

Future FOCUS

Following a corporate-wide business assessment, Fluor Corporation renewed its commitment to the federal government and specifically to the Department of Energy (DOE). At Hanford, we initiated a project-focused restructuring of the Fluor Hanford contractor team in late 1999, which will further improve performance in actual cleanup work.

Based on lessons learned during our first three years at Hanford and in conjunction with DOE's decision to form a separate Office of River Protection, Fluor Hanford streamlined its organization, reducing layers of management and redirecting support resources to the projects.

We have implemented a new business model – a Project Management System – adapted from our successful commercial business, and we're developing accelerated project completion plans modeled after successes achieved by Fluor at the DOE Fernald site.

Full benefit of this project-focused structure will be achieved in the 2000 calendar year, positioning the Fluor Hanford team to bring significant value to DOE's Richland Operations office over the next several years. Fluor Hanford is poised to meet major project challenges in FY 2000. We are committed to:

Spent Nuclear Fuel Project

- Begin moving spent fuel out of the K West Basin no later than November 2000.
- End the risks to the river and environment by getting the fuel into secure canisters, dried and placed in monitored storage in the Canister Storage Building vault.
- Complete all cleanup faster than the current baseline, which will free money for other urgent cleanup needs.

Nuclear Materials Stabilization

- Accelerate plutonium thermal stabilization by installing three more muffle furnaces.
- Install the Magnesium Hydroxide Precipitation system to stabilize solutions.
- Begin stabilization of polycubes in 2000.

- Accelerate work to support complete deactivation and dismantlement of Plutonium Finishing Plant facilities 18 years early, at a life cycle savings of over \$1 billion.

300 Area Accelerated Deactivation

- Complete rack removal from 324 Building's B Cell.
- Install a robotics work platform for the deactivation of B Cell.
- Continue the cleanup acceleration effort at facilities near the river.

Waste Management Project

- Complete Waste Isolation Pilot Plant (WIPP) certification audit and begin shipping transuranic waste.
- Ramp up mixed low-level waste treatment and continue waste retrieval.
- Prepare T Plant for treatment and storage of K Basin sludge and other waste as transuranic waste to be shipped to WIPP.

Economic Development and Transition

- TRIDEC will market the \$4.3 million industrial facility built by Fluor Hanford as part of its new “target market” program.
- Continue acceleration of our commitment to create 3,000 non-Hanford jobs by the end of our first five years (Sept. 30, 2001).

In the year ahead, Hanford will benefit from Fluor Hanford’s project management strengths, with the experience and proven expertise of the corporation behind it. Our restructuring – based on the past three years of experience on the site – will leverage our total corporate experience to elevate focus on project results. Fluor Hanford is poised to move into high gear in the coming months to deliver quality performance to our DOE client and the taxpayer.

Lessons Learned

Fluor Hanford initiated management actions and improvements in a number of specific areas during the year as the result of a Compliance Order issued in May 1999 by DOE’s Office of Enforcement and Investigation (EH-10). The Order cited Fluor Hanford for matters associated with subcontractor supervision, documentation, design quality and responsiveness. The violations resulted in the assessment of a \$330,000 fine.

As a result, senior management immediately began taking significant remedial actions. Those actions – involving work processes, control of subcontractors, and the relevant quality assurance and compliance organizations – have been completed, consistent with the Compliance Order.



