

Block 14 Continuation:

A. Purpose of this modification is to:

1. Incorporate the following Orders:

- DOE M 470.4-6, *Nuclear Material Control and Accountability (CHG 1)*
- DOE O 226.1 is being replaced by DOE O 226.1A, *Implementation of Department of Energy Oversight Policy*

2. Delete DOE O 440.1A, *Worker Protection Management for DOE Federal and Contractor Employees*. Replaced by 10 CFR 851, *Worker Safety and Health Programs*, already in contract.

3. Section J, Appendix 2, Performance-Based Incentives (PBI), Incorporate new approved PBI-2 and PBI-3 into contract.

B. Description of Modification

1. Incorporate the following Orders:

- DOE M 470.4-6, *Nuclear Material Control and Accountability (CHG 1)*
Implementation of this Order shall have a cost impact of \$9.5K with a 120-day implementation schedule.
- DOE O 226.1A, *Implementation of Department of Energy Oversight Policy*
This Order replaces DOE O 226.1. Implementation of this Order shall have a cost impact of \$1.5K and no schedule impact.

Implementation of these Orders shall have no other cost or schedule impacts on this contract.

2. Delete DOE O 440.1A, *Worker Protection Management for DOE Federal and Contractor Employees*. This Order is being deleted due to duplicate requirements already found in 10 CFR 851, *Worker Safety and Health Programs*, which was implemented into this contract through Modification M012, dated 8/30/06.

3. Section J, Appendix 2, Performance-Based Incentives (PBI), Incorporate new approved PBI-2 and PBI-3 into contract. (Attached signed PBIs)

C. All other terms and conditions of this contract remain the same.

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APPENDIX 2 – PERFORMANCE-BASED INCENTIVES (PBI)

PBI-2 (222-S)

Performance Based Incentive (PBI) Title: 222-S Lab Sampling Activities

Performance Fee available and assigned to this PBI: (65% of total base fee)

Desired Endpoint/Outcome:

Support Hanford cleanup by analyzing samples from the tank cleanup activities and other Hanford Site cleanup activities. The Tank Farms Contractor (TFC) is responsible for overall completion of tank farm activities leading to retrieval and closure and will rely on the Analytical Services Production Contractor (ASPC) for critical support in performing sample analyses and evaluation accurately and on schedule. Other Hanford Site contractors, through the U.S. Department of Energy (DOE), Richland Operations Office, are responsible for other cleanup activities on the Hanford Site and also rely on the ASPC to perform critical analytical support.

Fee Bearing Milestones:

Fee for this milestone is based on accurate completion of analytical work scope, meeting quality and schedule requirements mutually agreed to by the ASPC and its customers. At the beginning of each fiscal year a prorated amount of total fee available for this PBI, for the five year contract period, will be apportioned based on the calendar days in each fiscal year under the contract period of performance through FY 2010.

Evaluation Criteria:

The overall planning work scope and schedule are established prior to the beginning of each fiscal year and updated quarterly. The specific scope and sampling schedule for each work effort is established prior to, or at the time of, sample delivery or prior to analysis. Full fee will be earned by meeting mutually agreed to specific schedule and scope (including quality) for both the TFC and other Hanford customers. This includes satisfactorily performing work scope without causing re-sampling tank waste, and meeting defined holding times, when required, as mutually agreed between ASPC and its customers.

The criteria for earning full fee are based upon ASPC meeting agreed upon work scope and schedule expectations that are fully within ASPC control to avoid re-sampling of a costly high-level tank sampling event.

The ASPC's performance of work may be impacted by the TFC who is responsible for tank sampling, sample delivery scheduling, as well as 222-S analytical laboratory infrastructure (facility and equipment) support and control. As a result, they can impact ASPC's ability to perform. For tank samples associated with the TFC, fee will be reduced by 70% of available fee if the TFC is required to take an additional tank waste sample(s) as a sole result of ASPC failure to meet mutually agreed upon schedule and scope requirements. Fee will be reduced 20% if the TFC fails to meet established regulatory milestones or permit conditions as a sole result of ASPC failures to meet mutually agreed schedule and scope. For other Hanford contractors, fee will be reduced by 20% if customers are required to re-sample as a sole result of ASPC failures to meet mutually agreed schedules and scope requirements. Fee will be reduced 10% if customers fail to meet established regulatory milestones or permit conditions as a sole result of ASPC failure to meet mutually agreed schedule and scope.

PBI-3

Performance Based Incentive (PBI) Title: Non- TFC 222-S Lab Sampling Activities

Performance Fee available and assigned to this PBI: (35% of total base fee)

Desired Endpoint/Outcome:

Increase analytical services provided for Hanford contractors (other than the TFC tank samples) and other DOE Sites, to better optimize the use of the 222-S Laboratory and to reduce the ASPC's "readiness to serve" costs. Historically, the majority of the analyses performed by the ASPC have been for the TFC on tank samples, in support of critical tank retrieval and closure activities. One purpose of this incentive is to encourage expansion of the customer base of the ASPC to other Hanford Site contractors and other DOE Sites, beyond the TFC. A second purpose is to expand the support provided to the TFC in areas beyond that of tank samples. As a service provider, the ASPC is required to maintain the ability to conduct many analyses that are critical in achieving the goals of Hanford projects to support cleanup and closure of the Hanford Site. These analytical capabilities may also be valuable in supporting worker safety, analytical testing, research and development, or closure activities for other DOE Sites.

Fee Payment Schedule:

Upon completion of each fee bearing milestone set forth herein, the Contractor will be paid fee in accordance with Section B, "Supplies or Services and Prices/Costs," of the Contract.

Fee Bearing Milestones:

Increase the amount of revenue received from other DOE Sites and other Hanford Site contractors (beyond the TFC tank sample work performed at the lab) by a prorated amount established at the beginning of each fiscal year through FY 2009 by 10% each fiscal year. The initial basis will be \$573,739, based on the revenue received from non-TFC, non-tank samples analyses in FY 2006. Subsequent evaluations of this PBI will be based on the preceding year's non-TFC, non-tank sample revenue. Fee for this milestone will be apportioned based on the calendar days in each fiscal year under the contract period of performance through FY 2010.

Evaluation Criteria:

Full available fee for each fiscal year will be earned if the ASPC achieves greater than or equal to a 10% increase in the amount of non-tank sample revenue (as other revenue is recognized in ASPC invoice to DOE-ORP) for the fiscal year end as compared to the previous fiscal year's data. Available fee will be reduced by 10% for each percentage point less than the desired 10% increase in revenue for the fiscal year.