITTAL OF ACCRUAL REPORT FOR WEEK ENDING OCTOBER 24, 1992.
[WBS 710 PROJECT MANAGEMENT - HALLIBURTON NUS ROCKY FLATS DENVER]
RF-HED-92-0749

Dear Mr. Heiman:

Attached is the revised accrual report for the period ending 31 October which incorporates updated actual incurred cost through 24 October. We will continue to update our accrual report and projections of total cost to be incurred through 20 November 1992 on a weekly basis.

At this time we would also like to address the disparity between the September accrual report dated 21 September with estimated cost accrued of \$17.6 Million (adjusted for unbilled purchased equipment) as of 25 September and the October accrual report dated 20 October with estimated cost of \$18.8 Million as of 25 September. Subsequent to issuing the 21 September report, an analysis of our accrual procedures was conducted. This review disclosed a deficiency in our analysis between our detailed cost system and the accrual. BRICS (the detailed cost system) receives data from purchase orders, accounts payable, and payroll by Work Breakdown Structure. An additional accrual is then made based on actual and estimated work performed through the end of the month that has not been entered into BRICS. Our analysis disclosed that BRICS had not received the input from a series of invoices through administrative oversight. This deficiency is being corrected by our cost engineer.

It must be remembered that the program accelerated during the period July through September to gear up for processing in September as required to meet a 8 November contractual date. The under accrual was alluded to during a conversation between Mr. Sandlin and Mr. Dougherty during funding discussions conducted on 24 September. Mr. Sandlin stated that EG&G was providing funding of \$2.55 Million on 25 September while the 21 September accrual had already assumed \$2.7 Million to be provided from the transfer of equipment from Phase II/III to Phase I. This contributed in an overall HNUS shortfall of \$.4 Million as of 25 September as reported in the 21 September accrual report. Mr. Dougherty explained that our analysis showed we were potentially under accrued in other areas, and therefore we required at least another \$1 Million to continue work. Stop work orders were issued 25 September as a result of not receiving additional funding and resumed 1 October upon receipt of \$3.5 Million funding in Modification 6.

HALLIBURTON NUS is committed to providing EG&G timely and accurate information for all Phases of the Program. HNUS had only billed \$10.7 Million as of 21 September, and the underaccrual, although substantial in terms of dollars, was less than 15% of the total unbilled costs to EG&G. We have initiated the necessary controls to ensure that a reoccurrence will not happen.

October 30, 1992

Please contact the undersigned at 466-3573 if you have any questions or require additional information.

Sincerely,

HALLIBURTON NUS ENVIRONMENTAL
CORPORATION



Robert W. Orwig
Contract Administrator

- Attachments:
1. Accrual Report
 2. Forecast of Weekly Costs
 3. 21 September Accrual Report
 4. 20 October Accrual Report

cc: R. Benedetti
T. Bittner
D. Dougherty
S. Keith
E. Lee
J. Mellen
N. Sandlin
T. Beckman

A:ULTRHEIMAN-71
RF-MED-92-0749

**HALLIBURTON NUS ENVIRONMENTAL CORPORATION
ROCKY FLATS SOLAR POND PROJECT**

ACCRUAL REPORT

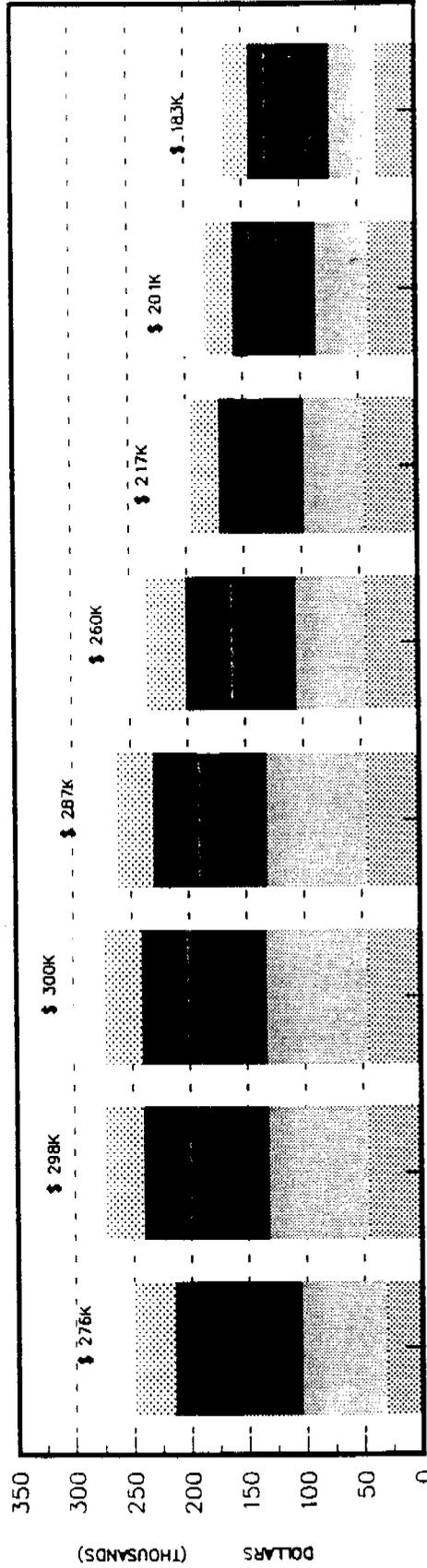
OCTOBER 30, 1992

DESCRIPTION	BILLED THRU AUGUST	SEPTEMBER ACCRUAL*	OCTOBER ESTIMATE	TOTAL
HNUS LABOR & MISC.	\$2,138,000	\$1,311,000	\$315,000	\$3,764,000
BROWN & ROOT	4,120,000	688,000	240,000	5,048,000
HALLIBURTON SERVICES	772,000	1,304,000	291,000	2,367,000
LEFCO	89,000	441,000	133,000	663,000
ASI	310,000	147,000	36,000	493,000
OTHER	242,000	97,000	12,000	351,000
ESD & LSD	2,359,000	120,000	105,000	2,584,000
TOTAL DIRECT COST	\$10,030,000	\$4,108,000	\$1,132,000	\$15,270,000
OVERHEAD	1,864,000	638,000	164,000	2,666,000
G&A	947,000	477,000	125,000	1,549,000
TOTAL	\$12,841,000	\$5,223,000	\$1,421,000	\$19,485,000

* September Accrual includes estimated September billing of \$1,905,000 and billed and unbilled costs incurred prior to and during September totalling \$3,318,000. Costs associated with unbilled CATEGORY "D" equipment are not included in the accrual.

HALLIBURTON NUS ENVIRONMENTAL CORPORATION

ROCKY FLATS SOLAR POND & POND/SALTCRETE PROJECT
 FORECAST of WEEKLY COSTS thru 21 NOVEMBER 1992



WEEK ENDING	OCT 03	OCT 10	OCT 17	OCT 24	OCT 31	NOV 07	NOV 14	NOV 21
HNUS - DENVER	32	46	46	46	46	46	41	34
ENGINEERING	73	87	88	87	60	52	46	41
EQUIPMENT - CATEGORIES A & B	52	50	50	40	38	35	34	33
EQUIPMENT - CATEGORY D	19	19	19	19	19	24	24	24
BULK MATERIALS	18	18	18	18	18	5	4	3
HNUS - PITTSBURGH	21	21	21	21	21	10	10	10
OVERHEAD @ 16.0%	35	33	33	32	33	26	24	22
CBA @ 9.8%	26	24	25	24	25	19	18	16

EQUIP. - CAT. D: PURCHASED PROCESS EQUIPMENT AMORTIZED OVER 10 MONTHS

BULK MATERIAL: SKIDS, PIPE, ELECTRICAL, INSTRUMENTATION, LUMBER & MISC. ITEMS.
 ADDED UNACCRUED CHARGE FROM HAL. SERV. DISCLOSED 10/24.

HNUS - DENVER: OFFICE STAFF & CONSTRUCTION LABOR; TRAVEL; OOC'S; ASI LABOR

ENGINEERING: BROWN & ROOT, HALLIBURTON SERVICES AND LEFCO LABOR

EQUIP. - CAT A & B: CONSTRUCTION, HALLIBURTON SERVICES & LEFCO RENTALS

HNUS - PITTSBURGH: ON-SITE LAB & POND/CRETE/SALTCRETE TREATABILITY STUDIES;

September 21, 1992

EG&G Rocky Flats, Inc.
Rocky Flats Plant
Procurement, Bldg. 131
P.O. Box 464
Golden, Colorado 80402-0464

ATTENTION: Mr. Steve Heiman
Subcontract Administrator

SUBJECT: SUBCONTRACT PC 84017JB ROCKY FLATS SOLAR POND/PONDCRETE PROJECT
SUBMITTAL AND EXPLANATION OF AUGUST ACCRUAL REPORT.
[WBS 710 PROJECT MANAGEMENT - HALLIBURTON NUS ROCKY FLATS DENVER]
RF-HED-92-0598

Dear Mr. Heiman:

Attached is the accrual report for the five week month of August, 1992. As emphasized in my September 16, 1992 letter; HNUS will stop work on September 25th if additional funding is not received. This letter communicates our interpretation and understanding with regards to the accrued costs as compared with the current contract value of \$22,772,517 for Phase I, II, and III including Modifications One through Four. The basic facts are as follows:

1. The price currently allocated to the Phase I portion of the contract is \$15,264,388. HNUS was directed to include equipment costs originally allocated to the Phase II and III portions of the contract into Phase I for the Cost Summary Section of our Monthly Report beginning in February, 1992. This was done for the following reasons:
 - A. The Phase I statement of work is quite specific "...design, install and test process equipment..." Since detailed design and procurement is required prior to "...install and test," all contract equipment procurement must be performed under Phase I.
 - B. To minimize costs, HNUS has procured equipment for the Phase II pondsludge processing that will also be utilized during the Phase III Pondcrete/Saltcrete Processing. Shared pieces of equipment include various tankage, bulk reagent storage, feed systems, and casting station equipment.

HNUS has been continually assured by EG&G that a directive change was underway to transfer the contract funds associated with the equipment costs from Phase II (\$1,254,088) and III (\$1,445,544) to Phase I. The transfer would increase the value of the Phase I portion of the contract to \$17,964,020.

2. Included in the accrual number is purchased/rental equipment and bulk materials with a purchase order value of approximately \$700,000. The cost liability associated with this value will be less as a result of either returning equipment, delaying rentals or refusing deliveries of purchased equipment (and paying the contractual cancellation charges). HNUS believes that the orders that are not applicable to accrued costs is approximately 15% (\$105,000) of the total purchase orders committed.

SEPTEMBER 21, 1992

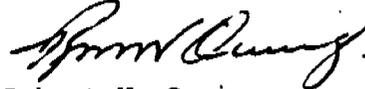
3. The accrual report does not include the September charges to be incurred for the four week month ending September 25th. Billing is estimated to be at a rate of \$400,000 per week.

The following is the contract value as compared with estimated cost incurred:

TOTAL CONTRACT VALUE FOR PHASE I	\$15,264,388
TOTAL EQUIPMENT COST TO BE TRANSFERRED TO PHASE I	<u>2,699,632</u>
TOTAL PHASE I CONTRACT VALUE	<u>\$17,964,020</u>
TOTAL AUGUST, 1992 ACCRUAL REPORT	\$16,636,494
LESS: EQUIPMENT PO VALUE NOT INCURRED	<u>(105,000)</u>
TOTAL COST INCURRED THROUGH AUG	\$16,531,494
PLUS: ACCRUAL 29 AUG THROUGH 25 SEPT	<u>1,600,000</u>
TOTAL COST ACCRUED THROUGH 25 SEPT	<u>\$18,131,494</u>
ANTICIPATED PROJECT FUNDING DEFICIT AT 25 SEPT	<u>(\$ 167,474)</u>

Please contact the undersigned if any additional information is required to expedite the directive changes required for both the transfer equipment from Phase II and III to Phase I and the increase in funding.

Sincerely,
HALLIBURTON NUS ENVIRONMENTAL
CORPORATION



Robert W. Orwig
Contract Administrator

cc: T. Bittner
D. Dougherty
D. Ferrier
J. Schmidt

A: ULTRAMAN-
RF-MED-92-0398

October 20, 1992

EG&G Rocky Flats, Inc.
Rocky Flats Plant
Procurement, Bldg. 131
P.O. Box 464
Golden, Colorado 80402-0464

ATTENTION: Mr. Steve Heiman
Subcontract Administrator

SUBJECT: SUBCONTRACT PC 84017JB ROCKY FLATS SOLAR POND/PONDCRETE PROJECT
SUBMITTAL AND EXPLANATION OF THE SEPTEMBER ACCRUAL REPORT.
[WBS 710 PROJECT MANAGEMENT - HALLIBURTON NUS ROCKY FLATS DENVER]
RF-HED-92-0702

Dear Mr. Heiman:

Attached is the accrual report for the four week month of September, 1992 with projections of costs to be incurred during the five week month ending October 31, 1992. The September accrual amount includes all incurred costs billed and unbilled through September 25, 1992.

The following is the contract value as compared with estimated cost incurred:

TOTAL ESTIMATED CONTRACT COST	\$20,249,388
TOTAL ESTIMATED CONTRACT FIXED FEE	<u>1,065,000</u>
TOTAL CONTRACT VALUE FOR PHASE I	<u>\$21,314,388</u>
TOTAL SEPTEMBER, 1992 ACCRUAL REPORT	\$18,064,000
PLUS: ACCRUAL 26 SEPT THROUGH 31 OCT	<u>1,378,000</u>
TOTAL COST ACCRUED THROUGH 31 OCT	\$19,442,000
ESTIMATED FEE EARNED THROUGH SEPT	<u>713,000</u>
TOTAL CONTRACT COST INCURRED PLUS FEE EARNED	<u>\$20,155,000</u>

HNUS has taken aggressive cost cutting measures since September 25, 1992. We have reduced our weekly expenditures and expect a further reduction beginning October 26th while maintaining our support of the work being directed by EG&G. Details of costs associated with various schedules will be presented to EG&G this week in both chart and graph formats.

I have also attached an abbreviated September monthly report (September Quick-Look) detailing activities that took place during September. The full monthly report for September is targeted for completion by Monday, October 26th.

Please contact the undersigned if you require any additional information.

Sincerely,

HALLIBURTON NUS ENVIRONMENTAL
CORPORATION


Robert W. Orwig
Contract Administrator

Attachments (2)

cc: T. Bittner
D. Dougherty
E. Lee

A:ALTRHEIMAN-66
RF-HED-92-0702

**HALLIBURTON NUS ENVIRONMENTAL CORPORATION
ROCKY FLATS SOLAR POND PROJECT**

ACCRUAL REPORT

OCTOBER 20, 1992

DESCRIPTION	BILLED THRU AUGUST	SEPTEMBER ACCRUAL*	OCTOBER ESTIMATE	TOTAL
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HALLIBURTON SERVICES	772,000	1,304,000	205,000	2,281,000
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A:RO.ACCRUAL