

PERFORMANCE EVALUATION AND MEASUREMENT PLAN (PEMP)

Incentive B - Award Fee

DESIGN, CONSTRUCTION, AND COMMISSIONING OF THE HANFORD TANK WASTE TREATMENT & IMMOBILIZATION PLANT

CONTRACT NO. DE-AC27-01RV14136

Evaluation Period 2013-A

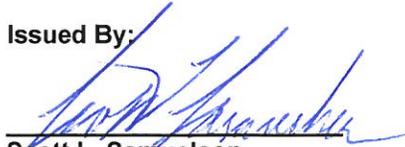
January 1, 2013 to June 30, 2013

**Bechtel National, Inc.
Richland WA**



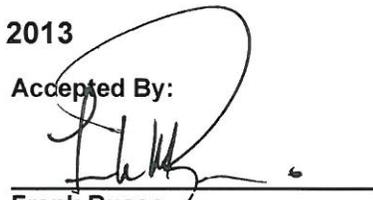
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PEMP General Information

WTP PERFORMANCE EVALUATION & MEASUREMENT PLAN - PERIOD 2013-A		
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PEMP General Information

A. Introduction

Contract No. DE-AC27-01RV14136 utilizes multiple, performance-based incentive fee components to drive Contractor performance excellence in completing the design, construction, and commissioning of the Hanford Waste Treatment and Immobilization Contract (WTP).

The Contract has five incentive fee elements:

- Incentive Fee A – Final Fee Determination for Work Prior to Modification No. A143
- Incentive Fee B – Award Fee
- Incentive Fee C – Milestone and Schedule Incentive Fee
- Incentive Fee D – Operational Incentive Fee
- Incentive Fee E – Enhancement Incentive Fee

WTP Incentive Fee Structure

Title	Fee Type	Performance Measure(s)	Fee Administration Terms and Conditions Reference
Final Fee Determination for Work Prior to Mod. No. A143	Fixed	Determined by Contracting Officer	Clause B.6, Attachment B-2-A
Award Fee:			
Award Fee - Project Mgmt Incentive	Award	Performance Measures in PEMP	Clause B.7, Atch B-2-B & PEMP
Award Fee - Cost Incentive	Award	Performance Measures in PEMP	Clause B.7, Atch B-2-B & PEMP
REA Settlement		Negotiated	Atch B-3
Schedule Incentive Fee:			
Activity Milestone Completion	PBI	Completion of Specified Milestones	Clause B.6, Atchs B-2-C, C.1, & Section J, Atch P
Facility Milestone Completion	PBI	Completion of Specified Milestones	Clause B.6, Atch B-2-C
Operational Incentive Fee:			
Cold Commissioning	PBI	Capacity	Clause B.6; Atch B-2-D; Section C, Standard 5, Table C.6-5.1
Hot Commissioning	PBI	Capacity	Clause B.6, Atch B-2-D; Section C, Standard 5, Table C.6-5.2
Enhancement Incentive Fee:			
Enhanced Plant Capacity	PBI	Plant Capacity Exceeding Treatment Capacity	Clause B.6, Atch B-2-E
Sodium Reduction	PBI	Metric Tons Sodium Reduced	Clause B.6, Atch B-2-E
Enhanced Plant Turnover	PBI	Reduced Plant Turnover Period	Clause B.6, Atch B-2-E
Sustained Production Achievement	PBI	Post-Turnover Operations Capacity	Clause B.6, Atch B-2-E

This PEMP covers Incentive B – Award Fee, which is updated semiannually. The fee administration terms and conditions of A, C, D, and E performance incentives are self-contained within the Contract Section B, and thus, are not addressed in the PEMP. See the reference Table above.

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The following performance incentive fees are covered by this PEMP:

Performance Incentive Number	Performance Incentive Description	Performance Measures Stated In:	Modified:
Incentive Fee B.1	Award Fee – Project Management Incentive	PEMP – Attachment A	Each Award Fee Evaluation Period (Six-Month Intervals)
Incentive Fee B.2	Award Fee – Cost Management Incentive	PEMP – Attachment B	Each Award Fee Evaluation Period (Six-Month Intervals)

The Award Fee provides a performance incentive for the Contractor and gives the Government a tool to identify and reward superior performance. The amount of award fee the Contractor earns is based on both an objective and subjective evaluation by the Government of the Contractor's performance as measured against the criteria contained in this Plan.

B. Roles and Responsibilities

The Award Fee process utilizes a three-level system to ensure full and fair performance evaluation.

Level 1.0 – Fee Determination Official (FDO)

Level 1.1 – WTP Contracting Officer (CO)

Level 2.0 – Performance Evaluation Board (PEB)

Level 3.0 – Performance Evaluation Monitors (PEMs)

Level 1.0 – Fee Determination Official: Manager, ORP

The FDO will: 1) appoint the PEB Chair; 2) review the recommendation of the PEB, consider all pertinent data, and determine the amount of Award Fee earned during each evaluation period; 3) notify the Contractor via the CO of performance strengths, areas for improvement, and future expectations; 4) approve the PEMP and any significant changes thereto; and 5) authorize the Contracting Officer to make the Award Fee Payment.

Level 1.0 ensures independent, executive-level review of the work of the Performance Evaluation Board and Performance Evaluation Monitors.

Level 1.1 – Contracting Officer

The CO will: 1) serve as a voting member of the PEB; 2) issue the PEMP on a semi-annual basis in accordance with Section B.7 *Award Fee Administration* of the Contract; 3) ensure that the Award Fee and Contract Incentives process is managed consistent with applicable acquisition regulations; 4) ensure that the Award Fee process meets the overall WTP business objectives; and 5) issue the award fee amount earned determination as authorized by the FDO in accordance with B.7 *Award Fee Administration*.

Level 2.0 – Performance Evaluation Board:

- ORP-WTP Federal Project Director, Chair

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- ORP-WTP Contracting Officer
- ORP Chief Engineer
- Manager, WTP Startup & Commissioning Integration
- Assistant Manager, Technical & Regulatory Support

The PEB reviews the PEM evaluations of Contractor performance, considers the Contractor's self-assessment if submitted, considers all information from pertinent sources, prepares draft and final performance reports, and arrives at an earned award fee recommendation to be presented to the FDO. The PEB may also recommend changes to the PEMP.

Performance Evaluation Board Chair:

The PEB Chair will be identified and appointed by the FDO. The Chair may assign or reassign Performance Evaluation Monitors at any time without advance notice to the Contractor. The Chair will: 1) review the performance monitors' evaluations and consider the Contractor's self-assessment; 2) analyze the Contractor's performance against the criteria set forth in the PEMP; 3) provide periodic interim performance feedback to the Contractor via the CO; 4) provide a recommendation on the Award Fee scoring and the amount earned by the Contractor; and 5) recommend any changes to the PEMP.

WTP Contracting Officer:

(See description above.)

WTP Performance Evaluation Program Manager:

The Performance Evaluation Program Manager is responsible for coordinating the administrative actions required by the PEMs, the PEB and the FDO, including: 1) receipt, processing, and distribution of evaluation reports from all required sources; 2) scheduling and assisting with internal evaluation milestones, such as briefings; and 3) accomplishing other actions required to ensure the smooth operation of the award fee process.

Performance Evaluation Monitors:

PEMs may be drawn as needed from ORP staff as deemed necessary by the PEB Chair.

The PEMs will: 1) monitor, evaluate, and assess Contractor performance in their assigned areas; 2) periodically prepare a Contractor Performance Monitor Report (CPMR) for the PEB and provide verbal performance input as well; 3) recommend any needed changes to the PEMP for consideration by the PEB and FDO; and 4) maintain a performance dialogue with BNI Performance Measure owners throughout the evaluation period.

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C. Process & Schedule

Activity No.	Activity	Footnote	Days from Beginning of Evaluation Period		Dates - Evaluation Period 2013-A	
			From	To	Start	Finish
1	Performance Evaluation Board (PEB) Appointed		-100	-100	09/23/12	09/23/12
2	DOE Generates Draft PEMP		-100	-70	09/23/12	10/23/12
3	PEMP Board Finalizes PEMP		-70	-53	10/23/12	11/09/12
4	HQ Approval - Business Clearance		-53	-32	11/09/12	11/30/12
5	Contractor Review Comments on PEMP	1	-32	-25	11/30/12	12/07/12
6	Final PEMP Execution	2	-25	-20	12/07/12	12/12/12
7	FDO, PEB, and PEM Evaluate Performance		0	180	01/01/13	06/30/13
8	Contractor Self-Assessment (S/A)		181	190	07/01/13	07/10/13
9	PEM Submit Final Reports to PEB	3	191	211	07/10/13	07/31/13
10	PEB Completes Report		212	234	08/01/13	08/23/13
11	PEB Briefs FDO		234	234	08/23/13	08/23/13
12	HQ EM HCA Review/Concurrence		234	246	08/23/13	09/04/13
13	FDO Determines Award Fee Amount		247	250	09/05/13	09/08/13
	Performance Period Begins					01/01/13
	Performance Period Ends					06/30/13
Footnotes:						
1	Contractor is provided opportunity to review and comment					
2	PEMP is executed unilaterally if parties cannot agree by beginning of evaluation period					
3	PEM Reports are updated (if necessary) based on consideration of Contractor Self-Assessment					

The Contractor will receive two separate Award Fee evaluation ratings – one rating for Incentive B.1 *Project Management Incentive* and one rating for Incentive B.2 *Cost Incentive*. Each rating is independently applied to the available Award Fee pool for that incentive element. The total available award fee for this Evaluation Period 2013-A is:

Incentive B.1 Award Fee – Project Management Incentive	\$3,780,000
Incentive B.2 Award Fee – Cost Incentive	\$2,520,000

In accordance with Federal Acquisition Regulation, Subpart 16.401(e)(3)(v), the contractor is prohibited from earning any award fee when the contractor's overall cost, schedule, and technical performance is below satisfactory.

DOE's expectation is that the Contractor will complete assigned Hanford Federal Facility Agreement and Consent Order and Consent Decree Milestone deliverables at least 30 days before they are due. DOE reserves the right to reduce the PEMP award fee determination if the Contractor fails to meet DOE's expectation.

D. Contractor Self-Assessment

See Section B Clause B.7 *Award Fee Administration*, which states:

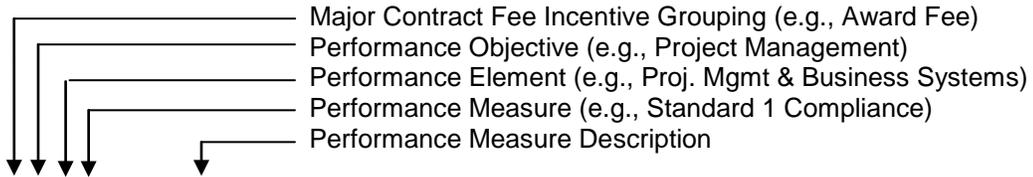
"Following each evaluation period, the Contractor may submit a self-assessment, provided such assessment is submitted within ten (10) calendar days after the end of the period. This self-assessment shall address both the strengths and weaknesses of the Contractor's performance during the evaluation period. Where deficiencies in performance are noted, the Contractor shall describe the actions planned or taken to

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correct such deficiencies and avoid their recurrence. The Contracting Officer will review the Contractor's self-assessment, if submitted, as part of its independent evaluation of the Contractor's management during the period."

E. PEMP Numbering System and Definitions

This PEMP utilizes a numbering system shown in the example below:



B.1.1.1 Contract Changes Resolution

"Major Incentive Grouping" – The type of Contractor incentive employed on the Contract (refer to Section B of the Contract).

"Performance Objective" – The highest level Award Fee incentive areas – B.1 Project Management and B.2 Cost, and a statement of the Contractor performance necessary to safely and successfully complete the project with respect to specified outcomes (i.e., cost, schedule, scope, etc.).

"Performance Element" – Targeted performance areas necessary to achieve the Performance Objective.

"Performance Measure" – Specific criteria to objectively or subjectively measure Contractor performance in Performance Elements that will lead to achieving the Performance Objective.

Where possible, objective Performance Measures are used to determine award fee earnings. However, in both the Project Management Incentive and Cost Incentive areas, subjective (qualitative-based judgment) measures are used where appropriate.

F. Performance Periods

For all Performance Measures under Performance Objective B.1 Project Management, the performance period will cover January 1, 2013 through June 30, 2013.

For all Performance Measures under Performance Objective B.2 Cost, the EVMS performance period will cover December 2012 through May 2013. For Schedule Activities listed in B.2.1.1, the performance period will cover January 1, 2013 through June 30, 2013.

G. Incentive Ratings and Definitions

DOE will utilize the following ratings and definitions table to rate performance in both B.1 Project Management and B.2 Cost.

Table 1 - Award Fee – Incentive Ratings and Definitions

Assigned Numerical Rating	Adjectival Rating <i>(corresponding to Numerical Rating)</i>	Definition	Percentage of Award Fee Earned
91 to 100	Excellent	Contractor has exceeded almost all of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	91% to 100%
76 to 90	Very Good	Contractor has exceeded many of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	76% to 90%
51 to 75	Good	Contractor has exceeded some of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	51% to 75%
≤ 50	Satisfactory	Contractor has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	≤ 50%
0	Unsatisfactory	Contractor has failed to meet overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	0%

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

B.1 Award Fee – Project Management Incentive.

Performance Objective:

The *Award Fee - Project Management Incentive* is a performance measurement tool to assess the Contractor's project management performance and provides impetus for continuous improvement in important project management areas not covered by other incentives. The Performance Objective of the *Award Fee – Project Management Incentive* is to ensure that important project systems contribute favorably to safe, high quality work performance that supports the cost, schedule, and quality goals of the project.

Performance Elements:

- B.1.1 Contract & Business System Management
- B.1.2 Quality Management
- B.1.3 Technical Performance
- B.1.4 Integrated Performance Improvement
- B.1.5 Nuclear Safety
- B.1.6 Safety and Quality Culture

Evaluation Process – Award Fee-Project Management Incentive:

ORP-WTP will evaluate and measure performance in each of the Performance Elements B.1.1 through B.1.6, using the Performance Measure(s) for each Element. The Performance Elements are considered necessary to achieve the Performance Objective stated above. The evaluation will assign an Adjectival Rating and corresponding Percentage of Award Fee Earned rating to each Performance Element. See Table 1 - *Award Fee –Incentive Ratings and Definitions*. The ratings will be based upon ORP-WTP's evaluation of the extent to which Contractor performance on that Element favorably contributed toward achieving the Performance Objective.

Each Performance Measure has indicators and guidelines that are important performance considerations; however, ORP-WTP may consider any pertinent performance information related to that Element.

Each Performance Element will be evaluated using the Performance Measures, and an Adjectival Rating and Percentage Rating will be assigned to each Performance Element. The Performance Element ratings are then weighted to yield a composite evaluation for the Performance Objective. See Table 1 - *Award Fee – Incentive Ratings & Definitions* and Table B.1. – *Award Fee – Project Management Incentive Fee Earnings Calculation*. The FDO may consider any other pertinent factors in making a final fee determination.

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

Table B.1 - Award Fee - Project Management Incentive Fee Earnings Calculation					
		(a)	(b)	(c)	(d)
Performance Elements:		Weighting	Adjectival Rating	Num. Rating & % Fee Earned	Weighted Totals (a) x (c)
B.1.1	Contract/Business System Mgmt.	10%			
B.1.2	Quality Management	15%			
B.1.3	Technical Performance	25%			
B.1.4	Integrated Performance Improvement	10%			
B.1.5	Nuclear Safety Technical Performance	20%			
B.1.6	Safety & Quality Culture	20%			
	Total	<u>100%</u>	Composite	% Earned (e)	
Total Available Award Fee - Project Management Incentive (Period 2013-A)					\$ 3,780,000

B.1 Award Fee – Project Management Incentive

The following are the Performance Elements (B.1.X) and Performance Measures (B.1.X.X) that support the Performance Objective. ORP-WTP will assign an Adjectival Rating and Percentage Rating (per Table 1) for each Performance Element based on the Performance Measure(s) for that particular Element.

B.1.1 Contract and Business System Management – (Weighting: 10%)

B.1.1.1 Contract and Business System Management - The Contractor will be evaluated for performance on a wide range of contract management and business system management areas. This Performance Measure includes consideration of:

- Compliance with Federal and Departmental acquisition regulations, procedures, guidance, and the contract.
- Effectiveness of Subcontract and Procurement management (including compliance with internal procedures and the Contractor’s approved purchasing system). Submittal of timely and thoroughly documented subcontract and procurement consent packages that are in accordance with the contractor’s approved procedures. ORP-WTP will also evaluate the contractor’s ability to work cooperatively with ORP-WTP to support subcontract consent decisions.
- Adequacy of documentation of the prime contractor’s subcontract/procurement files, including, but not limited to, technical evaluations of subcontractor/vendor proposals and sole source justifications. ORP-WTP’s evaluation will include the degree to which the contractor complies with its approved procedures.
- Effectiveness of the contractor’s management of Government property, including:

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

- subcontract property administration and subcontractor oversight;
- records and reports of Government property (Government-furnished and contractor-acquired);
- inventory of Government property;
- care, maintenance, and use of Government property;
- reutilization and disposition of Government property; and
- revise property management system and property records to include real property management/records requirements of FAR 45.5 and FAR 52.245-5.

- Assessment of integration and cooperative behavior (to include timely identification and resolution of issues and controversy) and customer satisfaction.
- Timely submission of Contract Change Proposals (CCPs).
- Submission of current, accurate, and complete CCPs that meet all Federal Acquisition Regulation (FAR) requirements, including but not limited to compliance with FAR Part 15.
- Ability to provide to ORP-WTP fully compliant CCPs with BNI's initial submittal, without the need for significant fact-finding or re-submittal to meet FAR requirements.
- Inclusion of a comprehensive, fully-supported technical proposal with each CCP (when applicable) which addresses, at a minimum, the appropriateness of the proposed skill mix and labor hours, types and quantities of proposed materials, traceability, and any other data pertinent to the CCP.

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

B.1.2 Quality Management – (Weighting: 15%)

B.1.2.1 Quality Management System Compliance - Contract Section C, *Statement of Work*, Standard 7, *Environment, Safety, Quality, and Health*, Paragraph (e)(3) requires the Contractor to develop and implement a quality assurance program based upon the requirements of 10 CFR 830.120, Subpart A (“the QA Rule”) and DOE O 414.1C. The program is documented in the Contractor’s Quality Assurance Manual (QAM) (Contract Deliverable 7.2 *Quality Assurance*). Implementation of these requirements will be evaluated by the Contractor on a semi-annual basis and reported to ORP-WTP using an integrated performance metric. This semi-annual review will use data that was originated in the Contractor’s Quality Management System. The Contractor will self-evaluate Contractor performance for each of the ten elements of the Quality Management System, , provide a rating (Excellent, Very Good, Good, Satisfactory, or Unsatisfactory), provide the basis for that rating, and, where applicable, discuss opportunities for improvement. ORP-WTP will evaluate the effectiveness of the Contractor’s Quality Management System in providing products and services that are satisfactory for their intended function. Effectiveness will be measured by the ability of the products and services to be used as originally produced or provided, versus the need to rework to reach an acceptable status. Self-identification of issues, as well as prompt, effective corrective actions, is preferable to having those issues identified by ORP-WTP or by external organizations. The ORP-WTP evaluation will consider the Contractor’s input, as well as input from other sources (e.g. FPDs, I Facility Representatives, Integrated Project Teams, ORP-WTP QA audits, and external organizations).

B.1.3 Technical Performance - (Weighting: 25%)

B.1.3.1 Technical Performance - Contract Section C, *Statement of Work*, Standard 3 Design describes engineering requirements for WTP. Accordingly, ORP-WTP will evaluate engineering performance during this PEMP evaluation period. This Performance Measure will focus on aspects of Engineering Performance that are not duplicative of other Performance Measures under Performance Objective B.2 Cost. Emphasis is on the identification, resolution, management, and closure of technical issues that may adversely affect the safety, quality, functionality, and other important objectives of the project.

ORP-WTP reserves the right to consider any available information that bears on engineering performance in making this evaluation.

Performance considerations include:

- DNFSB Recommendation 2010-2 Implementation Plan:

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

- DNFSB Recommendation 2010-2 Implementation Plan deliverables are submitted to ORP-WTP within the timeline established in the Plan for Preparation, Review, and Transmittal of Deliverables for the DNFSB Recommendation 2010-2 Implementation Plan, as it is developed during this period with the input of the WTP Design Completion Full-Scale Vessel Testing Technical Team). Per the current plan, the latest acceptable submission date for ORP-WTP review is 14 days prior to the Deliverable commitment date to DNFSB.
 - DNFSB Recommendation 2010-2 Implementation Plan deliverables submitted to DOE-WTP are technically adequate to meet the stated commitment.
 - Any potential delays or issues with DNFSB Recommendation 2010-2 Implementation Plan deliverables are communicated to ORP-WTP as early as possible.
- Implementation of all design changes required as a result of the Technical Issue Management process (24590-WTP-GPG-ENG-0125):
 - Scheduled dates are met with acceptable resolution of technical issues.
 - Results are efficiently incorporated into design with respect to cost and schedule.
 - Overcome technical problems:
 - Technical issues are identified and communicated to ORP-WTP prior to identification by DOE-WTP or other stakeholders.
 - Causal analysis is performed on technical issues to understand the underlying causes.
 - Extent of condition is performed and communicated to determine if other similar issues are present.
 - Corrective actions address the causes of the technical issue and other similar issues.
 - Technical issues, causes, extent of condition and corrective actions are communicated to ORP-WTP in a manner that does not require additional requests for information.
 - Efficient Performance:
 - Work process improvements / implementation of Lessons Learned;
 - Utilization of engineering resources; and
 - Satisfactory customer comment resolution.
 - Focus on completion:
 - Assess schedule performance with regard to engineering alignment with the project completion schedule; and
 - Engineering documents are issued and services provided to support procurement and construction needs.

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

- Progress managing the identification and effective closure of technical issues to provide the technical basis for integration of nuclear safety into facility design and developing a documented safety analysis that will support commissioning and operations. Initially established in, “Plan and Schedule to Systematically Evaluate the Hazards of Known Technical Issues, M3 Vessel Assessment Summary Reports, LOAM Benchmark Data and LSIT – Response to DNFSB Recommendation 2010-2 Implementation Plan Commitment 5.7.3.1.”, and corrective actions documented in contractor root cause analysis for addressing integration of nuclear safety with design.
- Progress on working with the five WTP Design Completion Core subteams to resolve identified significant technical issues, primarily in the Pretreatment and HLW facilities.

B.1.4 Integrated Performance Improvement - (Weighting: 10%)

B.1.4.1 Integrated Performance Improvement - ORP-WTP directed BNI to complete an Integrated Comprehensive Plan (Letter 12-WTP-0263) “that will document the approach necessary to implement corrective actions and close the remaining technical and management issues.” BNI refers to this as the Integrated Performance Improvement Plan (IPIP). DOE and BNI have discussed the content of this plan, which will consist of multiple complex and strategic elements targeted to “provide the integrated framework for the preparation of a revised baseline for PT and HLW that will minimize risk and result in high confidence.”

The objective of this performance element is to improve performance and effectiveness across an assortment of project performance areas:

- Completion and submission to ORP-WTP of an initial draft IPIP by February 28, 2013, and the final IPIP by April 30, 2013. The IPIP will be of high quality and “provide the integrated framework for the preparation of a revised baseline for PT and HLW that will minimize risk and result in high confidence.”
- Develop implementation plans for recommendations identified by the Technical Issue Resolution Teams, including but not limited to Mixing, Large Scale Integrated Testing, Erosion/Corrosion, and Black Cell Operability. The intent of the plans is to minimize technical risks and lead to technically defensible closure associated with those technical risks as identified by the technical teams.
- Effective implementation of the Corrective Actions associated with the Priority Level 1 Findings.
- Completion of the Reliability Validation Process (RVP) and effective implementation of corrective actions derived from the RVP.

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

B.1.5 Nuclear Safety - (Weighting: 20%)

B.1.5.1 Nuclear Safety - Contract Section C, Statement of Work, Standard 9 describes contractor requirements to ensure Radiological, Nuclear, and Process Safety. This work scope includes implementation of a standards-based safety management program in compliance with the rules provided in 10 CFR 830 on nuclear safety to ensure that WTP safety requirements are defined, implemented, and maintained.

Before WTP operations can commence, the Contractor must resolve all technical issues affecting the safety of workers, the public, and the environment. Of particular importance is to proactively identify potential safety concerns and respond to them with appropriate modifications of the plant design and/or control strategy. This performance evaluation will weigh heavily on the Contractor's effectiveness in self-identifying safety concerns early and responding to concerns raised both internally and by external stakeholders and review teams.

ORP-WTP reserves the right to consider any available information that bears on Nuclear Safety performance in making this evaluation. Documents to be considered include:

- Plans, procedures, issue descriptions and other documents used in management of technical issues that may impact design and/or safety basis;
- Closure documents for recommendations by the August 2011 Construction Project Review team that are related to integration of nuclear safety into plant design;
- Updates to the WTP *Integrated Licensing Strategy*;
- Reports documenting ongoing development of nuclear safety parameters and requirements for incorporation into *Initial Data Quality Objectives for WTP Feed Acceptance Criteria* (24590-WTP-RPT-MGT-11.014) and *Interface Control Document 19* (24590-WTP-ICD-MG-01-019);
- Progress managing the identification and effective closure of technical issues to provide the technical basis for integration of nuclear safety into facility design and developing a documented safety analysis that will support commissioning and operations; initially established in, "Plan and Schedule To Systematically Evaluate the Hazards of Known Technical Issues, M3 Vessel Assessment Summary Reports, LOAM Benchmark Data and LSIT – Response to DNFSB Recommendation 2010-2 Implementation Plan Commitment 5.7.3.1." (Note: this paragraph is restated from B.1.3.1 Technical Performance to ensure technical performance and nuclear safety are tied together); and
- Progress in managing closure of issues identified in the WTP LAW Management Self-Assessment and Safety Basis Review Team.

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

B.1.6 Safety and Quality Culture - (Weighting: 20%)

B.1.6.1 Nuclear Safety and Quality Culture – (Weighting: 15%) - The contractor must ensure programs are in place and emphasize expectations which will promote a robust Nuclear Safety Culture and Quality Culture (NSQC), including a Safety Conscious Work Environment.

Criteria evaluated to promote a robust NSQC include:

Action Plan to Strengthen the NSQC

The contractor must maintain and proactively implement the approved plan of action to comprehensively address the cumulative significance of all the findings, recommendations, and information in the various NSQC reports and assessments. The plan and associated corrective and preventative actions shall be updated based on lessons learned and feedback during implementation to maximize the effectiveness of actions and to implement tools to improve safety culture across the project. Consistent with the approved plan, progress will be monitored in the six Strategic Improvement Areas which are:

- Realignment and Maintenance of the Design and Safety Bases;
- Management Process of the WTP NSQC;

- Timeliness of Issues Identification and Resolution;
- Roles, Responsibilities, Authorities and Accountabilities;
- Management and Supervisory Behaviors; and
- WTP Construction Site-Unique Issues.

Evaluation will be based, in part, on timely and effective implementation of the associated actions, responsiveness to feedback during the implementation of the plan to strengthen the NSQC, coordination of the NSQC actions with other related Level 1 and 2 findings, and coordination with the DOE Safety Culture Improvement Plan.

Develop tools to assess progress in improving NSQC and determining the need for adjustments

Safety culture improvement takes years. It's important to have methods in place to ensure worker involvement, communicate results, and follow-up assessments conducted to ensure continued workforce support and involvement. Evidence of this objective includes: development and implementation of an active set of metrics to monitor the NSQC; conduct of internal and external assessment of the NSQC including comprehensive annual assessments; implementation of employee surveys, and senior management engagement with the feedback and monitoring actions and evaluations.

Evaluation will be based, in part, on the creation and documentation of an overall contractor approach to assess the status of the NSQC, and impacts of the correctives. The metrics and assessment activities will be evaluated based on proven tools to improve safety culture, including those documented in DOE

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

Orders and guides, Energy Facility Contractors Group recommendations, and applicable commercial nuclear experience.

Programmatic elements evaluated:

Corrective Action Management

The contractor shall improve and maintain a fully effective corrective action management process consistent with the DOE standards.

Employee Concerns Program

The Contractor shall improve and maintain a fully effective Employee Concerns Program consistent with DOE standards and expectations. The Contractor and subcontractor(s) shall cooperate with DOE investigations and/or requests for additional information from DOE to assist in the resolution of concerns or allegations.

Differing Professional Opinion (DPO)

The Contractor shall improve and maintain a fully effective DPO process (for technical issues) consistent with DOE standards.

Safety Conscious Work Environment (SCWE)

The Contractor shall establish and maintain a fully effective SCWE. The Contractor shall ensure that all employees are afforded a workplace free from harassment, intimidation, retaliation and/or discrimination. The Contractor shall take prompt action to adequately and effectively mitigate issues that may prevent the Contractor and subcontractor employees from raising concerns to the Contractor or DOE.

B.1.6.2 Integrated Safety Management Systems (ISMS) – (Weighting: 5%)

Contract Clause 1.105 DEAR 952.223-71 *Integration of Environment, Safety, And Health Into Work Planning and Execution (Jun 1997)* requires the Contractor, at a minimum, to manage and perform work in accordance with a documented Safety Management System (System) that fulfills all conditions in paragraph (b) thereof, and to demonstrate continuous improvement of its ISMS program. Accordingly, ORP-WTP will evaluate the Contractor's continuous improvement of the ISMS Programs, which include: 1) implementation of work hazard analysis and controls that result in, a) improving work injury/illness performance as defined in the Annual Performance Objectives, Measures and Commitments (POMCs) as agreed to between BNI and ORP-WTP as part of the ISMS POMC process, and b) no employee exposures to work place hazards above the applicable exposure limits [e.g., permissible exposure level (PEL) or TLV]; 2) implementation of event investigation (review, cause analysis and action implementation) that results in effective organizational learning with the goal of eliminating recurring events; and 3) documented periodic management analysis of work site conditions and implementing strategies that result in improving WTP Project safety .

B.2 Award Fee – Cost Incentive

Performance Objective:

The primary objective of the Award Fee – Cost Incentive is to encourage the Contractor to achieve a final actual cost that is equal to or less than the Total Estimated Contract Cost (TECC), as adjusted. The TECC for the purposes of this incentive is defined as the Contractor's Performance Management Baseline plus Management Reserve. TECC is also referred to under the Contractor's Earned Value Management System (EVMS) as the Total Allocated Budget.

During the 2013-A PEMP period, the WTP project will be in a re-planning/re-baselining process. ORP-WTP has directed the Contractor to suspend selected EVMS reporting requirements for the PT and HLW facilities, and applicable Shared Services control accounts. To the extent that EVMS data is not available during this PEMP period, ORP-WTP will rely on other objective and/or subjective cost performance elements to evaluate the Contractor's performance.

Performance Elements:

B.2.1 Cost

Performance Measures:

- B.2.1.1 Project Cost & Schedule Performance
- B.2.1.2 Risk Management
- B.2.1.3 Construction

Evaluation Process – Award Fee-Cost Incentive:

ORP-WTP will evaluate and measure performance in Performance Element B.2.1, using three Performance Measures: B.2.1.1, B.2.1.2, and B.2.1.3. The Performance Measures are considered necessary to achieve the Performance Objective stated above. The evaluation will assign an Adjectival Rating and corresponding Percentage of Award Fee Earned rating to each Performance Measure. See Table 1 - *Award Fee – Incentive Ratings & Definitions*.. The ratings will be based upon ORP-WTP's evaluation of the extent to which Contractor performance on that Measure favorably contributed toward achieving the Performance Objective.

Each Performance Measure has indicators and guidelines that are important performance considerations; however, ORP-WTP may consider any pertinent performance information related to that Element.

After an Adjective Rating and corresponding Percentage of Award Fee Earned rating is assigned to each Performance Measure, the Performance Measure ratings are then weighted to yield a composite evaluation for the Performance Objective. See Table 1 - *Award Fee – Incentive Ratings & Definitions* and Table B.2. – *Award Fee – Cost Incentive Fee Earnings Calculation*. The FDO may consider any other pertinent factors in making a final fee determination.

Table B.2 - Award Fee - Cost Incentive Fee Earnings Calculation					
		(a)	(b)	(c)	(d)
Performance Elements:		Weighting	Adjectival Rating	Num. Rating & % Fee Earned	Weighted Totals (a) x (c)
B.2.1.1	Project Cost & Schedule Performance	40%			
B.2.1.2	Risk Management	20%			
B.2.1.3	Construction	40%			
Total		<u>100%</u>	Composite	% Earned	
Total Available Award Fee - Cost Incentive (Period 2013-A)					\$ 2,520,000

B.2.1 Cost Performance Element

Performance Measures:

B.2.1.1 Project Cost & Schedule Performance - (Weighting: 40%) - ORP-WTP will evaluate reported performance indices in the Monthly Performance Report, the EVMS, and any other known source of performance information (regardless of whether or not such information is reported by the Contractor). The evaluated indices will include: (i) the rolling six-month average, (2) the fiscal year data, and (3) the monthly data.

The schedule activities listed below will be used in addition to the above mentioned items to rate schedule performance for completion of activities based on the forecasted dates. ORP-WTP will evaluate the progress and quality of the re-plan/re-baseline efforts and activities, as well as the final deliverables which must meet the requirements for an external review.

Pretreatment Facility (PT)

Schedule Activity ID	Activity Description	Forecast Completion
3EP10FR009	PT-Firewater-Independent Review Report Issued (ODC)	21 Mar 13
3EP10SLM05	PT – Spray Leak Mitigation-Complete Preparation of Alt. Eval to Define Methods for detecting a spray leak in the Hot/Black Cell - Milestone	16 Apr 13
9FP4730591	PT DMY CM-POA-MERK-00002 Towers (8)PCW-CTW-00002	7 May 13

High-Level Waste Facility (HLW)

Schedule Activity ID	Activity Description	Forecast Completion
7KHE21M803	HLW-Phase 4a – PDSA Upgrade – Prepare & Submit ABAR #1	27 Feb 13

3EH27131M3	HLW - EH - Issue MRP (Including BEA Cycle) (H131M)	13 Mar 13*
4HH1309100	HLW Erect Canister Import Bay Main Steel to EI + 58	14 Mar 13
		*Start Date

Low-Activity Waste Facility (LAW)

Schedule Activity ID	Activity Description	Forecast Completion
9FL370665	Ship Pre-Heaters (Heating Elements & Controllers)	9 Jan 13
7KLENS1025	Hazard Analysis for Melter Offgas	14 Feb 13
9FL36426L3	DMY – Thermal Catalytic Oxidizer	16 Apr 13
4LL4601CD4	Install WESP Internals	1 May 13
9FL4735191	LAW – MS – DMY Pressure Relief Valves – ITS LMP LOP	28 May 13
3EL17FT002	LAW – Software Development/Test Complete – LAW	11 Jun 13

Analytical Laboratory (LAB)

Schedule Activity ID	Activity Description	Forecast Completion
9FT17ARM20	LAB – DMY – Rad Monitoring Instruments – CAM	15 Feb 13
3ET16EE40X	LAB – EE – Engineering Design Completion	1 May 13
4TT14PN129	LAB-S/C Pen Seal Mobilization & Pre-Mobe Submittals	23 May 13

Balance of Facilities (BOF)

Schedule Activity ID	Activity Description	Forecast Completion
4BB5600804	BOF – Assemble Turnover Package – Switchgear Building (91) (System)	17 Jan 13
3EB10A5CFI	BOF – Issue ENG Design Complete List DCL – Cooling Tower Facility – CTF	4 Mar 13
3EB155Z19E	BOF – PD Confirmed Stress/Support FINAL Calcs HPS/LPS/SCW	6 Mar 13
3EB10A5MFI	BOF – Issue ENG Design Complete List DCL – Water Treatment Building WTB	12 Apr 13
3EB10A5KFI	BOF – Issue ENG Design Complete List DCL – Steam Plant Facility SPF	30 May 13

B.2.1.2 Risk Management - (Weighting: 20%) - ORP-WTP will evaluate the Contractor's Risk Management Program to identify risks (threats and opportunities), forecast potential schedule and cost impacts, and implement Risk Response Plans. ORP-WTP will evaluate actions taken by the Contractor during the rating period to eliminate or mitigate specific risks (or implement opportunities). ORP-WTP will evaluate the effectiveness of the integration of the risks into the re-plan.

B.2.1.3 Construction (Weighting: 40%) - This Performance Measure evaluates construction performance as an indicator of the Contractor's ability to achieve overall project cost goals. ORP-WTP reserves the right to consider any available information in making this evaluation.

Performance considerations include:

- Overcome Engineering/Procurement/Construction challenges, including effective management of emergent trends with proactive and early communication to ORP-WTP from initial identification of an issue through final closure;
- Maximize performance efficiency, including complete work control modifications and Corrective Action Plans;
- Focus on completion:
 - Meet installation rates:
 - Planned vs. actual commodity and major equipment installation rates measured against the baseline as well as development of and performance against any identified recovery plans;
 - Subcontractor performance on all installation work performed on the WTP jobsite by BNI subcontractors, including the efficient coordination of BNI engineering-supplied documentation and scheduling of work interfaces with BNI direct hire craft and other BNI subcontractors and timely resolution of nonconformance reports and interferences with a minimum amount of rework. Included in this metric is reporting of correct EVMS data and performance indices by the subcontractors;
 - Demonstrate priorities and decision making aligned with critical path, as well as metrics identifying performance against secondary metrics of Early Starts and Early Finishes against baseline activities;
 - Manage resources (direct-hire labor, subcontractor, and equipment and materials) available to support construction;
 - Demonstrate that efficient direct-hire and subcontractor management performance is achieved with an effective mixture of indirect labor, support services, and construction equipment; and
 - Timely and consistent communication and reporting of data and metrics against the baseline to identify and facilitate accurate evaluation of the quantitative reporting for Construction Technical Performance.
- Maintenance of the management tools, such as P6, and the Bechtel Procurement System, so that accurate and complete information is flowing between Engineering, Procurement, and Construction related to the construction need date and the supporting procurement process.

Attachment C – Contract Award Fee Historical Information

B.1 Project Management Incentive						
Calendar Year	Award Fee Period	Total Available	Overall Adjectival Rating	Overall Numerical Rating	Total Earned	Total Unearned
Column		(a)	(b)	(c)	(d)	(e)
Calculation		(a)	(b)	(c)	(a) X (c)	(a) - (d)
2009	2009-A	\$ 2,188,838	Meets Standards	72.40	\$ 1,584,719	\$ 604,119
	2009-B	\$ 2,188,837	Meets Stds - Low	61.65	\$ 1,349,418	\$ 839,419
2010	2010-A	\$ 2,000,000	Level 3	68.95	\$ 1,379,000	\$ 621,000
	2010-B	\$ 2,000,000	Very Good	76.08	\$ 1,521,600	\$ 478,400
2011	2011-A	\$ 2,000,000	Good	67.40	\$ 1,348,000	\$ 652,000
	2011-B	\$ 2,000,000	Good	71.30	\$ 1,426,000	\$ 574,000
2012	2012-A	\$ 3,150,000	Satisfactory	49.90	\$ 1,571,850	\$ 1,578,150
	2012-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2013	2013-A	\$ 3,780,000	TBD	TBD	TBD	TBD
	2013-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2014	2014-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2014-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2015	2015-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2015-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2016	2016-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2016-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2017	2017-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2017-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2018	2018-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2018-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2019	2019-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2019-B	\$ 3,150,000	TBD	TBD	TBD	TBD
Totals		\$ 63,407,675			\$ 10,180,587	\$ 5,347,088

Attachment C – Contract Award Fee Historical Information

B.2 Cost Incentive						
Calendar Year	Award Fee Period	Total Available	Overall Adjectival Rating	Overall Numerical Rating	Total Earned	Total Unearned
Column		(a)	(b)	(c)	(d)	(e)
Calculation		(a)	(b)	(c)	(a) X (c)	(a) - (d)
2009	2009-A	\$ 4,500,000	Medium Confidence	65.00	\$ 2,925,000	\$ 1,575,000
	2009-B	\$ 4,500,000	Low Confidence	50.00	\$ 2,250,000	\$ 2,250,000
2010	2010-A	\$ 4,300,000	Level 3	60.00	\$ 2,580,000	\$ 1,720,000
	2010-B	\$ 4,300,000	Good	61.00	\$ 2,623,000	\$ 1,677,000
2011	2011-A	\$ 4,300,000	Good	65.00	\$ 2,795,000	\$ 1,505,000
	2011-B	\$ 4,300,000	Good	57.00	\$ 2,451,000	\$ 1,849,000
2012	2012-A	\$ 3,150,000	Satisfactory	49.20	\$ 1,549,800	\$ 1,600,200
	2012-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2013	2013-A	\$ 2,520,000	TBD	TBD	TBD	TBD
	2013-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2014	2014-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2014-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2015	2015-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2015-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2016	2016-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2016-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2017	2017-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2017-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2018	2018-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2018-B	\$ 3,150,000	TBD	TBD	TBD	TBD
2019	2019-A	\$ 3,150,000	TBD	TBD	TBD	TBD
	2019-B	\$ 3,150,000	TBD	TBD	TBD	TBD
Totals		\$ 75,970,000			\$ 17,173,800	\$ 12,176,200