



**Modification Purpose:**

The purpose of this modification is as follows:

1. Revise Section B of the contract to change the award fee evaluation period from every six (6) months to every twelve (12) months, effective January 1, 2015. The twelve month evaluation period applies to the 2015 through 2019 award fee evaluations.
2. Incorporate provisional payment of fee language into the contract.
3. Incorporate the 2015 Rev. 0 Performance Evaluation and Measurement Plan (PEMP) into Contract Section B, *Supplies or Services and Prices/Costs*, by reference.
4. Incorporate the 2014-A and 2014-B award fee determinations into the contract.

**Modification Description:**

1. Effective January 1, 2015, the award fee evaluation period for 2015 through 2019 is changed to every twelve (12) months. The overall available award fee amount in the contract remains unchanged. The available award fee for each twelve (12) month evaluation period is \$12,600,000.
2. Effective January 1, 2015, the Contractor is authorized to be paid provisional fee for the 2015 through 2019 award fee evaluation periods. Contract Clause B.7 Award Fee Administration, is revised to incorporate provisional fee terms and conditions.
3. The 2015 Rev.0 PEMP is hereby incorporated into Contract Section B, *Supplies or Services and Prices/Costs*, by reference. The 2015 PEMP re-allocates the available award fee for B.1 Project Management to \$9,100,000; and re-allocates the available award fee for B.2 Cost to \$3,500,000. The total available award fee for the 2015 award fee evaluation period is \$12,600,000; which equals the sum of the two previous six-month award fee evaluation periods (2015-A and 2015-B). The available award fee allocated to 2015 PEMP Award Fee Objective (AFO) 2 (One System), AFO 3 (Environmental Safety and Health, and Safety Conscious Work Environment), AFO 4 (Quality Assurance Program and Quality of Performance), AFO 5 (Nuclear Safety), and AFO 6 (Technical Issue Resolution) is considered B.1 Award Fee – Project Management Incentive in the amount of \$9,100,000; the available award fee allocated to AFO 1 (Project Performance (Cost, Schedule, & Efficiencies)) is considered B.2 Award Fee – Cost Incentive in the amount of \$3,500,000.
4. On September 12, 2014 (ORP letter 14-CPM-0204), the Fee-Determining Official (FDO) determined that the Contractor earned B.1 Award Fee – Project Management Incentive fee of \$3,580,000, and B.2 Award Fee – Cost Incentive of \$390,000, for a total of \$3,970,000 earned in the 2014-A award fee evaluation period. Contract Section B, *Supplies or Services and Prices/Costs*, is hereby revised to incorporate the 2014-A award fee determination.

5. On March 11, 2015 (ORP letter 15-CPM-0061), the FDO determined that the Contractor earned B.1 Award Fee – Project Management Incentive fee of \$2,671,200, and B.2 Award Fee – Cost Incentive of \$1,423,800, for a total of \$4,095,000 earned in the 2014-B award fee evaluation period. Contract Section B, *Supplies or Services and Prices/Costs*, is hereby revised to incorporate the 2014-B award fee determination.
6. As a result of the changes described above, Contract Section B, *Supplies or Services and Prices/Costs* is revised as specified in paragraphs a through g below.
- a. The table in Section B, *Supplies or Services and Prices/Costs*, Contract Clause B.2, *Obligation and Availability of Funds and Contract Value*, paragraph (c) is deleted in its entirety and replaced in full as follows:

<b>Cost:</b>			
	<b>Total Estimated Contract Cost (TECC) (344)</b>	<b>\$</b>	<b>10,788,783,144</b>
<b>Fee:</b>			
A	Final Fee Determination - Pre-Mod No. A143	\$	102,622,325
B	Maximum Available Award Fee (See Table B-2-B-1)	\$	<b>109,966,215</b>
B.1	Project Management Incentive	\$	<b>66,545,997</b>
B.2	Cost Incentive	\$	<b>38,022,560</b>
B.3	REA Settlement	\$	5,397,658
C	Schedule Incentive Fee	\$	227,000,000
C.1	Activity Milestone Completion	\$	173,000,000
C.2	Facility Milestone Completion	\$	54,000,000
D	Operational Incentive Fee	\$	91,000,000
D.1	Cold Commissioning	\$	45,000,000
D.2	Hot Commissioning	\$	46,000,000
E	Enhancement Incentive Fee	\$	60,000,000
E.1	Enhanced Plant Capacity	\$	15,000,000
E.2	Sodium Reduction	\$	15,000,000
E.3	Enhanced Plant Turnover	\$	15,000,000
E.4	Sustained Production Achievement	\$	15,000,000
	<b>Total Maximum Available Fee (346)</b>	<b>\$</b>	<b>590,588,540</b>
	<b>Total Estimated Contract Price (TECP) (346)</b>	<b>\$</b>	<b>11,379,371,684</b>

- b. Clause B.4 Incentive Fee Structure, paragraph (b) is revised to delete the reference to “semi-annual”.
- c. Clause B.7 Award Fee Administration, is revised as follows:

Paragraph (a) Definitions: Add “Effective January 1, 2015, “Award Fee Evaluation Period” is defined as twelve (12) month evaluation periods from January 1 through December 31 (Period 20xx).”

Paragraph (b) Award Fee: Change second sentence to read “The Award Fee Evaluation Period for the Project Management Incentive and Cost Incentive will be every six (6) months of each calendar year (CY) starting in CY 2009, and ending on December 31, 2014.”

Paragraph (b) Award Fee: Add the following sentence: “Beginning January 1, 2015, the Award Fee Evaluation Period for the Project Management Incentive and Cost Incentive will be every twelve (12) months of each calendar year, ending after CY 2019.”

Paragraph (e) Schedule for Award Fee Amount Earned Determinations: Add the following sentence: “When submitting a voucher for payment of the annual award fee earned (effective with the 2015 PEMP), the Contractor shall first deduct the amount of provisional fee previously paid by the Government for the twelve-month evaluation period. In the event that fee overpayment results from the provisional fee payment provided for in this Clause, the Contractor shall reimburse the unearned fee overpayment upon notification from the Contracting Officer in accordance with the Section I Clause entitled, *FAR 52.232-17, Interest.*”

Add new Paragraph (g) Provisional Payment of Fee:

- (1) Notwithstanding any other term or condition of this contract to the contrary, this clause applies to and has precedence over all other terms and conditions of the contract that provide for provisional payment of fee.
- (2) The Contractor must notify the Contracting Officer immediately if it believes any incongruence exists between this clause and any other term or condition of this contract that provides for provisional payment of fee. If a term or condition of this contract provides for provisional payment of fee but fails to include all of the requirements of the clause, that term or condition will be considered to include the omitted requirements.
- (3) This clause conforms to the Federal Acquisition Regulation and Department of Energy fee policy and constructs. The following definitions and concepts apply.
  - (i) *Price* means cost plus any fee or profit applicable to the contract.
  - (ii) The terms *profit* and *fee* are synonymous.

- (iii) *Incentive* means a term or condition whose purpose is to motivate the Contractor to provide supplies or services at lower costs, and in certain instances with improved delivery or technical performance, by relating the amount of profit or fee earned to the Contractor's performance.
  - (iv) *Earned fee* for an incentive means fee due the Contractor by virtue of its meeting the contract's requirements entitling it to fee. Earned fee does not occur until the Contractor has met all conditions stated in the contract for earning fee.
  - (v) *Available fee* for an incentive means the fee the Contractor might earn but has not yet earned.
  - (vi) *Provisional payment of fee* for an incentive means the Government's paying available fee for an incentive to the Contractor for making progress towards meeting the performance measures for the incentive before the Contractor has earned the available fee.
  - (vii) Provisional payment of fee has no implications for the Government's eventual determination that the Contractor has or has not earned the associated available fee. Provisional payment of fee is a separate and distinct concept from earned fee. The Contractor could, for example, receive 100% of possible provisional fee payments yet not earn any fee (the Contractor would be required to return all of the provisional fee payments). The Contractor could, for example, receive 0% of possible provisional fee payments yet earn the entire amount of available fee (it would not receive any fee payments until the Government's determination that the Contractor had earned the associated available fee for the incentive).
  - (viii) *Clause* means a term or condition used in this contract.
- (4) This contract's price, incentives included in its price, and all other terms and conditions reflect the Government's and the Contractor's agreement to link, to the maximum extend practical, the Contractor's earning of fee to its achievement of final outcomes rather than interim accomplishments.
- (5) Certain terms and conditions of this contract provide for provisional payment of fee for certain incentives. Other terms and conditions of this contract provide for each such incentive the requirements the Contractor must meet to earn the fee linked to the incentive. The

terms and conditions of this contract that provide for provisional payment of fee for certain incentives include for each such incentive the requirements the Contractor must meet before the Government is obligated to pay fee, provisionally, to the Contractor and for the Contractor to have any right to retain the provisionally paid fee.

(6) The Contracting Officer, at his/her sole discretion, will determine if the Contractor has met the requirements under which the Government will be obligated to pay fee, provisionally, to the Contractor and for the Contractor to have any right to retain the provisionally paid fee.

(7) If the Contracting Officer determines the Contractor has not met the requirements to retain any provisionally paid fee and notifies the Contractor, the Contractor must return that provisionally paid fee to the Government within 30 days:

(i) the Contractor's obligation to return the provisional paid fee is independent of its intent to dispute or its disputing the Contracting Officer's determination; and

(ii) if the Contractor fails to return the provisionally paid fee within 30 days of the Contracting Officer's determination, the Government, in addition to all other rights that accrue to the Government and all other consequences for the Contractor due to the Contractor's failure, may deduct the amount of the provisionally paid fee from: amounts it owes under invoices; or any other amount it owes the Contractor for payment, financing, or other obligation.

(8) If the Contractor has earned fee associated with an incentive in an amount greater than the provisional fee the Government paid to the Contractor for the incentive, the Contractor will be entitled to retain the provisional fee and the Government will pay it the difference between the earned fee and the provisional fee.

Provisional Fee Procedures: The Government and the Contractor will meet monthly to review the Contractor's performance against the PEMP criteria. Subsequent to each monthly meeting and pending satisfactory performance, the Contractor is authorized to invoice for provisional fee once per month, at a rate of \$525,000 per month (calculated as one-twelfth of 50 percent of the \$12,600,000 maximum annual available PEMP fee). However, the Contracting Officer may reduce the amount in accordance with Section B, Clause B.7 (g) *Provisional Payment of Fee*.

- d. Clause B.8 Conditional Payment of Fee, Profit, or Incentives, paragraph (a) Minimum requirements for Environment, Safety, Quality, and Health (ESQ&H)

Program; and paragraph (b) Minimum Requirements for Catastrophic Event:  
Delete “six (6) month”.

- e. The table in Section B, *Supplies or Services and Prices/Costs*, Contract Clause B.11, *Attachments*, Attachment B-1, *Incentive Fee Summary Table*, is deleted in its entirety and replaced in full as follows:

<b>Table B-1 - WTP Incentive Fee Structure</b>			
<b>Description</b>		<b>Reference</b>	<b>Amount</b>
<b>A</b>	<b>Final Fee Determination Prior to Modification No. A14:</b>	Attachment B-2-A	<b>\$102,622,325</b>
<b>B</b>	<b>Maximum Available Award Fee:</b>		
<b>B.1</b>	Project Management Incentive	Attachment B-2-B	<b>\$66,545,997</b>
<b>B.2</b>	Cost Incentive	Attachment B-2-B	<b>\$38,022,560</b>
	*See Table B-2-B-1		
<b>B.3</b>	REA Settlement Fee	Attachment B-3	<b>\$5,397,658</b>
	<b>Total Award Fee</b>		<b>\$109,966,215</b>
<b>C</b>	<b>Schedule Incentive Fee:</b>		
<b>C.1.X</b>	Activity Milestone Completion:	Attachment B-2-C	\$173,000,000
<b>C.2</b>	Facility Milestones Completion:		
<b>C.2.1</b>	LAB Construction Substantially Complete	Attachment B-2-C	\$4,000,000
<b>C.2.2</b>	LAW Construction Substantially Complete	Attachment B-2-C	\$4,000,000
<b>C.2.3</b>	LBL Start Cold Commissioning (SCC)	Attachment B-2-C	\$4,000,000
<b>C.2.4</b>	LBL Complete Hot Commissioning (CHC)	Attachment B-2-C	\$4,000,000
<b>C.2.5</b>	HLW Start Cold Commissioning	Attachment B-2-C	\$9,500,000
<b>C.2.6</b>	PT Start Cold Commissioning	Attachment B-2-C	\$9,500,000
<b>C.2.7</b>	HLW Complete Hot Commissioning	Attachment B-2-C	\$9,500,000
<b>C.2.8</b>	PT Complete Hot Commissioning	Attachment B-2-C	\$9,500,000
	<b>Total - Facility Schedule Incentive</b>		<b>\$54,000,000</b>
	<b>Total Schedule Incentive Fee</b>		<b>\$227,000,000</b>
<b>D</b>	<b>Operational Incentive Fee:</b>		
<b>D.1</b>	Cold Commissioning:		
<b>D.1.1</b>	PT High Level Waste	Attachment B-2-D	\$10,000,000
<b>D.1.2</b>	PT Low Level Waste	Attachment B-2-D	\$10,000,000
<b>D.1.3</b>	HLW Vitrification	Attachment B-2-D	\$13,000,000
<b>D.1.4</b>	LAW Vitrification	Attachment B-2-D	\$12,000,000
	<b>Subtotal-Cold Commissioning</b>		<b>\$45,000,000</b>
<b>D.2</b>	Hot Commissioning:		
<b>D.2.1</b>	PT High Level Waste	Attachment B-2-D	\$10,000,000
<b>D.2.2</b>	PT Low Level Waste	Attachment B-2-D	\$10,000,000
<b>D.2.3</b>	HLW Vitrification	Attachment B-2-D	\$13,000,000
<b>D.2.4</b>	LAW Vitrification	Attachment B-2-D	\$13,000,000
	<b>Subtotal-Hot Commissioning</b>		<b>\$46,000,000</b>
	<b>Total Operational Incentive Fee</b>		<b>\$91,000,000</b>
<b>E</b>	<b>Enhancement Incentive Fee:</b>		
<b>E.1</b>	Enhanced Plant Capacity	Attachment B-2-E	\$15,000,000
<b>E.2</b>	Sodium Reduction	Attachment B-2-E	\$15,000,000
<b>E.3</b>	Enhanced Plant Turnover	Attachment B-2-E	\$15,000,000
<b>E.4</b>	Sustained Production Achievement	Attachment B-2-E	\$15,000,000
	<b>Total Enhancement Incentive Fee</b>		<b>\$60,000,000</b>
<b>TOTAL MAXIMUM AVAILABLE FEE (A+B+C+D+E)* (346)</b>			<b>\$590,588,540</b>

\*Reflects Unearnable Award Fee

- f. The table in Section B, *Supplies or Services and Prices/Costs*, Contract Clause B.11, *Attachments*, Attachment B-2, *Incentive Fee Details*, Sub-Attachment B-2-B, *Incentive Fee B, Maximum Available Award Fee*, Table B-2-B-1, *Incentive Fee B, Maximum Available Award Fee*, is deleted in its entirety and replaced in full as follows:

ATTACHMENT B-2-B – INCENTIVE FEE B – MAXIMUM AVAILABLE AWARD FEE

Table B-2-B-1. Incentive Fee B – Maximum Available Award Fee

Cal. Year (CY)	Award Fee Period	B.1 Award Fee - Project Mgmt Incentive		B.2 Award Fee - Cost Incentive		Total Award Fee		
		Available	Earned*	Available	Earned*	Available	Earned	Unearnable
2009	2009-A	\$2,188,838	\$1,584,719	\$4,500,000	\$2,925,000	\$6,688,838	\$4,509,719	\$2,179,119
	2009-B	\$2,188,837	\$1,349,418	\$4,500,000	\$2,250,000	\$6,688,837	\$3,599,418	\$3,089,419
2010	2010-A	\$2,000,000	\$1,379,000	\$4,300,000	\$2,580,000	\$6,300,000	\$3,959,000	\$2,341,000
	2010-B	\$2,000,000	\$1,521,600	\$4,300,000	\$2,623,000	\$6,300,000	\$4,144,600	\$2,155,400
2011	2011-A	\$2,000,000	\$1,348,000	\$4,300,000	\$2,795,000	\$6,300,000	\$4,143,000	\$2,157,000
	2011-B	\$2,000,000	\$1,426,000	\$4,300,000	\$2,451,000	\$6,300,000	\$3,877,000	\$2,423,000
2012	2012-A	\$3,150,000	\$1,571,850	\$3,150,000	\$1,549,800	\$6,300,000	\$3,121,650	\$3,178,350
	2012-B	Waived	at the	request	of the	Contractor		
2013	2013-A	\$3,780,000	\$1,869,210	\$2,520,000	\$1,254,960	\$6,300,000	\$3,124,170	\$3,175,830
	2013-B	\$5,300,000*	\$2,745,000	\$1,000,000*	\$280,000	\$6,300,000	\$3,025,000	\$3,275,000
2014	2014-A	\$5,300,000*	<b>\$3,580,000</b>	\$1,000,000*	<b>\$390,000</b>	\$6,300,000	<b>\$3,970,000</b>	<b>\$2,330,000</b>
	2014-B	\$3,780,000 **	<b>\$2,671,200</b>	\$2,520,000 **	<b>\$1,423,800</b>	\$6,300,000	<b>\$4,095,000</b>	<b>\$2,205,000</b>
2015	<b>2015</b>	<b>\$9,100,000***</b>	<b>TBD</b>	<b>\$3,500,000***</b>	<b>TBD</b>	<b>\$12,600,000</b>	<b>TBD</b>	
2016	<b>2016</b>	<b>\$9,100,000</b>	<b>TBD</b>	<b>\$3,500,000</b>	<b>TBD</b>	<b>\$12,600,000</b>	<b>TBD</b>	
2017	<b>2017</b>	<b>\$9,100,000</b>	<b>TBD</b>	<b>\$3,500,000</b>	<b>TBD</b>	<b>\$12,600,000</b>	<b>TBD</b>	
2018	<b>2018</b>	<b>\$9,100,000</b>	<b>TBD</b>	<b>\$3,500,000</b>	<b>TBD</b>	<b>\$12,600,000</b>	<b>TBD</b>	
2019	<b>2019</b>	<b>\$9,100,000</b>	<b>TBD</b>	<b>\$3,500,000</b>	<b>TBD</b>	<b>\$12,600,000</b>	<b>TBD</b>	
<b>Totals</b>		<b>\$79,187,675</b>	<b>\$21,045,997</b>	<b>\$53,890,000</b>	<b>\$20,522,560</b>	<b>\$133,077,675</b>	<b>\$41,568,557</b>	<b>\$28,509,118</b>

\*For the 2013-B and 2014-A PEMP award fee periods, the available award fee allocated to Award Fee Objectives 1, 2, and 3 is considered B.1 Award Fee – Project Management Incentive; and the available award fee allocated to Award Fee Objective 4 is considered B.2 Award Fee – Cost Incentive.

\*\*For the 2014-B PEMP award fee period, the available award fee allocated to Award Fee Objectives 1, 2, and 3 is considered B.1 Award Fee – Project Management Incentive; and the available award fee allocated to Award Fee Objectives 4 and 5 is considered B.2 Award Fee – Cost Incentive. (331)

\*\*\*For the 2015 PEMP award fee period, the available award fee allocated to Award Fee Objectives 2, 3, 4, 5, and 6 is considered B.1 Award Fee – Project Management Incentive; and the available award fee allocated to Award Fee Objective 1 is considered B.2 Award Fee – Cost Incentive. (346)

- g. The table in Section B, *Supplies or Services and Prices/Costs*, Contract Clause B.11, *Attachments*, Attachment B-2, *Incentive Fee Details*, Sub-Attachment B-2-B, *Incentive Fee B, Maximum Available Award Fee*, Table B-2-B-2, *Incentive Fee B - Performance Evaluation and Measurement Plan (PEMP)*, is deleted in its entirety and replaced in full as follows:

**ATTACHMENT B-2-B-2 – INCENTIVE FEE B – PERFORMANCE EVALUATION AND MEASUREMENT PLAN (PEMP) (M171) (346)**

The following PEMP's are incorporated by reference:

**Table B-2-B-2. PEMP**

Calendar Year (CY)	Award Fee Period	PEMP Revision	Effective Date
2009	2009-A	Rev. 0	February 1, 2009
	2009-B	Rev. 0	July 1, 2009
2010	2010-A	Rev. 0	January 1, 2010
	2010-A	Rev. 1	April 19, 2010
	2010-B	Rev. 0	July 1, 2010
2011	2011-A	Rev. 0	January 1, 2011
	2011-B	Rev. 0	July 1, 2011
2012	2012-A	Rev. 0	January 1, 2012
	2012-A	Rev. 1	January 31, 2012
	2012-A	Rev. 2	April 15, 2012
	2012-B	Rev. 0	July 1, 2012
2013	2013-A	Rev. 0	January 1, 2013
	2013-B	Rev. 0	July 1, 2013
2014	2014-A	Rev. 0	January 1, 2014
	2014-B	Rev. 0	July 1, 2014
2015	<b>2015</b>	<b>Rev.0</b>	<b>January 1, 2015</b>
2016	<b>2016</b>		
2017	<b>2017</b>		
2018	<b>2018</b>		
2019	<b>2019</b>		

7. All other terms and conditions remain unchanged.

*(End of Modification)*