



DEFENSE CONTRACT MANAGEMENT AGENCY
DEFENSE CONTRACT MANAGEMENT AGENCY INTERNATIONAL

6359 Walker Lane, Suite 220
Alexandria, Virginia 22310-3259

IN REPLY
REFER TO

DCMAI-C

October 24, 2008

Mr. Richard Hack
Vice President, Operations, Maintenance and Logistics
Kellogg, Brown, and Root (KBR), Regional Office 677
2451 Crystal Drive
Arlington, VA 22022

Subject: Request for Update and Clarification of KBR Response to CAR # HQ-08-LOGCAP-QA-001-LIII Level III Corrective Action Request (CAR)

Dear Mr. Hack:

A final decision has not been reached concerning the acceptability of KBR's proposed corrective action plan (CAP) at this time. However, based on recent events and discussions in that took place in theater this letter offers KBR an additional opportunity to update and clarify its October 10, 2008 response to CAR # HQ-08-LOGCAP-QA-001-LIII based on recent events.

On October 15, 2008, KBR discussed its proposed CAP with senior acquisition officials from the Department of Defense (DoD). The discussion was informative and afforded DoD representatives an opportunity to consider and question certain aspects of the proposed CAP. I trust you will agree that KBR found the meeting helpful as several areas of concern were identified that warranted KBR's review and further consideration. The enclosed list of questions restates these areas of concern raised by DoD representatives at the meeting and in-Theater.

I believe we all agreed at the meeting that immediate attention was required to determine an acceptable process for electrical grounding and bonding (G&B) of facilities. The proposed CAP presents a G&B process that KBR described as based on the British Standard 7671. DoD electrical specialists have raised concerns about KBR's proposed G&B process. In an effort to resolve the differences between KBR and DoD experts, Mr. Mitch Howell, DCMA Director of Ground Systems & Munitions Division and I traveled to Iraq this past week and met with KBR's theater leadership and technical staff led by (b) (6) and (b) (6). As a result of our meeting, the USG and KBR team jointly developed a viable working technical protocol to identify, verify, validate, correct and ultimately eliminate in-Theater electrical issues to ensure a safe living, working, and recreational environment for in-Theater civilian and military personnel.

The proposed Protocol is provided as an attachment to this letter and is recognized as non-binding until formally submitted by KBR and accepted by authorized agents for the USG.

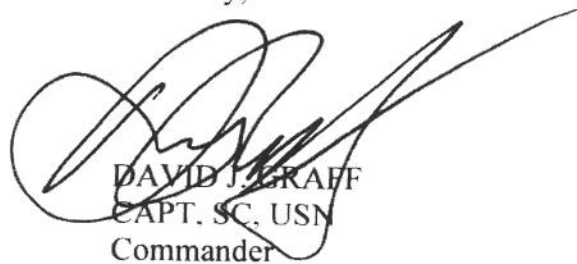
Based on the October 15, 2008, meeting discussions, the proposed technical protocol and the attached questions, I request that you update and clarify KBR's proposed CAP with revised execution and completion milestones (as appropriate) and associated execution and progress tracking metrics, and supporting Quality Control and Quality Assurance plans no later than October 31, 2008. In addition, it is imperative that KBR identify and provide what Theater process changes will be required to be jointly developed by the USG and KBR to ensure the execution of the proposed CAP milestones (e.g. Remediation processes for; Changes to facility inspection and repair priorities; KBR/USG schedule impactors; Hard-stand buildings repairs; BS 7671 or NEC deviation/waiver submittal and acceptance).

Please incorporate your responses into KBR's proposed CAP as appropriate amendments, additions, or other adjustments. DCMA will then perform a final review of the proposed CAP and notify KBR and the ASC PCO accordingly.

As I indicated in past correspondence, we will continue our surveillance of KBR's electrical services and quality system. Each instance of performance is another indicator of KBR's ability to support the proposed CAP.

The Iraq in-theater DCMAI POC for this action is Colonel (b) (6) [REDACTED] Commander, DCMA-Iraq/Afghanistan, at COM: (703) 427- [REDACTED] 1 X [REDACTED] DSN 312-987- [REDACTED] 1 X [REDACTED], e-mail [REDACTED]@mmcs.army.mil. Address all other matters pertaining to the proposed CAP to the undersigned at COM: (703) 428-1794, email: david.graff@dcma.mil.

Sincerely,



DAVID J. GRAFF
CAPT, SC, USN
Commander

Enclosure:
As stated

cc:

President, KBR Government and Infrastructure

Director, DCMA

Director, LOGCAP Executive Office

Director, DCMA Ground & Munitions Systems Division

Director, DCMA Contract Integrity Center

Commander, DCMA Soldier Systems & CAP – Phoenix

Commander, DCMA-Iraq/Afghanistan

LOGCAP PCO

CAR # HQ-08-LOGCAP-001 LIII
Deficient Quality System - Level III Corrective Action Request
Follow-up Questions for Contractor Response
October 24, 2008

General:

1. Provide appropriate amendments, additions, or other adjustments to the 10 Oct 08 KBR Response to the CAR as a result of the 14 Oct 08 discussions with DoD officials and recent electrical technical discussion held in Iraq.
2. Provide a revised Rough Order of Magnitude (ROM) per the instructions in both the CAR and the 30 September DCMA response to KBR's initial corrective action plan.

Grounding & Bonding (technical):

3. Which of the two standards, British Standard 7671 or the National Electric Code, will KBR use for future work in the absence of a waiver?
4. Explain how KBR will protect from false impedance test readings caused by multi-strand wires?
5. Explain whether a baseline reading will be required to use impedance testing, how the baseline will be obtained, and why false reading will not occur.
6. Currently there are grounding rods in use in certain facilities. How will KBR inspect these rods in the future to ensure continued functioning effectiveness?
7. What process will be used to replace deteriorated or defective grounding rods?
8. Explain KBR's intended use of "third party validation" as described on page 5 of the corrective action plan (CAP), and provide an update concerning any efforts taken to obtain this support.
9. When KBR conducts grounding and bonding testing on an existing facility and determines it to be safe, how does KBR currently document the

facility's existing wiring/condition? How does KBR intend to document the facility's existing wiring/condition in the future?

10. How does KBR plan to address non-conforming material already in inventory? Will it be used in any capacity?
11. Your plan states that non-compliant materials or installation will remain unless they impact proper operation of the system. Please confirm that KBR intends to perform a 100% test all 96,000 facilities to determine they are safe, and IF they are determined safe, KBR does not intent to replace/repair non-compliant materials or installation at this time.
12. The CAP states that in order to meet schedule, KBR may not be able to respond to SORs as quickly (i.e., less timely).
 - a. What does this mean in comparison to current SOR response times?
 - b. What level of relief will be requested?
 - c. Will this impact the level A maintenance buildings?
 - d. What about L-H-S SORs, how will they be impacted?
 - e. Would the additional \$14-15M included in the ROM mean that KBR could commit that the level of service would not be impacted and the schedule would still be met? If not, what funding level increase will be necessary for KBR to offer this commitment?
13. How can KBR be certain that (b) (6) understands the complexities of systems in Iraq if he has not witnessed current conditions in Iraq or anywhere in theater, and there is no plan for him to visit the theater at any time?
14. Testers will not be provided as GFE. How will that impact your schedule?
15. Reference page 18 of the CAP (Metrics) – The schedule states that the grounding/bonding will be completed by Dec 31, but page 18 says all non-conformances will be closed by Feb 2009.
 - a. What are the remaining non-conformances that we can expect to see closed between Jan 1 and Feb 28, 2009 (and schedule)?

- b. For Goal 2: 2C – please provide further explanation of reducing repeat non-conformances by 50%.

16. Explain whether, and to what extent, KBR intends to provide continuing education to electricians in order to prevent deterioration of skills over time and to foster retention.

Grounding & Bonding (administrative):

17. Reference page 17 of the CAP – KBR states that all QA/QC personnel must receive training IAW the draft training plan currently under revision and scheduled for implementation in mid Nov.

- a. What about the work that is currently being performed; what training has been provided to current personnel to ensure they are capable of performing to the proper standard?
- b. Who will inspect current work to ensure it is compliant with requirements?

18. KBR has a plan for hiring and training new electricians. How will KBR validate that the electricians are familiar with both NEC and BS 7671?

19. What total of trained electricians are subcontractors vs. direct hire?

20. How will KBR ensure that personnel using impedance testers are trained?

21. How confident is KBR that the work can be done within the schedule presented? What assumptions did KBR make to build the schedule?

22. How will KBR address or mediate USG priority changes that impact the schedule listed in the CAP?

23. KBR's training plan and throughput of electricians was discussed at the recent meeting. It was apparent to Government attendees that it will be difficult for KBR to train the number of necessary electricians to meet its proposed 31 December completion schedule, based on KBR's planned throughput. What facts and analysis lead KBR to conclude that it can

adequately train its workforce and meet the December performance schedule?

24. What capability does KBR have to increase the training throughput in the near term, and does KBR intend to increase the throughput (provide details)?

Quality System:

25. The CAR cited systemic quality system failures, yet KBR's CAP primarily addressed quality oversight of electrical services.
- a. Explain KBR's plan to apply quality system changes and improvements across all lines of LOGCAP service.
 - b. How will KBR specifically correct and prevent reoccurrence of deficiencies caused by a lack of standardization, training, and process control across all service areas, not just those associated with electrical services?
26. How will KBR correct and prevent reoccurrence of deficiencies identified with KBR's Quality Control Plan that, in part, drove the behavior of managers and the quality workforce?
27. How will KBR specifically correct and prevent reoccurrence of deficiencies in the use of data analysis to detect nonconforming conditions. KBR's CAP only stated it will review current data from all sources without going into detail.
28. How will KBR use data collected and analyzed by QA/QC to effect changes in the service delivery processes and then to validate the effectiveness of those changes?
29. How will KBR share and use across the Theater the data collected and analyzed by QA/QC?
30. How will KBR validate QA/QC process changes across the Theater?
31. How will KBR change its quality system from reactive to proactive performance, and how will KBR management, at all levels, ensure that

KBR's quality system detects, corrects, and prevents reoccurrence of deficiencies?

32. How will KBR correct and prevent reoccurrence in the Service Order Request Process?
33. How will KBR revise its SOPs and quality checklists to ensure compliance with performance requirements outlined in the LOGCAP contract and task orders, and applicable regulatory guidance?
34. Explain the corrective actions that KBR will take for many of the root causes in the CAP attachment 13 fishbone diagram that did not appear to have associated corrective action plans.
35. KBR's documentation process was discussed at the recent meeting. Explain KBR's plan and process for documenting the facility work and inspections performed so that performance standards, inspection results, and conditions of facilities are memorialized for future reference purposes.

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Memorandum of Understanding

Subject: Electrical Protocol

Date: 21 October 2008

I. The following is a product of a working group and is considered non-binding until accepted by authorized agents for the USG and KBR.

1. The below process and explanation was field-tested on 21 October 2008 by the members of the working committee to gain an understanding of the implications for subsequent execution. The criteria for an effective process are that it is deliberate, replicable, and verifiable. The outcome must be a safe electrical environment within which to live, work and play. The process is in two phases: **Immediate/Ongoing** (steps included in the KBR Corrective Action Plan) and **Follow Up**.

2. All three of the Follow Up steps will be executed in the KBR action plan with training to approved applications, standardizing across the sites, quality control by first-line supervision, and quality assurance.

3. Details to be developed.

4. Metrics developed to provide daily and weekly status reports, as required.

5. Partnership between KBR and USG will establish common applications and assessment standards.

6. Exceptions to the protocol will be addressed on a case by case basis.

II. Immediate and Ongoing

1. All Life/Health/Safety (LHS) risks are immediately corrected by the electrician.

- a. If the risk to personnel cannot be immediately eliminated the electrician will follow a procedure that includes positive control of the situation and notification to the client and customer.
- b. Quality training will reinforce this step in the procedure by training to a thorough understanding of electrical nonconformances in terms of risk assessment to personnel. Release quality will be surveilled by first-line supervision and quality assurance representative.

2. Test for and validate low impedance path to include the Steel Wire Armor (SWA)

- a. As Earth Fault Loop Impedance Testers are deployed – several are already in service – low values for impedance will be accepted as evidence of an effective path for ground faults to activate protective devices. In combination with branch circuit overcurrent and residual current protective devices, impedance values within tolerances set by BS 7671 will verify an effective fault path as a first line of protection against accidental contact between energized conductive surfaces and personnel.
- b. Our refinement of this step in the procedure will address training and testing in accordance with this protocol, quality controlled by means of first-line supervision and surveillance from quality control/assurance.

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~~Furthermore, it is requested that any Government entity receiving this information act in accordance with DoD 5400.7R, and consider this information as being for official use only (FOUO), and mark, handle and store this information so as to prevent unauthorized access.~~

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3. Visually inspect components of the grounding and bonding system.
 - a. SWA must be assessed for installation techniques. If glands, cross-sectional area, terminations, or other conditions are encountered that impact the fault carrying capability of the SWA, the electrician will repair if easily done. When it is necessary to establish that a diminished fault carrying capability may still be acceptable, the electrician will compare a conductor (SWA) of acceptable capability and the SWA installed as the circuit protective conductor. The electrician will do so by referring to a chart of calculated values to represent minimum acceptable sizes for a range of cable assemblies likely to be encountered. In those cases where the SWA is reduced below the acceptable cross-sectional area, and testing has established an acceptable value for the fault loop impedance, repair of the reduced SWA will be performed during the **Follow Up** phase.
 - b. Sample kits (of SWA) will be built and provided in advance to the government.
 - c. In the case where both ends of the cable are reduced in a 4 Wire feeder, the repair of one end of the SWA can be deferred to the **Follow Up** phase.
 - d. A (The) chart of values will be developed by (KBR) Engineering, provided in advance to the government, and all calculations will be tabulated in easy format for job site reference.
 - e. Our refinement of this step in the procedure will address training and testing in accordance with this protocol, quality controlled by means of first-line supervision and surveillance from quality assurance.

III. Follow Up: When Required Repairs Do Not Constitute LHS

1. Configure the system to 4 Wire from the source thru the main distribution panel (MDP) to the sub-distribution panel (SDP). This is accomplished by installing system bonding jumpers between a grounding electrode, the ground bus, and the neutral bus at each enclosure (MDP and SDP).
2. Armor will be restored at one end of the cable run only thru approved methods in order to terminate the SWA at each enclosure (source of the feeder preferred) as an equipment grounding conductor.
3. Validate/Restore cable to 5 Wire from the SDP to the premises by repairing the SWA thru approved methods as required.
4. Add residual current devices with 30 mA sensitivities – if not already in place – at all containerized housing, latrines, and ablation units.

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