

PBI-3

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

Performance Fee available and assigned to this PBI: \$11,350,000

ORP Assistant Manager:	ORP POC:	CH2M Manager:	CH2M POC:
T Smith	D Noyes		

Desired Endpoint/Outcome

Complete interim retrieval 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 and Appendix I, Single-Shell Tank System Waste Retrieval and Closure Process. The Contractor is responsible for establishing the technical and regulatory pathway for tank farm retrieval (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 capability including the use of risk-informed approaches to properly align the retrieval, 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 incremental fee, in accordance with Contract Clause H.2, "Provisional and Incremental Payments of Fee."

The fee bearing milestones shall be completed by the delivery schedule date. If the delivery schedule date is not achieved the unearned fee will be reduced to the following amounts: 90% for first quarter, 80% for second quarter, 50% for third quarter, and entire amount for one year.

Fee Bearing Milestones

Provisional fee paid for the complete procurement and receive C Farm HVAC Skids shall be converted to incremental fee payment.

Provisional fee paid on Items 1.a through 1.c below, as of 9/30/2006, shall be converted to incremental fee payments.

"Complete waste retrieval" shall mean completion to the goals of the HFFACO and submittal of the retrieval data report in accordance with Appendix I or with ORP concurrence, the appropriate Appendix H documentation.

1. Complete Waste Retrievals from the following SSTs that are in progress. Performance Fee: \$5,350,000
 - a. Complete waste retrieval of C-204 by September 30, 2007. The Contractor shall earn \$325,000 of incremental fee at the completion of retrieval.
 - b. Complete waste retrieval of C-103 by September 30, 2007. The Contractor shall earn \$25,000 of incremental fee at the completion of retrieval.
 - c. Complete waste retrieval of S-102 by September 30, 2008. The Contractor shall earn \$ 4,000,000 incremental fee at the following completion points. Completion of retrieval operations on or before March 31, 2007 (HFFACO milestone M-45-05A). The Contractor shall earn an additional \$500,000 in Acceleration Fee.

	Milestones	Incremental Fee
1	Completion of Construction and operational acceptance testing of a new retrieval technology or technique consistent with the approved Tank Waste	\$750,000

	Retrieval Work Plan.	
2	Retrieval of 65% of the waste by volume	\$750,000
3	Retrieval of 80% of the waste by volume	\$850,000
4	Completion of retrieval operations	\$1,550,000
5	Complete Retrieval Data Report	\$100,000

- d. Complete waste retrieval of S-112 by September 30, 2008. The Contractor shall earn \$1,000,000 incremental fee at the completion of retrieval.

	Milestones	Incremental Fee
1	Completion of retrieval operations	\$900,000
2	Complete Retrieval Data Report	\$100,000

2. Complete Waste Retrievals from additional SSTs. Performance Fee: \$6,000,000

- a. Complete waste retrieval of next new start C-Farm SST, (C-108 or other C Farm SST with ORP concurrence) by September 30, 2008. The Contractor shall earn \$3,000,000 of incremental fee at the following completion points.

	Milestones	Incremental Fee
1	Completion of Construction and operational acceptance testing consistent with the approved Tank Waste Retrieval Work Plan.	\$500,000
2	Retrieval of 25% of the waste by volume	\$500,000
3	Retrieval of 50% of the waste by volume	\$500,000
4	Retrieval of 75% of the waste by volume	\$500,000
5	Completion of retrieval operations	\$900,000
6	Complete Retrieval Data Report	\$100,000

- b. Complete waste retrieval of next new start C-Farm SST after 2.a. (C-109 or other C Farm SST with ORP concurrence) by September 30, 2008. The Contractor shall earn \$3,000,000 of incremental fee at the following completion points.

	Milestones	Incremental Fee
1	Completion of Construction and operational acceptance testing consistent with the approved Tank Waste Retrieval Work Plan	\$500,000
2	Retrieval of 25% of the waste by volume	\$500,000
3	Retrieval of 50% of the waste by volume	\$500,000
4	Retrieval of 75% of the waste by volume	\$500,000
5	Completion of retrieval operations	\$900,000
6	Complete Retrieval Data Report	\$100,000

- c. Completion of retrieval operations and demonstration that the TPA volume goal has been achieved for new start retrievals identified in milestones 2.a, and/or 2.b utilizing HFFACO approved Data Quality Objectives. The Contractor shall earn an additional \$500,000 in Acceleration Fee for each retrieval (2.a and/or 2.b).

3. Complete Waste Retrievals from additional SSTs.

- a. Complete waste retrieval of new start C-Farm SST after 2.a and 2.b. (C-110 or other C Farm SST categorized as an assumed leaker with ORP concurrence) by September 30, 2008. The retrieval

technology/technique shall be designed for use in a 100 series SST which has assumed to leaked. The Contractor shall earn \$4,000,000 acceleration fee at the following completion points.

	Milestones	Acceleration Fee
1	Completion of Construction and operational acceptance testing consistent with the approved Tank Waste Retrieval Work Plan	\$1,000,000
2	Retrieval of 25% of the waste by volume	\$1,500,000
3	Retrieval of 50% of the waste by volume	\$500,000
4	Retrieval of 75% of the waste by volume	\$450,000
5	Completion of retrieval operations	\$450,000
6	Complete Retrieval Data Report	\$100,000

- b. Complete waste retrieval of new start C-Farm SST after 2.a and 2.b. (C-104 or other C Farm SST with ORP concurrence) by September 30, 2008. The Contractor shall earn \$4,000,000 acceleration fee at the following completion points.

	Milestones	Acceleration Fee
1	Completion of Construction and operational acceptance testing consistent with the approved Tank Waste Retrieval Work Plan.	\$1,000,000
2	Retrieval of 25% of the waste by volume.	\$1,500,000
3	Retrieval of 50% of the waste by volume	\$500,000
4	Retrieval of 75% of the waste by volume	\$450,000
5	Completion of retrieval operations	\$450,000
6	Complete Retrieval Data Report	\$100,000

Government Furnished Services/Items (GFS/I)

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.

If Critical Decision process is required, then action will be taken by the ORP decision authority within 15 working days of submittal. If the decision authority is at DOE Headquarters then action will be taken by the DOE Headquarters decision authority within 30 working days of submittal.

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."

The Retrieval Report, as defined in Tank Farm Procedure TFC-ENG-CHEM-P-47, Rev A-1, January 20, 2005, Single-Shell Tank Retrieval Completion Evaluation, will be submitted to the ORP at the completion of bulk retrieval operations documenting technical information upon which the decision to cease retrieval operations was based.

The Tank Waste Retrieval Work Plan shall be developed in accordance with the HFFACO Appendix I.

Tank Farm Procedure TFC-PRJ-PM-C-03, Project Tailoring Approach, will be utilized to determine project delivery and execution requirements.

Signature Block

Mark S. Spears, President
and Chief Executive Officer,
CH2M HILL Hanford Group, Inc.

Date

Roy J. Schepens, Manager
U.S. Department of Energy, Office of River Protection

Date