

Westinghouse Hanford Company Award Fee Announced

The Department of Energy (DOE) has given Westinghouse Hanford Company (WHC) a rating of "good" for the six-month period ending September 30, 1995. This rating which equates to an award fee of \$1,522,500 was based on a detailed evaluation by DOE. This is a significant improvement over the past rating period when WHC earned a "satisfactory" rating.

This is the second award fee evaluation made under the current contract which features many contract reform provisions for specific, objective performance measures and, therefore, is different from previous Award Fee Performance Evaluation Board reports. Previous reports evaluated all contract activities, with the work and events having the most significant impact on DOE's mission receiving the greatest consideration in determining the performance scores assigned.

This award fee no longer represents an overall evaluation of WHC performance. It represents an evaluation of those contract elements not included in specific major performance incentives. In order to avoid double counting for fee purposes, only the projects and work activities not covered by the specific performance incentives are evaluated by this report. The score assigned is not a summary measure of WHC's overall performance for the period and it is not directly comparable to previous award fee performance scores because of the reduced scope of activities addressed by the report.

In this report, the Performance Evaluation Board found that the level of performance improved over the last period. There were significant achievements in the operations at the K-Basins, in the tank waste remediation systems and also in facility stabilization. Significant deficiencies identified include conduct of operations procedures in radiological control and the establishment of an effective field work procedures program. WHC was also advised of the inadequacy of the Data Quality Objectives process as it relates to the tank waste characterization program.

Under the new rating system, the maximum Award Fee possible for WHC during this rating period was \$5,075,000. However, as noted above, Award Fee is only one measure of contractor performance. In addition to Award Fee, the contract contains other, performance based fees associated with: 1) thirty-four specific, quantitative performance objectives, referred to as Performance Based Incentives (PBI); 2) a cost saving incentive entitled "Challenge-170" (C-170) whereby the contractor shares in the cost savings obtained; and 3) a Cost-Plus Incentive Fee (CPIF) provision which incentivizes efficient execution of the Solid Waste Management program.

While final reconciliation of fee earnings under these other performance incentives is still ongoing, the Fiscal Year 1995 fees approved as of December 15, 1995, are as follows:

- 1) PBIs: WHC has earned \$11.7 million out of a possible \$13.3 million, for a success rate of 88%. An additional \$1 million in Fiscal Year 1995 PBI fee remains unresolved at this time.
- 2) C-170: WHC has earned \$9.4 million in cost-saving fee, based upon claimed savings of \$188 million. Cost savings validation is underway and expected to add to cost-saving fee amounts.
- 3) Solid Waste CPIF: WHC has earned \$2.6 million out of a possible \$3.0 million, for a success rate of 87%.

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