

*Office of River Protection*

## **CONTRACT MANAGEMENT PLAN**

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

**CONTRACT NO. DE-AC27-01RV14136**

**Bechtel National, Inc.**



**April 2005  
Richland, Washington**

**DOE/ORP-2001-02 (Rev. 5)**

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

### CONTRACT MANAGEMENT PLAN

*(original signed by)*

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Michael K. Barrett  
Contracting Officer  
Office of River Protection

*April 17, 2007*

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Date

#### **Rev. 5 Changes From Rev. 4:**

- Updated to reflect incorporation of DOE O 413.3A and DOE M 413.3-1.
- Updated to reflect EVMS certification requirement.
- Updated to reflect Federal Sub-Project Directors (FSPD) and Federal Project Director (FPD).
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#### **Rev. 4 Changes From Rev. 3:**

- Updated Plan to reflect revised approach to management of WTP project as documented in *Project Execution Plan for the River Protection Project Waste Treatment and Immobilization Plant (DOE/ORP-2003-01) (PEP)*
- Updated Plan and Appendices A *Chronology of Deliverables* and B *Contract Management and Admin. Actions* to reflect revised ORP Organization Structure and changes to the contract through Mod A029.

## Introduction

The U.S. Department of Energy (DOE), in accordance with the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, established the Office of River Protection (ORP) to successfully execute and manage the River Protection Project (RPP), formerly known as the Tank Waste Remediation System. The mission of the RPP is to build and operate the Waste Treatment Complex to complete the cleanup of Hanford's highly radioactive tank waste.

The ORP oversees the Hanford Site's tank waste remediation system, which is a large and complex effort to remediate 60% (by volume) of the nation's and 90% (by radioactivity) of the Hanford Site's radioactive waste resulting from nuclear weapons development. It includes remediating approximately 190 million curies in over 50 million gallons of liquid and solid waste that have been accumulating in underground storage tanks for more than 50 years.

An important milestone in completing this mission was the December 11, 2000, award of Contract No. DE-AC27-01RV14136 to Bechtel National, Inc., of San Francisco, CA, for the design, construction, and commissioning of the Hanford tank waste treatment & immobilization plant. Through this Contract, ORP will manage and oversee the design, construction, and commissioning of a new Waste Treatment and Immobilization Plant (WTP) that will treat and immobilize the waste for ultimate disposal. The WTP is comprised of five major elements, pretreatment, LAW immobilization, HLW immobilization, analytical laboratory, and balance of plant facilities.

Key requirements of the Contractor include:

Facility and Process Design: The Contractor is required to prepare all design documents and required supporting information; ensure that the facility is designed to meet all requirements, and that these requirements are captured in a single location to achieve a systematic approach to design; design the WTP (Pretreatment, HLW Vitrification, LAW Vitrification, Analytical Laboratory and balance of plant facilities) consistent with the functional requirements described in Section C; perform optimization; and conduct periodic design, constructability, and operability reviews to status the design activities, and resolve design oversight comments from DOE.

Construction Management and Procurement: The Contractor is required to plan and execute all construction, procurement, and acceptance testing. Specific requirements are to provide a Construction, Procurement, and Acceptance Testing Plan; identify all long lead procurement actions and describe the contracting approach and method of performance; procure all required material and equipment; prepare bid and work packages; manage or perform all required construction; and manage the construction site and provide all required construction support services.

Acceptance Testing: The Contractor is required to provide integrated construction acceptance test plans and procedures for DOE concurrence.

Facility Commissioning: The Contractor is required to commission, demonstrate operational performance, and transition the WTP to the future operations contractor(s).

## **Purpose of Plan**

The purpose of this Contract Management Plan (CMP) is to provide guidance to DOE employees involved with the management and administration of this contract. Such guidance should be a useful tool to help the DOE to ensure that BNI and itself, comply with all terms and conditions that govern Contract No. DE-AC27-01RV14136. This CMP has been created with the following guiding principles:

- (1) Shall be a useful tool for administering the contract;
- (2) Shall be an executive summary of the roles and responsibilities of the contracting parties;
- (3) Shall identify who is responsible for various contract administration activities; and
- (4) Shall be flexible and adapt to changing circumstances;

Successful management and administration of this contract will require the coordinated efforts of a variety of DOE personnel. Some of these key personnel include: the Contracting Officer's Representatives (CORs); the Contracting Officer (CO); and Contract Specialists (CSs); General Counsel; DOE Office of Safety Regulation officials and Quality Assurance personnel; and Federal Project Managers. This CMP in many places delineates the roles and responsibilities of these team members and provides for their interaction on key contract administration duties.

This CMP does not capture every action that the DOE or BNI will need to complete to make the contract successful. To do so with a contract of this complexity is neither feasible, nor practical. This CMP does set forth the higher- level requirements, deliverables, and tasks necessary, and describes the overall process within which the tasks are performed.

## **Contract Summary & Principal Features**

Contract No. DE-AC27-01RV14136 – Design, Construction, and Commissioning of the Hanford Waste Treatment and Immobilization Plant.

The WTP Conceptual Design and supporting information were provided to the Contractor. In the interim period prior to Contract award, the Tank Farm Contractor maintained the WTP Conceptual Design and supporting information, conducted limited additional design and optimization. Subsequent to Contract award, the Tank Farm Contractor transitioned the WTP Conceptual Design to the Contractor.

The Contractor was required to review the WTP Conceptual Design and supporting information, complete process and facility design, manage construction and procurement, conduct acceptance testing, select and integrate a subcontractor into the project team to provide the necessary operability and commissioning capability, and conduct all required environmental, safety, quality, and health actions. From Contract Award, the Contractor will be the design authority responsible for the WTP design. The Contract provides for full Contractor accountability for performance, cost, and schedule throughout the Contract period of performance.

The WTP Conceptual Design provides a reference solution that appears to meet project requirements, but has significant potential for optimization. DOE will seek to improve the WTP by incentivizing the Contractor to optimize life-cycle performance, cost, and schedule of the WTP, including the process design, facility design, and technologies. DOE will evaluate Contractor performance against Contract requirements and review Contractor proposed changes to Contract requirements, but will not accept performance or approve changes that adversely impact overall system-level performance, life-cycle cost, or schedule. DOE reserves the unilateral right to disapprove any adverse change.

### **Head of Contracting Activity and Authority**

The Manager, Office of River Protection (by position not name), is the Head of the Contracting Activity (HCA). HCA authority limitations are set forth in a February 26, 2000, memorandum from the Acting Procurement Executive. A copy of this delegation memorandum is on file in the ORP Contract Management Team office.

### **Contracting Officer(s) and Authority**

The principal ORP Contracting Officer for Contract No. DE-AC27-01RV14136 is:

U. S. Department of Energy  
Office of River Protection, MS H6-60  
Michael K. Barrett  
Contracting Officer  
Acquisition Management Division  
P.O. Box 450  
Richland, WA 99352

Tele: (509) 373-4143  
Fax: (509) 376-5177  
E-mail: michael\_k\_barrett@orp.doe.gov

Other warranted ORP Contracting Officers may execute actions in his absence consistent with this Plan.

The CO has authority to enter into, administer, or terminate Federal contracts for goods and services. The CO must ensure that all requirements of law, executive orders, regulations, and all other applicable procedures, including clearances and approvals, have been met. The CO is also responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships. The FAR allows the CO wide latitude to exercise business judgment. This duty includes the balanced objective of safeguarding the interests of the United States in its contractual relationships and ensuring that contractors receive impartial, fair, and equitable treatment.

### **Contracting Officer Representative(s) and Authority**

The COR will be designated by separate letter and will represent the CO in the technical phases of the work. The COR is not authorized to change any of the terms and conditions of this

Contract. The CO, through properly written modification(s) to the Contract, is the only person authorized to make changes to the work scope.

The principal Contracting Officer Representative (COR) for Contract No. DE-AC27-01RV14136 is:

John R. Eschenberg  
Assistant Manager for Waste Treatment and Immobilization Plant (AMWTP)/Federal  
Project Director (FPD)  
U. S. Department of Energy  
Office of River Protection  
MS H6-60  
P.O. Box 450  
Richland, WA 99352

Other alternate CORs may be appointed in the separate COR designation letter provided to the Contractor. The alternate CORs generally will be at the Deputy Manager and Assistant Manager level of the ORP organization, and other specialty CORs with specific targeted limitations (e.g., Office of Chief Counsel authority for the Litigation Management Plan). Currently the only other COR is the Office of Chief Counsel for administration of the Litigation Management Plan (Scott Stubblebine, Esq.)

The COR will have specific authorities related to technical guidance, inspection and monitoring and these will be prescribed to him/her in writing by the CO. The CO will also notify the contractors in writing of the specific authorities granted to the COR. Representative tasks to be assigned to the COR are as follows:

- Oversee and evaluating work in process
- Inspection of completed work and preparation of recommendations to the CO regarding the acceptability of the product
- Be the technical representative for contract administration
- Review change proposals for need and technical adequacy as appropriate
- Assist in evaluating and making recommendations for acceptance or rejection of nonconforming product
- Provide oversight as required of contractor's compliance with schedule and technical performance
- Ensure that Government-furnished property is delivered to the Contractor and monitor the Contractor's use of the property
- Report to the CO any inadequacies noted in the specifications and technical requirements

- Review for quality and timeliness, the Contractor's submission of required contract deliverables
- Review contractor claims for payment and make payment recommendations to the CO
- Develop DOE's prompt responses to contractor deliverables and provide recommendations to the CO
- Review the Contractor's monthly status reports and Critical Quarterly Analysis and report to the CO any schedule delays or progress problems evidenced by the IMP
- Monitor contractor conducted testing procedures
- Ensure that DOE meets its compliance obligations

### **Sub-Federal Project Directors**

The PEP establishes the role of Federal Sub-Project Director (FSPD) as a key element in executing the WTP project. Three FSPDs have been designated, one for the following WTP facilities: (1)HLW, (2) Pretreatment, and (3) LBL (LAW, Analytical Laboratory and balance of plant facilities). The role, responsibilities, and accountabilities of FSPDs (as provided in the PEP) are as follows:

**Role:** Each FSPD serves as the single point of contact between Federal and Contractor staff for all matters relating to their assigned facility project and its execution. The FSPD focuses on budget and spending; nuclear safety; industrial health and safety; fire protection; environmental protection, including National Environmental Policy Act (NEPA) compliance; quality assurance; material control and accountability; safeguards and security; and programmatic and legal requirements. The FSPD is supported by an IPT comprised of personnel from groups and organizations within ORP, to oversee and approve project activities. Each FSPD reports directly to the AMWTP/FPD.

**Responsibilities:** The WTP FSPDs have overall responsibility for the Total Project Cost of their facility, managing the technical/scope, cost and schedule baselines through all phases, providing oversight of design, constructability and operations reviews, and ensuring that all DOE Order 413.3A requirements are met. Each FSPD is responsible for the following.

- Managing the facility project's technical, cost, and schedule baselines by understanding the reasons for variances, and ensuring appropriate mitigation or corrective action.
- Ensuring that contractor's earned value management system (EVMS) is certified by the Defense Contract Management Agency as required by the DOE Office of Engineering and Construction Management. The FSPD will control baseline changes by ensuring that changes and potential changes are identified early, are

beneficial to the project, and communicated to the AMWTP. The FSPD evaluates baseline change proposals (BCPs) and makes recommendation for approval or disapproval to the Contracting Officer and FPD.

- Cognizance of safety authorization basis. The FSPD will maintain knowledge and awareness of the Authorization Basis (AB) and the process for change. The FSPD will also review and make recommendations regarding approval of AB changes.
- Supporting approval of Critical Decisions (CD) and ensuring that all CD prerequisites have been met.
- Managing risk by ensuring early risk identification, assessment, and mitigation throughout project execution.
- Monitoring major procurements and subcontracts associated with the project to verify need and ensure quality.
- Verifying cause and categorization of extra work (performance, unforeseen additional work, directed change or constructive change) relative to use of contractor management reserve or contractor assertion of directed and/or constructive change requiring the use of DOE contingency.
- Coordinating team resources, meetings, and activities.
- Developing the IPT charter for AMWTP/FPD approval.
- Coordinating technical needs to support the AMWTP/FPD in role as COR.
- Attending Contractor cost trend meetings and key design reviews.
- Maintaining cognizance of site construction activities, including monitoring via direct observation and participation in contractor process reviews.

**Accountabilities:** Each FSPD is accountable to the AMWTP/FPD for timely communication of project performance and issues. The FSPD is specifically accountable for the following:

- Accountable for status of project earned value and Contractor performance.
- Accountable for recommendations associated with baseline changes.
- Accountable for reviewing and making recommendations regarding AB changes.
- Accountable to management for providing early identification of significant issues and risks.
- Accountable to the IPT for communicating management direction, feedback and general information concerning the project.

- Accountable to the IPT for coordination and project oversight guidance.

## Property Management

DOE approved BNI's Property Control System on November 21, 2002. Property records are maintained in accordance with FAR 45.505 and BNI Procedures 24590-WTP-GPP-GPA-025 (Control of Government Property) and 24590-WTP-GPP-GCB-00100 (Field Materials Management). Property management responsibilities are functionally shared between BNI Property Management (non-plant equipment and materials) and BNI Material Management (Plant equipment and materials). Property Management exercises primary oversight and policy responsibility over the property management function.

Requirements for management of sensitive/high risk property are primarily established in BNI Procedure 24590-WTP-GPP-GPA-025 and through ancillary procedures such as BNI Procedure 24590-WTP-GPP-CON-2101 (Security Instructions and Requirements for WTP Construction Site (e.g., controlled article and property removal passes)).

Federal oversight of the BNI property management functions is performed under a written delegation from the Contracting Officer to a Property Administrator, and independently by the ORP Organizational Property Management Officer (OPMO) and Organizational Motor Equipment Fleet Manager (OMEFM). Because this is a cost reimbursement construction contract, the specific requirements of DOE Order 580-1 and DOE Property Management Regulation 41 CFR Part 109 (applicable to management and operations contracts) have not been incorporated into the BNI contract.

## ORP Organizations

- Various ORP organizational elements have contract management responsibilities and ownership for actions under this CMP. Those organizations are documented under ORP M 411.1-1 *Safety Management Functions, Responsibilities, and Authorities Manual for the U.S. Department of Energy, Office of River Protection*. Additional information about how ORP manages the WTP project is documented in DOE/ORP-2003-01 *Project Execution Plan for the River Protection Project Waste Treatment and Immobilization Plant*.

Other Administration Parties: These organizations provide industrial relations and contract audit functions:

- The Richland Operations Office provides industrial relations ~~and~~, labor management, and contractor human resource management guidance and advice to the ORP Contracting Officer. The Contractor's Director, Human Resources is the representative for these issues.
- The Defense Contract Audit Agency under the authority, direction, and control of the Under Secretary of Defense (Comptroller), is responsible for performing contract audits for the Department of Energy, and providing accounting and financial advisory services regarding contracts and subcontracts for ORP contract administration activities. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts.

## Contract Schedule Milestones

Principal contract deliverable milestones are found in Section C. Principal contract schedule milestones are found in Section F of the contract and are as follows (Note that these milestones will change when the contract is modified to account for the change in the seismic design criteria and contractor cost and schedule overruns. The latest forecast of contract completion is the year 2019).:

Milestone No.	Activity	Date
M1	Start of Construction	July 10, 2002
M2	Complete Schedule Activity ID 4DP2402210 and 4DP2402215 as described in Table B.1B <sup>1</sup> .	March 31, 2005
M3	Complete Schedule Activity ID 4DH46102A2 as described in Table B.1B <sup>2</sup> .	December 31, 2007
M4	Reserved	
M5	Completion of Hot Commissioning	January 31, 2011
M6	Completion of Contract Requirements	July 31, 2011

## Contract Summary By Section

The contract is structured to follow the FAR Uniform Contract Format

<u>Section</u>	<u>Description</u>
A	Standard Form 33
B	Supplies or services and prices
C	Description/specifications
D	Packaging and marking
E	Inspection and acceptance
F	Deliveries or performance
G	Contract administration data
H	Special contract requirements
I	Contract clauses
J	List of documents, exhibits, and other attachments

## Project Measurement Tools

Section C, Standard 1, *Management Products and Controls*, describes the management products and controls required during the Contract period. DOE intends that RPP activities will be managed as a single project by ORP, while still allowing the Contractor autonomy to

<sup>1</sup> Schedule Activity Description: Set the four Pretreatment Low Activity Waste (PT-LAW) Feed Receipt Tanks on their foundations in the Pretreatment Facility ready for alignment.

<sup>2</sup> Schedule Activity Description: Move Melter #1 into the High Level Waste Facility.

accomplish the work scope defined in the Contract. The RPP Project Management Plan (DOE/ORP-2000-06) provides the overall direction for DOE and Contractor project management activities, including baseline management, life-cycle planning, requirements management, and technical integration. The Contractor is encouraged to use an existing corporate-level project management system that meets the requirements of this Standard and the RPP Project Management Plan.

(a) Transition Plan – An overall plan and schedule for achieving a smooth and expeditious transition of WTP activities and design assets/products.

(b) Project Execution Plan – Include two distinct parts – a Project Control System Description and the Project Baseline Description. Requirements for the Project Control System Description and Project Baseline Description are described below.

(c) Project Control System – The Contractor is required to provide a Project Control System that is EVMS compliant (i.e. ANSI/EIA 748-A-1998), produces accurate planning, budgeting, reporting, and change control data and meets the requirements of the RPP Project Management Plan. The Contractor is required to provide all necessary technical information and support related to the WTP Project to enable DOE to proceed with the critical decision process (DOE Order 413.3A Program and Project Management for the Acquisition of Capital Assets and DOE M 413.3-1) and to enable DOE to meet the data requirements of the integrated planning, accountability, and budgeting system. The Contractor is required to also support ORP in developing and maintaining the integrated RPP Baseline.

(d) WTP Project Baseline – The Contractor is required to develop and maintain an integrated and traceable scope, schedule, and cost baseline for the WTP. The baseline shall include: the WTP project technical requirements; definition of work scope to achieve those requirements; schedule to implement project work scope; cost to implement project work scope on the projected schedule; and assessment of the risks to achieving the baseline. The WTP Project Baseline will be summarized in the Project Execution Plan and will be supported by additional baseline documentation, as necessary.

(e) WTP Risk Assessment – The Contractor is required to perform a WTP risk assessment to implement the risk management process defined in the Project Execution Plan. A quantitative assessment of the WTP risks will be maintained and support maintenance of the RPP overall risk assessment. The risk assessment will identify the major risks to achieving the baseline and the Contractor's approach for managing those risks. The Contractor is required to include risk management status reports in the monthly status to DOE.

(f) WTP Performance and Reporting System – The Contractor is required to develop a reporting system that reports project performance on the technical work, schedule, and cost profile defined in the WTP baseline at a level agreed to by DOE. Reporting under this system is through Contractor-prepared monthly status reports that include narrative and performance curves (earned value based on the schedule) for the cost and job hour status (e.g., planned, actual, and forecast percents complete). The percent variances will be identified and addressed. Status reports will include data for the total project cost and performance for the major WBS elements.

(g) Occurrence Reporting – The Contractor is required to adhere to DOE Manual 232.1-1A, *Occurrence Reporting and Processing of Operations Information* (or current revision) with Hanford Site specific requirements and methods for notification.

(h) Environment, Safety and Health Reporting – In addition to Occupational Safety and Health Act of 1970, and the Price Anderson Amendments Act of 1988 (10 CFR 820) reporting requirements, the Contractor is required to report all events and information specified in DOE Order 231.1, *Environment, Safety and Health Reporting*. The process and form of reporting will meet the requirements of this Order and DOE Manual 231.1-1, *Environment, Safety and Health Reporting Manual*.

DOE action responsibilities for the Contractor’s project measurement and reporting tools is shown in Table C.5-1.1 *Deliverables* shown in Section C of the Contract.

**Fee Administration**

The DOE objective under this Contract is to receive a completed WTP that meets or exceeds the contractual performance requirements. Incentives are structured to ensure a strong financial motivation for the Contractor to achieve DOE goals for project cost, schedule, and operational performance.

The Contract has three incentive fee elements: Cost Performance Fee (CPF); Schedule Performance Fees; and Operational Performance Fees, as described below and itemized on Table B.1, *Incentive Fee Structure*. The Cost Performance Fee incentive, Schedule Performance Fee incentive, and Operational Performance Fee incentive are calculated independently.

“Actual Cost at Contract Completion” (ACCC) means total allowable cost to achieve “Completion of Contract Work Scope Requirements,” (as defined in Section C.6, Standard 5(k)), as may be adjusted through other provisions in this Contract.

(a) Cost Performance Fee (Table B.1A) - Cost Performance Fee can be earned by achieving ACCC below the Cost Performance Incentive Upper Cost Limit (UCL). The Cost Share Ratio for achieving ACCC below the UCL is specified in Table B.1A. When Hot Commissioning is completed as defined in the second paragraph of this paragraph (a), the Maximum Cost Performance Fee (MaxCPF) shall be earned if ACCC is equal to or less than the Target Cost (TC). The Minimum Cost Performance Fee shall be earned if ACCC is equal to or greater than the UCL. If the ACCC is greater than the Target Cost and less than the UCL, the Cost Performance Fee earnings are calculated per the formula in the shaded box below :

Condition	Fee Earnings
Actual Cost at Contract Completion Equal to or Greater Than the Upper Cost Limit	Minimum Cost Performance Fee (MinCPF)
Actual Cost at Contract Completion less than the Upper Cost Limit and greater than the Target Cost	MaxCPF minus ((ACCC – TC) times Contractor’s Cost Share Percentage 50%) = CPF Earned ( <i>cannot be less than \$0</i> )
Actual Cost at Contract Completion Equal to or Less Than the Target Cost	Maximum Cost Performance Fee (MaxCPF)

A condition precedent to earning Cost Performance Fee in an amount greater than the MinCPF is Completion of Hot Commissioning of the WTP, as specified in Section C.6, Standard 5, Commissioning, paragraph (g)(4)(i). This condition precedent will not impact the Contractor's ability to receive Provisional Fee payments in accordance with Clause B.7 of the Contract. However, if such Completion of Hot Commissioning is not achieved, any previously paid Cost Performance Fee, including Provisional Fee Payments related to Cost Performance Fee shall be repaid to DOE in accordance with Clause B.9.

(b) Schedule Performance Fees (Table B.1B) - The Schedule Performance consists of three elements:

- Construction Completion Milestones: The amounts and distribution of such milestones are shown in Table B.1B. Achievement of such milestones is not schedule sensitive (i.e., fee will be earned and paid when the applicable milestone is achieved).
- Interim Schedule Milestones – The amounts and distribution of such milestones are shown in Table B.1B. Achievement of such milestones is schedule sensitive (i.e., fee will be earned only if the applicable milestone is achieved on or before the milestone date(s) specified in Table B.1B/Section F).
- Completion of Hot Commissioning – Completion of Hot Commissioning Requirements (as Specified in Section C.6, Standard 5, paragraph (g)(4)(ii)) by the milestone date specified in Contract Section F. Achievement of this Milestone is schedule sensitive (i.e., fee will be earned only if achieved on or before the milestone date specified in Table B.1B/Section F).

All Schedule Performance Fees are earned and final upon achievement of the stated milestone and are not subject to any "clawback" by the Government.

(c) Operational Performance Fees (Table B.1C) – Operational Performance Fees can be earned in specified amounts for achievement of prescribed performance testing rates for cold commissioning and hot commissioning as described below and in Table B.1C and applicable portions of Section C.6, Standard 5. Achievement of each milestone is independently measured and earned.

(1) Cold Commissioning –

- Operational Performance Fee in the amount specified in Table B.1.C(1) can be earned for meeting the Minimum performance testing rates specified in Section C.6, Standard 5, Table C.6-5.1 for all Facilities.
- Additional fee in the amounts specified in Table B.1.C(2) can be earned for meeting the Expected Performance Testing Rates For Each Facility.
- Additional fee in the amounts specified in Table B.1.C(3) can be earned for exceeding the Expected Performance Testing Rates for each Facility. Fee for each Facility is independently measured and earned. Fee will be earned on a proportional basis for rates achieved which exceed Expected rates, up to the Goal

performance rates. Fee for each Facility is conditioned upon achievement of rates in excess the Expected rates for both the 5 day and 20/30 day Durations specified in Table C.6-5.1. The fee is calculated proportionally based on the lesser of the two rates achieved for each Facility.

- (2) Hot Commissioning. Operational Performance Fee in the amounts specified in Table B.1.C(4) can be earned for Completion of Minimum Performance Testing Rates. Additional fee in the amounts specified in Table B.1.C(4) can be earned for Completion of Expected Performance Testing Rates For Each Facility. Fee for each Facility is independently measured and earned.

All Operational Performance Fees are earned and final upon achievement of the stated milestone and are not subject to any “clawback” by the Government. Any unearned Operational Performance Fee from Cold Commissioning may not be earned during Hot Commissioning.

**Table B.1 Incentive Fee Structure**

Table B.1A – Cost Performance Fee Incentive

Cost Performance Elements	Amount
<b>Cost Performance Incentive – Target Cost (TC)</b>	\$5,000,000,000
<b>Cost Performance Incentive – Upper Cost Limit (UCL)</b>	\$5,400,000,000
<b>Maximum Cost Performance Fee (MaxCPF)</b>	\$200,000,000
<b>Minimum Cost Performance Fee (MinCPF)</b>	\$0
<b>Cost Share Ratio (Contractor/Government) ACCC greater than Target Cost and less than Upper Cost Limit</b>	50/50
<b>Cost Share Ratio (Contractor/Government) ACCC greater than Upper Cost Limit or less than Target Cost</b>	0/100

Table B.1B – Schedule Performance Fee Incentives

Schedule Performance Milestone	Schedule Performance Incentive Fee
<b>Construction Completion Milestones</b>	
<b>Schedule Activity ID 4DH30102A</b> <u>Description:</u> Set the #1 Melter Submerged Bed Scrubber (SBS) Condensate Collection Vessel on it's foundation ready for alignment in the High Level Waste (HLW) facility.	\$15,000,000
<b>Schedule Activity ID 4DP155122A</b> <u>Description:</u> Complete the pre-assembly of planning group 3 black cell pipe modules for the Pretreatment Facility.	\$15,000,000
<b>Schedule Activity ID 4DP30013 (Tentative ID Number)</b> <u>Description:</u> Set the four Cesium Ion Exchange process vessels on their foundations ready for alignment in the Pretreatment Facility.	\$15,000,000

<b>Schedule Activity ID 2CBP110400</b>	
<u>Description:</u> Complete the process model (software) for use in the Simulator Facility following substantial completion of the Simulator Facility.	\$15,000,000
<b>Interim Schedule Milestones</b>	
<b>Complete Schedule Activity IDs 4DP2402210 and 4DP2402215 by March 31, 2005</b>	\$10,000,000
<u>Description:</u> Set the four Pretreatment Low Activity Waste (PT-LAW) Feed Receipt Tanks on their foundations in the Pretreatment Facility ready for alignment.	
<b>Complete Schedule Activity ID 4DH46102A2 by December 31, 2007</b>	\$10,000,000
<u>Description:</u> Move Melter #1 into the High Level Waste Facility.	
<b>Completion of Hot Commissioning</b>	
Completion (as defined in C.6, Standard 5(g)(4)(ii)) By Schedule Milestone M5 Due Date Specified In Contract Section F	\$34,000,000

Table B.1C – Operational Performance Fee Incentives

Operational Performance Milestones	Operational Performance Incentive Fee
<b>1. Cold Commissioning<sup>1</sup></b> – Meet <b>Minimum</b> Performance Testing Rates for all Facilities.	\$30,000,000
<b>2. Cold Commissioning<sup>1</sup></b> – Meet <b>Expected</b> Performance Testing Rates for each Facility	
Pretreatment High	\$10,000,000
Pretreatment Low	\$10,000,000
HLW	\$10,000,000
LAW	\$10,000,000
<b>3. Cold Commissioning<sup>1</sup></b> – Additional Fee for Exceeding <b>Expected</b> Performance Testing Rates for each Facility:	
Pretreatment High	\$0 for <b>Expected</b> up to \$3,750,000 for <b>Goal</b>
Pretreatment Low	\$0 for <b>Expected</b> up to \$3,750,000 for <b>Goal</b>
HLW	\$0 for <b>Expected</b> up to \$3,750,000 for <b>Goal</b>
LAW	\$0 for <b>Expected</b> up to \$3,750,000 for <b>Goal</b>

**4. Hot Commissioning<sup>2</sup>** – Completion of Performance Testing Rates for each Facility

Pretreatment High	\$3,000,000 for <b>Minimum</b> Additional \$3,500,000 for <b>Expected</b>	
Pretreatment Low	\$3,000,000 for <b>Minimum</b> Additional \$3,500,000 for <b>Expected</b>	\$26,000,000
HLW	\$3,000,000 for <b>Minimum</b> Additional \$3,500,000 for <b>Expected</b>	
LAW	\$3,000,000 for <b>Minimum</b> Additional \$3,500,000 for <b>Expected</b>	

<sup>1</sup> As described in Contract Section C.6, Standard 5, Table C.6-5.1

<sup>2</sup> As described in Contract Section C.6, Standard 5, Table C.6-5.2

(d) Changes to Target Cost, Schedule and Fees - The Target Cost, Schedule and Fees shown in Table B.1 may be modified by the Contracting Officer in accordance with the Section I Clause entitled *Changes – Cost Reimbursement – Alternate III* and as expressly provided in other Contract provisions. Whenever the Target Cost is adjusted, the UCL shall be adjusted in the same manner and dollar amount as the Target Cost.

The ORP Manager may make unilateral fee reductions if the Contractor fails to obtain approval of the ISMS or fails to achieve the minimum performance requirements of the System, or if there is a catastrophic event (such as, a fatality or a serious workplace-related injury or illness to one or more Federal, Contractor, or subcontractor employees or the general public, loss of control over classified or special nuclear material, or significant damage to the environment.

**Contractor Key Personnel**

A listing of Key Personnel on this Contract is provided as Contract Section J, Attachment F, *Key Personnel*. These Key Personnel are considered to be essential to the work being performed on this Contract. Prior to diverting to other positions or substituting any of the specified Key Personnel, or proposing them as a Key person under another contract, the Contractor shall notify the Contracting Officer in writing at least thirty (30) days in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the work being performed under this Contract. No diversion or substitution shall be made by the Contractor without the written consent of the Contracting Officer, provided that the Contracting Officer may ratify in writing such diversion or substitution and such ratification shall constitute the consent of the Contracting Officer required by this Clause. Unless approved in writing by the Contracting Officer, no Key Personnel position will remain unfilled by a permanent replacement for more than 60 days. The Key Personnel list shall be amended during the course of the Contract to add or delete Key Personnel as appropriate and as approved by the Contracting Officer.

*(Sandy, do we want to insert the actual list here, or just use the pointer to the Contract)*

The Contract provided for fee reductions anytime the Project Manager was replaced or removed for any reason under the Contractor's control within two (2) years of contract award, fee earned will be reduced by the amount of \$1,000,000. In addition, each time any other Key Personnel for the functions of Environment, Safety, Quality, and Health (ESQ&H); Procurement/Contracting; Technology Management; Engineering; Construction Management; and Design Management for Systems, Facilities, and/or Engineering Disciplines are replaced or removed for any reason under the Contractor's control within two

(2) years of Contract award, fee earned shall be reduced by the amount of \$500,000 for each removed or replaced individual. No reductions were made under this Clause.

### **Deliverables & DOE Owners**

Various deliverables are required during contract performance. Contract Table C.5-1.1, *Deliverables*, denotes the Item No., Deliverable Reference, Action Required, DOE Action Party, Point of Delivery, and Contract Due Date for each deliverable. Appendix A to this CMP shows contract deliverables by date and year and Assistant Manager lead and support responsibilities for review of these documents.

### **Invoice Payments and Quarterly Fee Payments**

Invoice processing is to be performed bi-weekly in accordance with Clauses G.4 *Billing Instructions* and I.68 FAR 52.232.25 *Prompt Payment* which requires payment within seven days of submitted an approved invoice.

Specific procedures for BNI invoice payments are provided in ORP M 131.7, *ORP Review of Bechtel National, Inc. Semimonthly Invoices*.

### **Change Management**

ORP PD 413.3-1, *WTP Baseline Change Control* documents and implements the management processes to be used by the ORP (and the WTP Contractor) to control changes to the project Performance Measurement Baseline.

### **Deliverable Reviews**

Separate deliverable review plans will be developed for each deliverable. AM review responsibilities are provided in Attachment A to this Plan.

### **Other Contract Management Responsibilities**

Other contract management responsibilities may be added as necessary in future revisions to this Plan.

### **Attachments:**

Appendix A – Bechtel Deliverable Schedule (Chronological)  
Appendix B – DOE Contract Management and Administration Actions