

PBI-3

Performance Based Incentive (PBI) Title: Single-Shell Tank (SST) Retrieval and Closure

Performance Fee available and assigned to this PBI: \$26,700,000

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|-------------------------------|-----------------|----------------------|------------------|
| ORP Assistant Manager: | ORP POC: | CH2M Manager: | CH2M POC: |
| J. Swailes | D. Noyes | R. Dodd | T. Hissong |

Desired Endpoint/Outcome

Complete interim retrieval and closure activities that meet and/or exceed requirements established in the Hanford Federal Facility Agreement and Consent Order (HFFACO) or Tri-Party Agreement M-45 series milestones. This work scope is inclusive of the M-45-02-03 change established in 08/02. The Contractor is responsible for establishing the technical and regulatory pathway for tank farm retrieval and closure (including National Environmental Policy Act, M-45 requirements, U.S. Department of Energy (DOE) Order 435.1, "Radioactive Waste Management," requirements, etc.). Additionally, the Contractor will develop and demonstrate the retrieval and closure capability to accomplish the commitments in the Hanford Performance Management Plan including the use of risk-informed approaches to properly align the retrieval, residuals treatment, and closure approaches with the risk associated with the wastes in each tank.

Fee Payment Schedule

Upon completion of each fee bearing milestone set forth herein, Contractor will be paid either provisional fee or incremental fee, in accordance with Contract Clause H.2, "Provisional and Incremental Payments of Fee." Whether a milestone entitles Contractor to provisional fee or incremental fee is set forth in the milestone discussions contained herein.

Fee Bearing Milestones

1. Retrieve and Close M-45 High-Risk SSTs (S-112 and S-102). Performance Fee: \$4,000,000

Retrieve and interim close "high-risk" tanks as identified in the M-45 series milestones. Retrieval and interim closure actions will meet or exceed HFFACO schedule requirements. Items a. through d. below will entitle Contractor to incremental fee payments.

"Retrieval" shall mean completion to the goals of the HFFACO and submittal of either the retrieval report or appropriate Appendix H documentation to the Office of River Protection (ORP).

"Interim closure" means completion of Phase III tank stabilization and the completion of necessary field actions required by the approved closure permit modification.

"Meeting or Exceeding" retrieval and interim closure requirements include, but are not limited to, removal of waste, closed system performance, and waste management area risk metrics.

- a. Complete retrieval of S-112 and earn \$1,000,000 of the above performance fee.
- b. Complete interim closure of S-112 and earn \$1,000,000 of the above performance fee.
- c. Complete retrieval of S-102 and earn \$1,000,000 of the above performance fee.
- d. Complete interim closure of S-102 and earn \$1,000,000 of the above performance fee.
- e. Deleted.

2. Remove Waste/Demonstrate Interim Closure of C-106 and Retrieval of 4 Additional Low-Risk, Low-Volume Tanks (e.g., C-201, C-202, C-203, C-204). Performance Fee: \$5,300,000

Remove waste from C-106 to support Demonstration Interim Closure as defined in the M-45 series milestones (e.g., M-45-02-03 change request). Remove waste from four additional low-risk, low-volume interim closure demonstration tanks to the levels required for interim closure. Items a. through c. below will entitle Contractor to incremental fee payments.

- a. Complete removal of waste from C-106 to levels required for closure and earn \$1,000,000 of the above performance fee.
- b. Complete demonstration interim closure of C-106 and earn \$1,000,000 of the above performance fee.
- c. Complete retrieval of C-201, C-202, C-203, and C-204 and earn \$825,000 in incremental fee for each tank retrieved (\$3,300,000 of the above performance fee).

“Retrieval” shall mean completion to the goals of the HFFACO and submittal of either the retrieval report or appropriate Appendix H documentation to ORP.

“Interim closure” means completion of Phase III tank stabilization and the completion of necessary field actions required by the approved closure permit modification.

3. Retrieve and Interim Close Additional Single-Shell Waste Tanks. Performance Fee: \$13,375,000

- a. Deleted.
- b. Deleted.
- c. Retrieve fifteen (15) additional single-shell waste tanks by 09/30/06 and earn \$825,000 of incremental performance fee for each tank (\$12,375,000 of the above performance fee). Retrieval of the T-200 series and B-200 series tanks shall not be included.
- d. Interim close five (5) additional single-shell waste tanks by 09/30/06 and earn \$200,000 of incremental performance fee for each tank (\$1,000,000 of the above performance fee).
- e. Incremental acceleration fee of \$1,500,000 per tank will be earned for retrieval above fifteen (15) tanks. Retrieval of the T-200 series and B-200 series tanks shall not be included. (Items 1.a., 1.c., 2.a., and 2.c. above need to be completed to be eligible for these acceleration payments.) Incremental acceleration fee of \$500,000 per tank will be earned for interim closure above five (5) tanks. Closure of the T-200 series and B-200 series tanks shall be included. (Items 1.b., 1.d., and 2.b. and 3.d., above need to be completed to be eligible for these acceleration payments.)

“Retrieval” shall mean completion to the goals of the HFFACO and submittal of either the retrieval report or appropriate Appendix H documentation to ORP.

“Interim closure” means completion of Phase III tank stabilization and the completion of necessary field actions required by the approved closure permit modification.

4. Deleted.

5. Complete interim stabilization (IS) of 244-AR Vault. Performance Fee: \$500,000

- a. Complete IS of 244-AR vault in accordance with M-45-11A by 09/30/03 and earn \$500,000.

6. Complete Single-Shell Tank Retrieval Infrastructure Upgrades and Vapor Solutions Upgrades.
Performance Fee: \$3,525,000.
- a. C Farm HVAC system
 1. Complete procurement and receive C farm HVAC skids and earn \$600,000 of the above performance fee (fee to be earned as provisional until completion of installation).
 2. Complete installation and startup of C farm HVAC skids and earn \$175,000 of the above performance fee (fee to be earned as incremental).
 - b. Tank Head Space Vapor Samples performed after 06/01/04
 1. Complete fifteen (15) single-shell tank head space samples and earn \$375,000 of the above performance fee (fee to be earned as incremental).
 2. Complete an additional fifteen (15) single-shell tank head space samples and earn \$375,000 of the above performance fee (fee to be earned as incremental).
 - c. Install eight (8) single-shell tank breather filter stack extensions and earn \$75,000 incremental performance fee for each tank for a total of \$600,000 of the above performance fee.
 - d. Install stack extension on the AP tank farm exhauster and earn \$250,000 of the above performance fee (fee to be earned as incremental).
 - e. Install AN-106 transfer pump and earn \$500,000 of above performance fee (fee to be earned as incremental).
 - f. Install three (3) Resource Conservation and Recovery Act of 1976 (RCRA) groundwater monitoring wells in accordance with HFFACO Milestone M-24-57D and earn \$500,000 of the above performance fee (fee to be earned as incremental).
 - g. Install remote tank farm monitoring system to minimize tank farm access for surveillance activities in two (2) tank farms and earn \$150,000 of the above performance fee (fee to be earned as incremental). Note: Definition of the scope of a tank farm monitoring system will be established upon completion of the pilot study.

Government Furnished Services/Items (GFS/I)

Provide DOE review/approval of DOE O 435.1 deliverables within 60 days of receipt (30-day review/comment + 30 day final approval) except as specified below.

Provide DOE review/approval of HFFACO deliverables within 15 working days of receipt, except as specified below.

The Office of River Protection (ORP) will respond to all other Contractor submittals (e.g., Authorization Basis, Safety Analysis Reports, Baseline Change Requests) required to complete this activity within 15 working days provided the submittals are complete and ORP is provided with reasonable notice of the intent to submit.

ORP will review/approve within 20 working days all Contractor submitted Performance Assessments.

ORP will approve all waste incidental to reprocessing determinations within 60 days of Contractor submittal.

ORP will provide a signed Record of Decision for the Closure Environmental Impact Statement (EIS) by 06/01/05 allowing start of closure field activities. If this action is not completed the fee associated with closure (Items 1.b, 1.d, 2.b, 3.d) will be reapplied in consideration to work activities completed and future work activities.

Commitments

The Contractor shall:

- make fundamental changes in program logic and work performance,

- take actions to align Contractor organizations, work processes, etc. to achieve PBI outcomes,
- establish defensible technical, regulatory, and programmatic solutions,
- plan and lead all required internal and external discussions and interactions to achieve results incentivized in this PBI, and
- drive agreement within regulators and stakeholder groups for PBI outcomes.

The DOE ORP will:

- work with the Contractor and the Regulators to allow appropriate retrieval technology and to define the end point of retrieval activities necessary for interim closure on a risk basis.
- work with the Contractor and regulators to cause the redefinition of the SST retrieval sequence to allow the sequence of retrieval deemed necessary to meet milestones.
- work with the Contractor and regulators to allow composite Functions and Requirements Documents to bound similar waste and retrieval activities.
- work with the Contractor and regulators to allow in-process sampling to satisfy data requirements for risk assessments, retrieval, and closure activities.

Definitions

“GFS/I” are those work elements that the DOE commits to perform to support the completion of this PBI. If DOE cannot provide GFS/I as described herein, then it shall be treated as a change in accordance with Contract Clause I.64, Federal Acquisition Regulation 52.243-2, “Changes-Cost Reimbursement, Alt II.”

Signature Block

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| Original Signed | 9/2/04 |
| _____ Edward S. Aromi, President and General Manager, CH2M HILL Hanford Group, Inc. | _____ Date |
| Original Signed | 9/2/04 |
| _____ David B. Amerine, Executive Vice President and Deputy General Manager CH2M HILL Hanford Group, Inc. | _____ Date |
| Original Signed | 9/2/04 |
| _____ John H. Swailes, Assistant Manager for Tank Farms U.S. Department of Energy, Office of River Protection | _____ Date |
| Original Signed | 9/3/04 |
| _____ Roy J. Schepens, Manager U.S. Department of Energy, Office of River Protection | _____ Date |