

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT	1. CONTRACT ID CODE	PAGE OF PAGES 1   34
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2. AMENDMENT/MODIFICATION NO. A066	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
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6. ISSUED BY U. S. Department of Energy Office of River Protection P. O. Box 450, MS H6-60 Richland, WA 99352	CODE	7. ADMINISTERED BY (If other than item 6)	CODE
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8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)  CH2M HILL Hanford Group, Inc. PO Box 1500 Richland, WA 99352	(✓)	9A. AMENDMENT OF SOLICITATION NO.	
		9B. DATED (SEE ITEM 11)	
	✓	10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC27-99RL14047	
		10B. DATED (SEE ITEM 13) September 30, 1999	

CODE	FACILITY CODE	
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**11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS**

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended,  is not extended.

Offerors must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:  
 (a) By completing Items 8 and 15, and returning copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified

12. ACCOUNTING AND APPROPRIATION DATA (if required)  
N/A

**13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

(✓)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT/ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Section I, Clause I.63, Changes - Cost Reimbursement (AUG 1987) Alternate III (APR 1984) and by Mutual Agreement
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor  is not,  is required to sign and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)  
 The purpose of this Modification is to make the following changes: revise Clause B.3, Estimated Cost and Fee; replace Section B, Table B-1; replace Section C, STATEMENT OF WORK; replace Section H Table of Contents; revise Clause H.1, Performance Based Incentives, Fee Distribution and Fee pool; replace Clause H.2, Incremental and Provisional Payments of Fee; replace Clause H.7, Project Controls; delete Clause H.45, Contingent Fee; replace Section J Table of Contents; in Section J delete DOE O 210.1, DOE O 224.1, DOE O 425.1B, and DOE O 2300.1B; revise Section J, Table D-1 (Revision 6) title; incorporate into Section J, Table D-2; revise Section J, PBI-3; and incorporate into Section J, Appendix P, Provisional Payment of Fee Methodology/Criteria.  
 Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Ralph F. Wood, Manager Prime Contract Administration	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Roy J. Schepens, Manager
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)
15C. DATE SIGNED 11/19/02	16C. DATE SIGNED 11/20/02

**Block 14 Continuation:**

Description of the Change:

- a. Under Section B, SUPPLIES OR SERVICES AND PRICES/COSTS, Clause B.3, "Estimated Cost and Fee," paragraph 1, sentence 1, incorporate the following:

Delete:

The estimated cost of the Contract is the total Budget Authority (BA) provided to the Contractor from October 1, 1999, through September 30, 2000, (\$404,392,374.76), plus the estimated new BA of \$2,197,700,000 for the period October 1, 2000, through September 30, 2006, for an estimated total cost of \$2,602,092,374.76.

Add:

The estimated cost of the Contract is the total Budget Authority (BA) provided to the Contractor from October 1, 1999, through September 30, 2000, (\$404,392,374.76), plus the estimated new BA of \$2,247,700,000 for the period October 1, 2000, through September 30, 2006, for an estimated total cost of \$2,652,092,374.76.

- b. Under Section B, SUPPLIES OR SERVICES AND PRICES/COSTS, paragraph B.3 Estimated Cost and Fee, delete and replace Table B-1 as follows:

Table B-1  
Estimated Budget Authority for Fiscal Years 2001-2006

Delete:

(\$ in millions)							
	FY01	FY02	FY03	FY04	FY05	FY06	Total
New BA (Includes Fee)	\$402.7	\$355	\$360	\$360	\$360	\$360	\$2,197.7
Fee	\$19.8	\$16.9	\$17.6	\$17.3	\$17.3	\$17.3	\$106.1

Replace with:

	FY01	FY02	FY03	FY04	FY05	FY06	TOTAL
New BA Includes Fee	\$402.7*	\$355*	\$410*	\$360*	\$360*	\$360*	\$2,247.7*
Fee	\$19,760,849.	\$16,339,151.**	\$16*	\$22*	\$20*	\$14*	\$108.1*

\* Amounts stated in Millions of dollars.

\*\* Subject to change pending final FY 02 fee determination.

- c. Under Section C, STATEMENT OF WORK, delete and replace with the attached Section C, STATEMENT OF WORK.

- d. Under Section H, SPECIAL PROVISIONS, replace page H-i with the attached.
- e. Under Section H, SPECIAL PROVISIONS, Clause H.1, "Performance Based Incentives, Fee Distribution and Fee Pool," delete and replace with the attached Clause H.1, "Performance Based Incentives, Fee Distribution and Fee Pool."
- f. Under Section H, SPECIAL PROVISIONS, Clause H.2, "Provisional Payment of Fee," delete and replace with the following:

#### H.2 INCREMENTAL AND PROVISIONAL PAYMENTS OF FEE

- (a) An incremental payment of fee is non-provisional payment and may be earned by the Contractor for completed milestones (or incremental fee bearing milestone or work elements) that are determined to have significant lasting, intrinsic value and that are specified in a particular PBI. Incremental payments earned by the Contractor are not generally subject to refund for failure to complete all or any portion of any other incremental fee bearing work element in a PBI. Incremental payments may be made based upon earned value, completion of milestones or any other methodology set forth in the PBI.
  - (b) A provisional payment of fee may be made for partial completion of a PBI or incremental fee bearing milestone or work element. Provisional payments may be made based upon the completion of events and/or milestones, earned value, or any other methodology agreed to by the DOE and Contractor. Such provisional payment of fee methodology/criteria shall be set forth in Section J, Appendix P, "Provisional Payment of Fee Methodology/Criteria" of the Contract. If the Contractor fails to fully accomplish a PBI or incremental fee bearing milestone or work element for which it has received provisional payments, it will refund all provisional payments it has received for that PBI or incremental fee bearing milestone or work element, plus interest from the date of receipt of the provisional payments. Interest will be paid at the rate established in accordance with the Section I clause entitled *Interest*. Provisional payment of fee invoices will be at the discretion of the Contracting Officer. DOE agrees to authorize payment of the provisional fee no later than 10 business days from receipt of invoice.
- g. Under Section H, SPECIAL PROVISIONS, delete Clause H.7, "Project Controls," including H.7.01, "Project Control System Requirements," H.7.02, "Baseline Development," H.7.03, "Baseline Performance," and H.7.04, "Baseline Change Management." Replace with the following:

#### H.7 PROJECT CONTROLS

- (a) In the performance of this Contract, the Contractor shall establish, maintain and use a project control system meeting the requirements specified in the Contract and below. The Contractor may use a pre-existing project control system if such system satisfactorily addresses the system requirements defined in the Contract and below.
- (b) The project control system must meet the requirements of the following DOE guidance:
  - (1) DOE Order 430.1A, *Life-Cycle Asset Management (LCAM)*, October 14, 1998;
  - (2) *Integrated Planning, Accountability, and Budgeting System – Information Systems (IPABS-IS) Data Requirements*, (<https://ipabs-is.em.doe.gov/ipabs/>);
  - (3) *Integrated Planning, Accountability, and Budgeting System (IPABS) Handbook*, February 16, 1999;
  - (4) *Approval of Updated Office of River Protection Project Baseline Summary (PBS) Baseline Change Control Thresholds*, Office of Policy, Planning and Budget, Environmental Management, signed by Richard W. Brancata, dated February 20, 2001; and
  - (5) DOE Order 413.3, *Program and Project Management for the Acquisition of Capital Assets*.
- (c) Work Authorization. Approval of this Contract provides authorization for the Contractor to perform, subject to other Contract requirements, the full scope of work in the Contract. Any Contractor requested changes or DOE directed changes shall be addressed through the established Change Control process.
- h. Under Section H, SPECIAL PROVISIONS, delete Clause H.45, “Contingent Fee.”
- i. Under Section J, LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS, replace page J-i with the attached.
- j. In accordance with I.107 revise Section J, Appendix C, “DOE Directives,” as follows:
  - 1) Delete DOE O 224.1, “Contractor Performance Based Business Management Process (BMOP).”
  - 2) Delete DOE O 2300.1B, “Audit Resolution and Follow-Up.”
- k. Under Section J, LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS, Appendix D, “Performance Based Incentives,” Table D-1 (Revision 6) title is revised as follows:

Delete:  
Table D-1 (Revision 6)  
Summary of FY2001 through FY2006  
Performance Based Incentives

Add:

Table D-1 (Revision 6)

Summary of FY2001 through FY2006, Effective FY2001 and FY2002 Only  
(see Table D-2 for FY2003-FY2006)

Performance Based Incentives

1. Under Section J, LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS, incorporate the following Table D-2 "Summary of FY2001 through FY2006 Performance Based Incentives."

Table D-2

Summary of FY2001 through FY2006  
Performance Based Incentives

Number	Title	Available Fee
PBI-1	Store	\$3,000,000
PBI-2	Waste Treatment Plant Production Support (Feed Delivery and Product Receipt)	\$30,000,000
PBI-3	Single-Shell Tank (SST) Retrieval and Closure	\$32,000,000
PBI-4	Supplemental Waste Treatment and Disposal	\$7,000,000
	<b>Subtotal</b>	\$72,000,000
ORP-01 – ORP-16, ORP-29	FY 2001 and FY 2002 PBIs, excluding SuperStretch Performance Based Incentives (SSPBI [see Table D-1])	\$36,100,000
	<b>Total</b>	\$108,100,000
	<b>Acceleration Fee</b>	
	<b>Description</b>	
PBI-3	Acceleration fee of \$2M per tank closed (see PBI for description)	TBD
PBI-4	Acceleration fee of \$800K for each 100,000 gallons of additional waste treated (see PBI for description)	TBD

- m. Under Section J, LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS, for Performance Based Incentives; PBI-3, *Single-Shell Tank (SST) Retrieval and Closure*, revise as follows:

- Delete header date of 9/30/03 and replace with 9/30/02.
- Under PBI-3, "Fee Bearing Milestones," number one, paragraph 3, delete M-45-03-02 and replace with M-45-02-03. Also remove the words "for milestone M-45-00-C," at the end of the sentence.
- Delete all references to M-45-00C and replace with M-45-02-03.

- n. Incorporate into Section J, LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS, the attached Appendix P, "Provisional Payment of Fee Methodology/Criteria."

Contractor's Statement of Release

The Contractor hereby releases the Government from any and all liability under this Contract for any further equitable adjustments attributable to the changes set forth above.

**PART I - THE SCHEDULE  
SECTION C  
STATEMENT OF WORK**

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**PART I - THE SCHEDULE  
SECTION C  
STATEMENT OF WORK**

**C.1 SUMMARY DESCRIPTION OF WORK**

The Hanford Site has two major missions: (1) cleanup, and (2) science and technology. There are two major Office of Environmental Management (EM) programs associated with cleanup. The first is the River Protection Project (RPP), which entails cleanup of Hanford Site tank waste which is stored in single shell and double shell underground tanks, and is managed by the U.S. Department of Energy (DOE) Office of River Protection (DOE-ORP). The second is Project Hanford, which entails cleanup of the remainder of the Hanford Site, and is managed by the DOE Richland Operations Office (RL). The RPP will execute its workscope as part of the Hanford Waste Treatment Complex (HWTC) to treat and disposition Hanford Site HLW.

RPP is composed of two major scopes of work performed by two separate contractors. CH2M HILL Hanford Group, Inc ("Contractor") shall be responsible for planning, managing, and executing the Tank Farm Contract (TFC) projects, operations, and other activities as described in more detail in Section C.3, *River Protection Project - Technical Scope*, of this Statement of Work. The Hanford Waste Treatment and Immobilization Plant (WTP) contractor will design, construct and commence operations of the WTP for treating the tank farm waste.

The Contractor shall be responsible for interfacing and coordinating with other Hanford Site prime contractors in the performance of this work. Contractor shall ensure that requirements for services provided by Contractor to other Hanford Site contractors and received from other site contractors are integrated with other Hanford Site contractors and provided for in the baseline. The Contractor shall establish appropriate arrangements with other Hanford Site prime contractors for the tasking and incentivization of work, consistent with the approved Hanford Site Services Manual.

The Contractor shall conduct business at the Hanford Site consistent with the following outcomes, which flow from the Hanford Strategic Plan.

- Maintain Tank Farms waste and infrastructure in a safe environmentally compliant and stable configuration.
- Retrieve tank wastes to the extent needed for tank closure and deliver to the WTP contractor for treatment and immobilization.
- The immobilized low-activity waste (ILAW) fraction will be properly disposed either onsite or offsite.
- The immobilized high-level waste (IHLW) fraction will be interim stored until it can be shipped offsite for disposal (planned for the Yucca Mountain geologic repository).
- Efficiently and cost effectively close all Hanford Tank Farms.

Success in achieving these outcomes shall consider the following factors:

- Protection of worker safety and health, public safety and health, and the environment;
- Leadership and management effectiveness (Operations Management);
- Management responsiveness to customers (Customer Service);
- Responsive communications with external and internal Hanford customers; and
- Proficient partnering with other Hanford Site prime contractors.

Specific performance objectives, measures, and expectations are detailed in Section J, Appendix D, *Performance Based Incentives*, and Section C.3, *River Protection Project – Technical Scope*.

The Contractor shall integrate safety and environmental awareness into all activities, including those of subcontractors at all levels consistent with Integrated Safety Management principles. Work must be accomplished in a manner that achieves high levels of quality, protects the environment, the safety and health of workers and the public, and complies with requirements. The Contractor shall identify hazards, manage risks, identify and implement good management practices, and make continued improvements in environment, safety, health, and quality (ESH&Q) performance.

The Contractor shall seek ways to streamline work processes by the use of necessary and sufficient standards and requirements. This includes requesting relief in the form of exemptions from requirements when appropriate, such as when the cost of the requirement will exceed its expected benefits.

The Contractor shall furnish, or cause to be furnished, all personnel, facilities, equipment, material, supplies, and services (except as may be expressly set forth in this contract as furnished by the Government), and otherwise do all things necessary for, or incident to, providing its best efforts so as to carry out in an efficient and effective manner all necessary work set forth in this Contract.

This Contract is intended to perform work necessary to reduce the potential risk to the public and the environment from the tank waste stored on the Hanford Site. It is also intended to meet the DOE legal obligations and commitments in carrying out this work. This Contract will be changed as required to assure that applicable legal obligations and commitments will be met.

## C.2 MANAGEMENT WORKSCOPE

### (a) Project Planning

The Contractor shall:

- (1) Perform planning based on the requirements, interfaces, endpoint targets and performance objectives provided in DOE guidance and approved Performance Based Incentives (PBIs). This planning activity shall utilize systems engineering techniques assuring that the Contractor's workscope is integrated. The Contractor shall support required revisions of the Hanford Strategic Plan and will participate with other DOE prime contractors, regulators, stakeholders, and customers in strategic situation analysis, integrated baseline development discussions and issue definition, and resolution. This planning shall look beyond the period of this contract to the life-cycle of RPP projects.
- (2) Complete and maintain an integrated life-cycle baseline which reflects: (a) technical scope of work specified in this Contract, (b) project/program schedules with critical paths identified, and (c) a cost profile based on a resource-loaded schedule. The Contractor shall use industry-proven methodology, which will interface with DOE specific management information systems, in the preparation of this technical, schedule and cost baseline. The Baseline shall be the basis for budget development, input to risk analysis, and prioritization of work. The Baseline shall be developed and implemented in the Contractor's management system and shall be linked to the WTP contractor baselines to provide an integrated RPP baseline. Specifically, the Contractor shall:
  - (i) Organize the technical scope of work to be planned, managed, integrated, and reported using conventional project management techniques. The Contractor shall develop and use a Work Breakdown Structure (WBS), which will align with the DOE-ORP WBS.

- (ii) Implement a systems engineering process, which supports the management and integration of workscope activities. The Contractors' selected approach to systems engineering should be based on industry practices and should utilize a graded approach, as necessary.
- (iii) Develop and implement a risk management process utilizing a graded approach, which supports the management and integration activities under the authority of the Contract.
- (iv) Use a "graded approach" to determine applicable sets of requirements for use in design, management and operation of the individual facilities, and execution of projects and programs, with due consideration for industry standards, elimination of redundant requirements, value added, and the level of risk associated with each facility or program.
- (v) Incorporate the requirements of the *National Environmental Policy Act of 1969 (NEPA)* into the planning process for activities covered in this Contract.
- (vi) Provide support to DOE-ORP planning and integration activities. Conduct studies and analyses of RPP/Hanford systems and information, which supports DOE-ORP internal and external management needs. The Contractor shall provide support in: 1) corporate strategic planning, 2) policy development, 3) management information systems, and 4) baseline management and reporting. Studies and analyses include identification and development in conjunction with DOE of breakthroughs that significantly improve baseline performance and lifecycle costs or improve work processes.
- (vii) Provide support for review of TFC planning and operations by both internal (DOE-ORP) and external (DOE-Headquarters, Inspector General, Defense Nuclear Facilities Safety Board, U.S Environmental Protection Agency, Washington State Department of Ecology, etc.) agencies. This will include resolution of issues and concerns following a review.
- (viii) The RPP Baseline will be maintained, revised, and updated, if needed, annually. Following the WTP Contractors submission of their annual Baseline Update on April 5, the contractor shall perform an analysis of the integration of the WTP Contractor's and Contractor schedules and prepare an integrated River Protection Project (RPP) baseline. DOE-ORP will provide the Contractor with an electronic copy of the WTP Level 3 Baseline within five working days of receipt from the WTP Contractor. ORP shall provide the Contractor with a day-for-day delay delivery of the July 15 deliverable if there are changes to the WTP Contractor Level 3 Schedule after May 15. The Contractor shall provide the supporting TFC baseline package to DOE-ORP each year on July 15, fully integrated with the WTP contractor and supporting other Hanford contractor baseline packages.

Any changes to the Contractors current baseline shall be documented via a Baseline Change Request. By September 15 the Contractor shall submit a risk assessment of the RPP Integrated Baseline. By December 15 of each year, the Contractor shall provide to DOE-ORP the

appropriate allocation of funds for the next fiscal year by PBS and by line item.

(b) Management System

The Contractor is responsible to have systems which are managerially and financially in control for its own and other Hanford Site work as required by DOE. In furtherance of this, the Contractor shall:

- (1) Establish and maintain management systems to ensure that the Contract work is managed in a business-like manner to promote integration, enhance customer and stakeholder confidence, provide accurate and timely information for proactive decision-making, and ensure worker and public safety and protection of the environment. Systems and methodologies shall be established to identify, evaluate, and manage risks, and establish priorities based on project life-cycle considerations.
- (2) Obtain, integrate, analyze, report, and maintain appropriate and accurate TFC information to support DOE in the integration and management of the Hanford Site. This information includes, but is not limited to, data critical to effective management of the Hanford Site such as movement of wastes on or off the site, compliance with regulatory action assignments, or utilization of site services.
- (3) Develop and maintain a management system, which reflects appropriate and accurate information to control, evaluate, and integrate project/mission management. This system shall reflect the following:
  - (i) Management, control, and reporting of technical, schedule, cost, and financial elements of the TFC life-cycle baseline and the supporting project execution plans, as required by the Earned Value Management System clause of this contract, including:
    - (A) Appropriate change control processes, which ensure documentation of all monitored elements of the baseline, are maintained up-to-date. This includes the configuration baseline of all technical systems and structures, and includes revision to the baseline and critical path as appropriate upon approval of changes.
    - (B) Tracking and measuring tools to provide DOE-ORP continual assessment of Contractor performance against the baseline;
    - (C) Tools which allow the evaluation of the consequences (technical, cost, and schedule) of new information, alternative activities, and/or new financial scenarios;
    - (D) Estimating procedures based on commercial techniques, such as activity-based cost estimating and benchmarking against industry standards;
    - (E) Cost accounting practices used for accumulating and reporting costs shall be consistent with those used in estimating costs for work under the contract.
  - (ii) Provide DOE-ORP with integrated financial, schedule, and critical path analysis, and activity tracking data to effectively manage the baseline(s)

through automated reporting emphasizing performance measurements, change control, and trending data. This system shall support DOE ability to report direct and indirect costs in a manner satisfactory to DOE.

- (iii) Maintain flexible information systems compatible with DOE information systems, including reporting, budget, and financial systems, and allow efficient data interchange among site contractors and DOE. This includes compatibility with DOE Integrated Planning, Accountability, and Budgeting System-Information System.
  - (iv) Create the ability to accommodate electronic transfer of data between a diverse set of hardware, software, and communications platforms. Use standard data definitions, time schedules, and rules for the provision of information to the Management Information System (MIS) to ensure accuracy and consistency. All data and information provided to DOE relating to the Contractor or the subcontractors shall be prepared using common and consistent definitions, principles, and methodologies (e.g., Full-Time Equivalent [FTE] employees).
  - (v) Use a centralized system of reporting unusual occurrences, near misses, environmental events, safety events, etc., and ensure that lessons learned from such occurrences are provided to DOE, the Contractor, and subcontractor workforces as defined in Section C.2.(d)(1)(e).
  - (vi) Maintain comprehensive management and technical oversight and corrective action programs, including tracking of issues and lessons-learned program effectiveness.
- (4) Establish an RPP configuration management system based on industry consensus standards, which with other management tools, such as change control, assures a sound technical basis for the TFC life-cycle baselines.
  - (5) Provide to DOE via a computerized file, periodic accounting entries regarding government property acquisitions, dispositions, and monthly depreciation charges. These entries shall provide consistent information and allow reconciliation of the Contractor's detailed property records.
  - (6) Participate in the management of interfaces between the Contractor and any other RPP or Hanford Site organization and provide ORP with information and notification on all interface activities. The Contractor shall provide the resources needed to fully participate in the interface management process for the RPP. The Contractor shall also fully participate in the preparation for interface management activities that may occur beyond the period of contract performance.

Interface Documents will specifically be developed and maintained to define interface agreements among the parties involved with the interfaces. The Contractor shall comply with the interface agreements reached with them and shall utilize the approved change control processes to obtain changes to the interface documents. The Contractor shall recognize the DOE role as owner and as the final decision authority for any interface issues that are not resolved between the parties. Applicable Interface Document requirements associated with these agreements will also be incorporated into the TFC baseline.

- (7) Participate in the development of interfaces between the Contractor and WTP contractor to: 1) establish the physical and administrative interfaces, 2) develop

any delivery requirements and acceptance criteria at the point of transition, 3) provide the necessary Contractor contributions to all Interface Control Documents that control each interface, and 4) provide necessary services and utilities.

The scope of Contractor's participation and obligations described in this subparagraph (7) shall be set forth in a jointly developed Interface Management Plan (IMP) and Interface Control Documents (ICD) developed pursuant to the IMP. The IMP and ICDs will be referenced in Appendix O and will be used to establish Contractor's baseline performance obligations to ORP.

(c) Manage and Integrate Resources

The Contractor shall manage and integrate its resources for optimal achievement of outcomes set forth in Section C.1 above. In furtherance of this, the Contractor shall:

- (1) Support the annual budget submission process by working with DOE and other prime contractors to develop budget formulation documentation. The Contractor shall prepare documentation for its own work activities. Support to DOE during this process shall include but is not limited to assisting DOE to:
  - (i) Develop project budget data.
  - (ii) Prepare budget justification analyses and budget scenario studies.
  - (iii) Provide support to all crosscutting budget formulation documents (i.e., ESH&Q, Information Resources Management, etc.).
  - (iv) Obtain regulator and other stakeholder participation in budget development, including assistance in response to stakeholder and regulator inquiries.
- (2) Provide leadership, project, and personnel management skills necessary to ensure compliance with the RPP goals and the *Hanford Federal Facility Agreement and Consent Order* (also known as the Tri-Party Agreement or TPA), and to motivate the workforce to:
  - (i) Achieve quality work performance;
  - (ii) Mandate attention to worker and public safety and health, environmental protection, and the tenets of Conduct of Operations; and,
  - (iii) Be fiscally and ethically responsible in the management of government and public resources, including property, equipment, funds, and time.
- (3) Use the existing "People Core" system at the Hanford Site to enhance human resources functions sitewide.
- (4) Continually "right-size" its own workforce and that of its subcontractors to have the size of workforce equal to that necessary to accomplish the authorized workscope.
- (5) Resolve employee concerns (including complaints on harassment, intimidation, retaliation, and discrimination) at the appropriate level. The Contractor shall support and provide cooperative membership in an approved "appeals avenue/forum" for resolving significant employee concerns (i.e., environmental, safety, health, and quality). The Contractor shall review and make recommendations to DOE to make the charter/process consistent with this Contract. The continued need for the "appeals avenue/forum" shall be reviewed annually and a recommendation submitted to DOE for discussion.

- (6) Continually promote diversity in all aspects of the work under this Contract. An updated revision to the Diversity Plan, as set forth in Section J, Appendix G, *Guidance for Preparation of Diversity Plan*, shall be submitted to DOE-ORP for review and approval by February 1, 2001, and will be updated annually, thereafter.
  - (7) Provide an independent internal audit capability to review its activities and those of its subcontractors. An updated revision to the Internal Audit Plan as set forth in Section J, Appendix E, *Guidance for Other Required Plans* shall be submitted to ORP for approval by February 1, 2001, and updated annually thereafter.
- (d) Environment, Safety, Health and Quality (ESH&Q)
- (1) The Contractor shall establish an Integrated Safety Management System (ISMS), in compliance with the Section I Clauses entitled, *Integration of Environment, Safety and Health into Work Planning and Execution*, and *Conditional Payment of Fee, Profit or Incentives*, that clearly communicates the roles, responsibilities, and authorities of line managers; holds line managers accountable for the performance of work in a manner ensuring protection of workers, the public, and the environment; and ensures quality work and products.

The Contractor shall:

- (i) Establish effective management systems to identify deficiencies and resolve them in a timely manner; ensure that corrective actions are implemented that address the extent of conditions, root causes, and measures to prevent recurrence; and prioritize and track commitments and actions as well as identify and implement lessons learned from other DOE sites, contractors, or commercial activities. The Contractor shall have and maintain an effective Lessons Learned Program to capture lessons learned from both internally and externally identified deficiencies and good practices. The Lessons Learned Program shall be rigorous and comprehensive such that the Contractor can demonstrate actions taken to address significant occurrences from both inside and outside of the DOE complex. Lessons learned information should be targeted and made available to the personnel in the Contractor's organization actually conducting the type of work involved and most able to benefit from the information.
- (ii) Establish a structured, standards-based approach to planning and control of work including identification, management and implementation of ESH&Q standards and requirements that are appropriate for the work to be performed and for controlling related hazards, while facilitating the effective and efficient delivery of work. The Contractor shall implement the requirements identified in the Section I Clause entitled, *Laws, Regulations and DOE Directives*.
- (iii) Establish an organization that supports effective ESH&Q management by ensuring appropriate levels of staffing and competence.
- (iv) Establish disciplined self-assessment, feedback, continuous improvement processes, and conduct of operations discipline in the performance of all work.
- (v) Implement a program to track and address environmental compliance issues and implement requirements (including but not limited to

- permitting, environmental reporting, Consent Decrees, Tri-Party Agreement reporting/management, NEPA, pollution prevention, waste minimization), and comply with all aspects of the Section H Clause entitled, *Environmental Responsibility*.
- (vi) Recommend and implement ESH&Q performance measures to monitor the effectiveness of the implementation of ESH&Q programs.
  - (vii) The Hanford Environmental Health Foundation (HEHF) currently provides occupational Health Services to the Hanford Site. The Contractor shall obtain for itself and require all subcontractors performing work on the Hanford Site to obtain the following services from HEHF: occupational medical evaluations including return to work evaluations and work restriction reviews, medical surveillance evaluations, occupational primary care, health care centers/first aid, work conditioning, case management, work site health programs including blood-borne pathogens and immunizations, and behavioral health services including employee assistance programs, and health information services such as medical records and medical scheduling. The Contractor shall coordinate with HEHF and reach agreement regarding service requirements and delivery, including data gathering and sharing. The agreement should emphasize a comprehensive public health approach as being integral to a well-run health and safety program and address cost and resources effectiveness. This agreement shall be subject to approval and validation by DOE-ORP.
  - (viii) Maintain, implement and improve the TFC nuclear safety authorization basis in support of safe, effective, and efficient work accomplishment.
  - (ix) In accordance with the ISMS, Authorization Agreements (AAs) will be developed, mutually agreed to, and executed between the Contractor and DOE-ORP. The Contractor will maintain the AAs. The AAs are to serve as a mechanism whereby DOE-ORP, and the Contractor, jointly clarify and agree to the key conditions for conducting work safely, effectively and efficiently for Hazard Category 1 and 2 nuclear facilities. They are to be updated annually, or as required to reflect changing conditions and contractor responsibilities.
  - (x) Establish annual safety goals with performance indicators, such as worker radiation exposure, lost workdays, restricted work days, etc.
- (2) The safety and health of workers and the public, protection and restoration of the environment, and implementation of quality assurance programs are fundamental responsibilities of the Contractor. Accordingly, the Contractor shall:
- (i) Take necessary actions to prevent serious injuries/illnesses and /or fatalities and prevent radiological or chemical exposures to workers and environmental releases in excess of established limits;
  - (ii) Establish clear environmental, safety, health and quality plans and priorities and manage activities in proactive ways, including visible management field presence, that effectively and efficiently protect the environment, public and worker safety and health, and ensure the quality of work and work products;

- (iii) Carry out all activities in a manner that complies with human health, safety, environmental, and quality regulations; minimizes the generation of wastes, releases or emissions into the atmosphere, and releases to soil and surface or groundwater; and complies with applicable regulatory requirements and DOE directives;
- (iv) Empower workers through the use of committees, employee involvement and the tenants of the DOE Voluntary Protection Program (VPP);
- (v) Engender a "Safety Conscious Work Environment" in which safety issues are promptly identified and effectively resolved, and in which employees feel free of recrimination, harassment, intimidation, or other actions that induce peer pressure to not raise safety issues or otherwise create an environment where safety issues are not identified and resolved.

(e) Economic Transition and Outsourcing

The Contractor shall:

- (1) Be responsible for the performance of the work under this Contract in a manner that helps the community establish a stable economic base over the long term. This shall be accomplished through appropriate private sector participation in cleanup, making available for effective private use DOE assets no longer required or under-utilized by the Government, and investment of private resources in the community.
- (2) The Contractor shall:
  - (i) Recommend to DOE-ORP the use (by the Contractor, subcontractors, or other private entities) of Government-owned assets (equipment, facilities, or land) on a non-interfering basis to promote, assist, or otherwise foster creation of new private sector jobs.
  - (ii) Accomplish changes in the workforce in a way that minimizes social and economic impacts and complies with Section 3161 of Public Law 102-484.

(g) External/Internal Communications

- (1) The Contractor shall participate in the DOE-ORP external/internal communications program to ensure that the full range of stakeholders receive information in a timely, accurate, complete, and professional manner. Contractor external communications actions shall comply with the DOE Openness Initiatives and Public Involvement Policy and will be approved in advance by DOE-ORP.
- (2) The Contractor shall work with DOE to ensure that external/internal communications activities represent a singular and consistent DOE source of information about the DOE-ORP mission and its relationship to the Hanford Site.
- (3) Contractor external/internal communications efforts and/or corporate communications not directly related to the DOE-ORP mission at Hanford, and/or approved by DOE-ORP, are not allowable costs under this Contract.
- (4) The Contractor shall keep the Hanford Site workforce related directly to the work performed by the Contractor and subcontractors under this contract informed in a timely manner of all significant issues that could impact those workers.

- (5) At DOE-ORP direction, the Contractor shall:
- (i) Provide timely and consistent support for inter-Governmental liaison activities, including activities with Federal, State, local and Native American Governments.
  - (ii) Provide logistical support for the Hanford Advisory Board and other public meetings.
  - (iii) Respond in a timely fashion with information as requested by DOE-ORP in support of *Freedom of Information Act* and/or *Privacy Act* requests.
- (6) External/internal communications activities shall include, but not be limited to:
- (i) Public Information
  - (ii) Public Involvement
  - (iii) Emergency Communications Activities
  - (iv) Media Relations
  - (v) Site Tours, including transportation for tours
  - (vi) Preparation/Maintenance of public information Audio/Video Products and Printed Materials

(h) Training

The Contractor shall coordinate training needs through the Hazardous Materials Management and Emergency Response facility (HAMMER) and the Hanford Site-training program as applicable.

(i) Emergency Preparedness

The Contractor shall provide an emergency response capability for facilities under its control that implements the Hanford Emergency Management Plan (DOE/RL-94-02, Revision 2), as modified from time to time. Because of the potential for the Contractor to become the Event Contractor as defined in the Hanford Emergency Management Plan, implementation includes, but is not limited to, maintaining a 24 hour per day, 7 days per week, capability to adequately staff the required Hanford Site and Tank Farms specific Emergency Response organization positions within 60 minutes of receipt of notification from the Occurrence Notification Center of a Hanford Site emergency.

(j) Environmental Monitoring

The Contractor shall manage its facilities and operable units to assure compliance with environmental requirements and agreements. The Contractor shall work with the PHMC in providing legally and regulatory required air and liquid effluent and near facility environmental monitoring. The Contractor shall collect, compile, and/or integrate air and liquid effluent monitoring data from operations and activities under their control. The Contractor shall compare the monitoring data with regulatory and/or permit standards applicable to their activities and/or operations and provide the data and analyses to the Project Hanford Management Contractor (PHMC) for use in preparing the mandatory State and Federal environmental reports for the Hanford Site.

PNNL monitors the Hanford environment to protect public safety and Hanford Site ecological and cultural resources. This includes providing real time localized weather information for routine safety operations and emergency response, performing Hanford Site and off-site environmental monitoring, as well as determining radiological exposure to the public and the environment. The Contractor shall provide appropriate environmental data for its facility and operable units to support Hanford Site assessments and preparation of the Hanford Site Environmental Report.

PNNL is responsible for Hanford Site groundwater monitoring. The Contractor will be knowledgeable of actions PNNL completes to develop monitoring plans for Contractor facilities and operable units. The Contractor shall maintain regulatory oversight capability to ensure that compliance for their facility and operable units is maintained, for the groundwater-monitoring program by PNNL.

The Contractor will perform vadose zone characterization around the Tank Farms in accordance with TPA and other regulatory requirements. This effort will be integrated with the PNNL groundwater monitoring effort and DOE-ORP *Resource Conservation and Recovery Act of 1976 (RCRA) Facility Investigation/Corrective Measures Studies*.

### C.3 RIVER PROTECTION PROJECT

#### (a) Technical Scope of the Contract

The River Protection Project (RPP) scope of this Contract encompasses activities identified in the Tank Farm Contract River Protection Project Baseline (hereafter "Tank Farm Contract River Protection Project Baseline" or "Baseline") as amended by approved Baseline Change Requests (BCRs) needed to: (1) safely store, operate and interim stabilize tank waste within an approved authorization basis for such operations applying appropriate life cycle asset management; (2) retrieve and dispose waste from and interim close single shell tanks consistent with the TPA and other applicable Federal or State laws, regulations; and retrieve and dispose waste from double shell tanks, including completion of upgrades and waste retrieval and transfer systems; (3) construct, operate, and maintain facilities necessary for storage/disposal of immobilized waste whether onsite or offsite, including balance of plant construction; (4) stabilize facilities and preparation of tank closure plans for SSTs as contemplated in the TPA ; (5) execute supporting project management responsibilities including strategic analysis, baseline management, contracting functions, compliance, finance and administration, and (6) perform decommissioning and decontamination to support improved long term operational efficiencies, as set forth in the following sections:

- (1) Safe Tank Waste Storage
  - (i) General Description

Contractor shall provide an adequate, comprehensive, and reliable safety basis for the management and storage of waste managed by Contractor under the scope of this contract. This will be accomplished by developing, operating to and maintaining an integrated Authorization Basis (AB), and by resolving outstanding safety issues and unreviewed safety questions to ensure safe storage and retrieval of waste. Proposals to modify the AB shall be made as appropriate to provide a cost effective AB for safe and reliable waste retrieval, feed delivery, and immobilized product storage. Waste sampling and characterization will

be performed as required to assure safe storage conditions. Waste monitoring, characterization, treatment, disposal and reporting will be performed as required to meet regulatory requirements. HLW within the waste acceptance criteria will be received into the double-shell tank (DST) system from Hanford Site facilities as required to support the Hanford Site cleanup mission.

The Contractor will also adequately perform operations and maintenance; effectively manage, plan, and utilize resources; and implement an approved life-cycle asset management system.

(ii) Tank Farm Upgrades

Contractor shall upgrade tank farms to support safe and reliable operation and tank waste retrieval, staging and delivery efforts. This includes performing waste transfer system upgrades necessary to provide a compliant system to support waste feed delivery to the WTP and will include completion of additional waste system upgrades contained in the Baseline. The Contractor will comply with all regulations; and improve infrastructure reliability, operability and maintainability (including upgrades to transfer systems, instrumentation and control systems, electrical distribution and ventilation systems).

(iii) Interim Stabilization

The Contractor shall remove pumpable liquids from the single-shell tanks (SSTs) and transfer to DSTs to reduce environmental risk. The criteria and milestones in the Interim Stabilization Consent Decree shall be met. Entry points into stabilized SSTs shall be capped or plugged as required such that waste and water will not re-enter the tank.

(2) Waste Retrieval

(i) General Description

Contractor shall in an environmentally sound, safe, secure, and cost-effective manner:

- Retrieve wastes from SSTs, DSTs, and designated miscellaneous underground storage tanks (MUSTs); and
- Provide waste to the WTP contractor for processing.

The waste retrieval and feed delivery workscope will be projectized to assure required deliverables are met. Contractor shall establish the functions and requirements and install the equipment needed to reliably deliver the proper waste feed on schedule to the WTP contractor for Phase I waste treatment as defined in the WTP Contract.

The *Tank Waste Remediation System (TWRS) Environmental Impact Statement Record of Decision* calls for retrieval of wastes from all 149 SSTs, 28 DSTs, and MUSTs. Until all waste is retrieved, the DSTs must function to store and prepare waste retrieved from SSTs and MUSTs for waste treatment facilities while optimizing utilization of DST space.

(ii) Single Shell Tank Retrieval

Contractor shall develop methods, systems and requirements for retrieving wastes from the Single Shell Tanks to the extent needed to close them in accordance with RCRA and the *Atomic Energy Act of 1954* (AEA). SST retrieval methods and requirements shall support SST retrieval demonstrations.

Single shell tank retrieval demonstration objectives include developing technologies to retrieve salt cake, hard heel, and other wastes from SSTs; determining technology limitations, retrieval efficiencies, safety and environmental concerns, and cost impacts for SST retrieval systems; evaluating alternative retrieval technologies for SSTs that have leaked or may leak; and supporting the transition and closure of SSTs and tank farms.

(iii) Double Shell Tank Retrieval and Waste Feed Delivery

Contractor shall design, construct, install and test systems for retrieving wastes from the DSTs to meet the waste feed requirements of the WTP. The Contractor will also maintain these systems to be operational when required to deliver waste. This will require providing DST waste retrieval systems that can supply waste feed in composition sufficient to meet waste feed delivery in quantities and rates sufficient to support the WTP processing capacities. This shall also include providing tank characterization and waste samples to support WTP planning and testing requirements, as identified in the Baseline. Also included is support for the development of the RPP flowsheet and planning inclusive of all major process steps and/or systems including but not limited to: SSTs, DSTs, pre-treatment, immobilization, immobilized product storage and disposal, as identified in the Baseline. Development of the RPP flowsheet includes improving the quality of input data, developing flowsheet assumptions, identifying inputs and outputs at each step, and developing constraints/requirements at each step.

(3) Treat Waste - Support

(i) General Description

Contractor shall design, procure, construct and operate infrastructure sufficient to enable the WTP facilities to be constructed and operated in accordance with the WTP contract, and consistent with the Interface Control Documents for infrastructure activities. Infrastructure shall be designed and constructed to support the addition of infrastructure needed to increase the WTP operations capacities consistent with the expandability requirements of the Contract.

(4) Storage/Disposal

(i) General Description

The Contractor shall provide safe storage and final near-surface disposal whether onsite or offsite, for ILAW and failed or decommissioned melters from the WTP. Safe interim storage for IHLW shall also be provided.

The ILAW Disposal Project shall be complete when all the ILAW is disposed, long-term surveillance and monitoring of the ILAW disposal site is ongoing, and interim storage facilities have been decontaminated and decommissioned. The ILAW Storage and Disposal facilities will receive accepted immobilized low activity tank waste from WTP contractor. The ILAW waste packages will be placed in near surface storage and disposal facilities. The near surface disposal systems along with the waste packages shall meet regulatory requirements for transportation and near-surface disposal of low-level waste.

The IHLW Interim Storage Facility will receive accepted IHLW, and transport these products to a Canister Storage Building (CSB), where the product will be stored until shipped to a geologic repository. Storage of the Phase I product in the CSB will consolidate the high level waste in one area and provide a safe, environmentally sound storage of the IHLW product. HLW Interim Storage will provide additional storage capacity during Phase II treatment. In addition HLW Interim Storage will provide loadout capability for shipment of IHLW canisters to a geologic repository.

(5) Close Facilities

(i) General Description

Contractor shall undertake facilities stabilization preparatory for the transition of such facilities for deactivation and decommissioning. Contractor shall develop closure plans in conformance with NEPA analysis developed to support tank closure and applicable RCRA requirements. The plans shall provide closure definition, system design, authorization basis, work plans, approvals and other information necessary for closing the SSTs in accordance with the closure requirements of DOE Manual 435.1-1 and TPA Milestones.

(6) Manage Projects

(i) General Description

Contractor shall establish and maintain necessary systems and organizational components necessary to execute the technical work scope set forth in this section of the Contract. This includes but is not limited to organizational components responsible for strategic analysis and integration; business management; contracts; compliance; finance and administration, consistent with the WBS descriptions in the DOE Mission Analysis Report.

(b) Required Investment by DOE – (Government Furnished Services/Items)

DOE and the Contractor both recognize that the successful execution of the Scope of Work of this contract will require cooperative efforts by both parties to minimize non-value added transactions. Within this recognition there are certain commitments and actions required on the part of the Government to achieve the desired performance within the level funding assumptions underlying the Baseline. Description of the Government

Furnished Services/Items is set forth in the PBIs included in Section J, Appendix D, *Performance Based Incentives*.

The DOE and Contractor recognize that achieving the work set forth in the PBIs is a cooperative undertaking that requires both parties to seek innovative approaches to achieve the end objective. Streamlining process and eliminating non-value-added requirements are critical to accomplishing the desired objectives of the PBIs. Both parties agree through the term of this contract to use their best efforts and to cooperate in seeking the reduction of non-value-added requirements and processes that impede progress.

The Statements of Commitment set forth in the PBIs identify the commitments or deliverables necessary to achieve the desired endpoint/outcome. The parties will work during the term of the contract to fulfill the objective and meet the commitment and deliverables identified therein. During the performance of the contract, the parties agree that efficiencies and performance improvements will be required to reduce the actual cost and/or improve the schedule for the work.

The Contractor and the Government will establish a Partnering Agreement which is intended to support the achievement of the accelerated mission set forth in the PBIs. The agreement will establish a common vision with supporting goals and missions. It will promote the principles of teamwork, mutual respect, openness, honesty, trust, professionalism and build a better understanding of one another's position. The agreement will also include joint commitments to:

- Maintain high safety performance
- Eliminate barriers to a faster, more cost effective program
- Create an organizational culture able to accommodate change
- Resolve conflicts through a coordinated work effort to avoid adversarial relations
- Reinforce the partnered relationship with honest feedback and continual improvement.

#### **C.4 SUPPORT FOR WASTE TREATMENT PROJECT CONTRACTOR**

The Contractor shall be responsible for providing support to the Hanford Waste Treatment Complex Project. Part of the RPP mission is to separate the Hanford Site tank waste into LAW and HLW fractions and to immobilize and dispose of them in an environmentally sound, safe, and cost-effective manner.

The Contractor shall be responsible for coordinating the WTP contractor's requirements for infrastructure, utility, and service support with the PHMC, who shall provide such support as specified in RPP Interface Control Documents. Required services include waste sampling and characterization.

#### **C.5 CROSS-CUTTING SERVICES**

The Contractor shall obtain samples from high-level waste tanks for WTP, and the PHMC and its subcontractors at the Hanford Site. The sampling techniques may include grab sampling for liquids, core sampling for liquids and solids, and vapor sampling. Contractor will also provide coordination of laboratory analysis and data interpretation.

The Contractor shall receive liquid radioactive wastes that meet Contractor tank waste acceptance criteria from other site-wide facilities for storage in the DST systems and eventual immobilization and disposal.

The Contractor shall provide support for groundwater/vadose zone integration activities consistent with DOE-ORP approved interface management agreements.

The Contractor shall provide sitewide ventilation and balance services.

#### **C.6 INTERACTIONS WITH OTHER PRIME CONTRACTORS**

The Contractor may, from time to time, provide services to and receive services from other Hanford Site DOE prime contractors by memoranda of agreement or other subcontract arrangements. The Contractor is encouraged to utilize the specified expertise of the PHMC, PNNL, the Site Occupational Medical Contract (SOMC), the Environmental Restoration Contractor (ERC), and the Energy Savings Performance Contractor (ESPC) to accomplish the TFC mission. In the event the Contractor determines that services may be obtained from more cost effective sources of supply, Contractor shall notify DOE of its proposal to utilize other sources and provide Contractor's cost/benefit analysis to DOE. The Contractors shall work with each other in identifying yearly requirements for services. DOE approval will be obtained prior to changing service providers.

**PART I – THE SCHEDULE  
 SECTION H  
 SPECIAL PROVISIONS**

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**PART I – THE SCHEDULE**  
**SECTION H**  
**SPECIAL PROVISIONS**

**H.1 PERFORMANCE BASED INCENTIVES, FEE DISTRIBUTION AND FEE POOL**

(a) Establishment of Performance Based Incentives (PBIs)

Performance Based Incentives (PBIs), set forth agreed upon incentive fee and the requirements, criteria and/or specifications for acceptable performance. The PBI shall also include any Government Furnished Services/Items and Commitments applicable to the PBI. The PBI format is included in Section J, Appendix D, *Performance Based Incentives*.

PBIs and related fee distribution for the term of the Contract shall be established based on the work activities described in Section C, *Statement of Work* and the PBI. PBI completion criteria will be set forth in each PBI. The PBIs and related fee distribution will be incorporated into the Contract in Section J, Appendix D, *Performance Based Incentives*.

PBIs and fee distribution will emphasize completion of mission scope as set forth in the desired outcome section of the PBI. PBIs shall be mutually agreed upon at the beginning of the Contract term. PBIs may be updated when determined necessary and new PBIs may be created during the Contract term. The U.S. Department of Energy (DOE) shall incorporate the agreed to PBIs into the Contract.

If agreement on initial, updated or new PBIs cannot be reached, the Contracting Officer may make the determination regarding PBIs and related fee distribution, and may unilaterally incorporate that determination into the Contract. However, if the Contractor disagrees with the DOE established PBIs and related fee distribution, the Contractor may appeal to the Head of Contracting Activity (HCA). The final decision will be at the unilateral discretion of the HCA.

(b) Interference

In the event that the Contractor believes that DOE has interfered with its ability to meet specific performance expectations, it may present evidence to support this position along with a proposed adjustment to the HCA. The HCA shall make a unilateral determination and shall provide a copy of that determination to the Contractor.

(c) Incentives

The PBIs shall establish the fee directly assigned to the accomplishment of each PBI. The PBIs will indicate whether an incentive fee payment which may be available under that PBI is incremental or provisional as defined in Section H, Clause entitled, *Incremental and Provisional Payments of Fee*.

(d) Fee Re-Allocation due to Cancellation or Changes

If, for any reason, DOE cancels an expectation defined in a PBI, DOE and Contractor shall seek to mutually agree to any partial fee payable to Contractor for partial completion of the cancelled PBI expectation. Any unpaid fee attached to that expectation of the cancelled PBI shall be reallocated to a new PBI expectation, or to existing other PBI expectations, or to a combination of new and existing PBI expectations. The Contracting Officer shall make the reallocation decision and the final determination of entitlement to partial fee. However, if the Contractor disagrees with the Contracting Officer's decision, the Contractor may appeal to the HCA, who shall unilaterally decide the issue.

(e) Fee Determinations

PBIs may be either annual or multi-year in duration and include annual or multi-year end points. When a PBI fee bearing milestone is completed, Contractor shall submit its request for payment of fee which shall include any documents required by the PBI to support Contractor's claim for fee. DOE will make final fee determination within 45 days after submission of Contractor's claim for payment of fee. The final determination that the Contractor met the requirements of the PBI and is entitled to the payment of fee shall be made at the unilateral discretion of the HCA.

(f) Acceleration Fee

Acceleration PBIs or Acceleration Fee (previously referred to as Superstretch) earning milestones within a PBI may be established to challenge the Contractor to accomplish significant and mission critical work activities beyond the work currently funded or which significantly accelerate workscope. Acceleration PBIs will be agreed upon prior to commencement of work and incorporated into the contract in Section J, Appendix D, *Performance Based Incentives*.

The funds for accomplishing an Acceleration PBI or acceleration fee earning milestone in a PBI will be obtained from cost savings realized through efficiencies and/or workscope deletions and not deferrals. The Contracting Officer shall approve workscope deletions. Prior to initiation of the acceleration fee bearing workscope the Contractor shall provide a notice to DOE that includes an affirmative statement that the acceleration workscope will be performed from cost savings.

The fee for completion of the Acceleration PBI or Acceleration fee milestone in a PBI, will be paid from cost savings and will be outside the fee pool identified in the Section B Clause entitled, *Estimated Cost and Fee*. The fee payments for completion of Acceleration PBIs or Acceleration fee milestones will be separate from and not subject to or impact the provisional payment of fee limitations described in the Section H, Clause entitled, *Incremental and Provisional Payments of Fee*.

(g) Multi-Year Performance Based Incentives

A multi-year performance based incentive is any PBI in which the requirements are established in one fiscal year but the final completion date extends into a future fiscal year.

(h) Fee Pool:

It is the intent of the parties that the entire fee pool identified in the Section B Clause entitled, *Estimated Cost and Fee*, will be allocated and made available during the contract term by assigning fee to the annual or multi-year PBIs. The allocation is at the unilateral discretion of the Contracting Officer. However, if the Contractor disagrees with the Contracting Officer's decision, the Contractor may appeal to the HCA, who shall unilaterally decide the issue.

Fee from the annual and multi-year PBIs, which is unearned for failure to meet PBI requirements shall not be returned to the unallocated fee pool, and shall be applied to other baseline work. This will be documented on an approved change request. The total estimated fee pool may be adjusted in accordance with the Section B Clause entitled, *Estimated Cost and Fee*.

(i) Cost Constraint:

Contractor shall perform all Contract work within DOE established cost constraints and Contractor cost performance is subject to the provisions set forth by the Section I Clause entitled, *Conditional Payment of Fee, Profit, or Incentives, Alternate 1*.

(j) Evaluation Period Definition

An evaluation period, as used in Section I Clause, DEAR 970.5215-3, "Conditional Payment of Fee, Profit, or Incentives, Alternate 1," is defined as consecutive one year periods commencing with the first evaluation period which runs from October 1, 2002 to September 30, 2003. The earned fee amount means the amount of provisional and incremental fee the Contractor earns in an evaluation period. In accordance with Section I Clause, *Conditional Payment of Fee, Profit, or Incentives, Alternate 1*, fee reductions (repayment) will occur immediately following the action by the Office of River Protection, Field Office Manager. The Contractor shall submit any repayment within 10 working days of receipt of notification from the Field Office Manager.

**PART III - LIST OF DOCUMENTS EXHIBITS, AND OTHER ATTACHMENTS**  
**SECTION J**  
**LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS**

<b>Appendix</b>	<b>Title</b>
A	Key Personnel
B	Advance Understanding on Personnel Costs, Policies and Procedures
C	DOE Directives
D	Performance Based Incentives
E	Guidance for Other Required Plans
F	Environment, Safety, and Health Budget Planning And Execution
G	Guidance for Preparation of Diversity Plan
H	Reserved
I	Small Business Subcontracting Plan (See Modification No. M021 [FY2000], M043 [FY 2001] M050 [FY 2002] and M054 [FY 2002])
J	Wage Determinations under the Service Contract Act
K	Special Bank Account Agreement (See Modification No. M028 and M043)
L	Site Service Manual, Revision 2 (See Modification No. M043 [Rev. 2], M065 [Rev. 3])
M	Davis-Bacon Wage Determination (See Modification 050)
N	Hanford Site Stabilization Agreement (See Modification 050)
O	Interface Documents Specific to WTP Interfaces
P	Provisional Payment of Fee Methodology/Criteria (See Modification A066)

Appendix P - Provisional Payment of Fee Methodology/Criteria  
 (See Modification No. A066)

PBI	Mis #	Fee Bearing Milestone	Milestone Value	Incremental Milestones	Provisional Milestone	Provisional Value
1	1.1.a.01	Complete Interim Stabilization of SSTs	\$75,000	AX-101		
	1.1.a.02	Complete Interim Stabilization of SSTs	\$75,000	U-111		
	1.1.b.01	Complete Interim Stabilization of SSTs	\$237,500	S-102		
	1.1.b.02	Complete Interim Stabilization of SSTs	\$237,500	U-107		
	1.1.b.03	Complete Interim Stabilization of SSTs	\$237,500	S-111		
	1.1.b.04	Complete Interim Stabilization of SSTs	\$237,500	SX-102		
	1.1.b.05	Complete Interim Stabilization of SSTs	\$237,500	BY-106		
	1.1.b.06	Complete Interim Stabilization of SSTs	\$237,500	U-108		
	1.1.b.07	Complete Interim Stabilization of SSTs	\$237,500	C-103		
	1.1.b.08	Complete Interim Stabilization of SSTs	\$237,500	S-107		
	1.1.b.09	Complete Interim Stabilization of SSTs	\$237,500	S-112		
	1.1.b.10	Complete Interim Stabilization of SSTs	\$237,500	S-101		
1.1.b.11	Complete Interim Stabilization of SSTs	\$237,500	SX-101			
1.1.b.12	Complete Interim Stabilization of SSTs	\$237,500	A-101			
2	2.1.a	Waste Feed Delivery		Complete RPP System Plan		
2	2.1.b	Complete AY/AZ/AW Ph. I & AN Upgrades	\$3,431,274	Complete AY/AZ/AW Phase I & AN Upgrades		
	2.1.b.01				1. Comp. AY/AZ/AW Phase I Construction	\$857,818
	2.1.b.02				2. Complete AN Phase 1 Construction	\$857,819
	2.1.b.03				3. Receive HVAC Skids	\$857,818
2	2.1.c	Waste Feed Delivery Support - Implementation Plan Milestones	\$8,620,000			
2	2.1.c.01				1. Complete SY Farm Phase II Upgrades & turn over to OPS	\$1,300,000
	2.1.c.01.a				1.a. Upgrade SY Pits & turn over to OPS (Earn \$100K per Pit)	\$700,000
	2.1.c.02				2. Complete AW Farm Phase II Upgrades & turn over to OPS	\$600,000
	2.1.c.02.a				2.a. Upgrade AW Pits & turn over to OPS (Earn \$100K per Pit)	\$800,000
	2.1.c.02.b				2.b. Procure AW HVAC	\$600,000
	2.1.c.03				3. Complete Construction of the AZ-101 Retrieval System & turn over to OPS	\$1,000,000
	2.1.c.03.a				3.a. Install AZ-101 Transfer Pump	\$1,000,000
	2.1.c.04				4. Complete construction of AP to WTP Transfer System & turn over to OPS	\$1,000,000
	2.1.c.04.a				4.a. Fabricate Transfer Pipe	\$540,000
	2.1.c.04.b				4.b. Install 3500 linear feet of piping	\$540,000
	2.1.c.05				5. Complete AZ-156 building modifications & turn over to OPS	\$540,000
2	2.1.c.06	Waste Feed Delivery Support - TBD pending Implementation Plan Note: Fee projections are estimated, to be negotiated	\$9,948,726			
2	2.2	IHLW Storage Capacity		Provide IHLW Storage Capacity W-464		
	2.2.a.01		\$1,240,000	Fabrication of tubes		

Appendix P - Provisional Payment of Fee Methodology/Criteria  
 (See Modification No. A066)

PBI	Mis #	Fee Bearing Milestone	Milestone Value	Incremental Milestones	Provisional Milestone	Provisional Value
2	2.2.a.02		\$200,000	Erection of required stacks		
2	2.2.a.03		\$60,000	Modification of FTF Pit		
2	2.2.b		\$3,500,000	Completion of construction		
2	2.3	ILAW Disposal Capacity		Provide ILAW Disposal W-520		
2	2.3.a.01.a		\$540,000	Site preparation, road construction, utility relocation		
2	2.3.a.01.b		\$460,000	Trench excavation		
2	2.3.a.02		\$2,000,000	Completion of construction		
3	3.1.a	Retrieve & Close M-45 High Risk SSTs	\$1,000,000	Retrieve S-112	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.1.b		\$1,000,000	Interim Close S-112		
3	3.1.c		\$1,000,000	Retrieve S-102	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.1.d		\$1,000,000	Interim Close S-102		
3	3.1.e		\$500,000	Retrieve C-104	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$400,000
3	3.2.a	Remove Waste/Demonstrate Interim Closure of C-106 & Demonstrate Interim Closure of 4 Additional Low-Risk, Low-Volume Tanks	\$1,000,000	Remove Waste C-106	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.2.b		\$1,000,000	Interim Closure C-106		
3	3.2.c		\$1,000,000	Interim Closure C-201	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.2.c		\$1,000,000	Interim Closure C-202	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.2.c		\$1,000,000	Interim Closure C-203	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.2.c		\$1,000,000	Interim Closure C-204	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a	Interim Close Additional HLW Tanks		Interim Close Tanks Below		

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PBI	Mis #	Fee Bearing Milestone	Milestone Value	Incremental Milestones	Provisional Milestone	Provisional Value
3	3.3.a.01		\$1,000,000	Interim Close AX-101	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.3.a.02		\$1,000,000	Interim Close AX-102	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a.03		\$1,000,000	Interim Close AX-103	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.3.a.04		\$1,000,000	Interim Close AX-104	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a.05		\$1,000,000	Interim Close S-103	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.3.a.06		\$1,000,000	Interim Close S-105	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.3.a.07		\$1,000,000	Interim Close S-106	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.3.a.08		\$1,000,000	Interim Close TY-101	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a.09		\$1,000,000	Interim Close TY-102	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.3.a.10		\$1,000,000	Interim Close TY-103	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000

Appendix P - Provisional Payment of Fee Methodology/Criteria  
 (See Modification No. A066)

PBI	Mis #	Fee Bearing Milestone	Milestone Value	Incremental Milestones	Provisional Milestone	Provisional Value
3	3.3.a.11		\$1,000,000	Interim Close TY-104	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a.12		\$1,000,000	Interim Close TY-105	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.3.a.13		\$1,000,000	Interim Close TY-106	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a.14		\$1,000,000	Interim Close U-107	25% upon completion of construction of retrieval system; 25% upon start of retrieval; 25% upon retrieval of 25% of tank volume; 5% upon retrieval of 50% of tank volume. Tank volume based upon BBI.	\$800,000
3	3.3.a.15		\$1,000,000	Interim Close U-201	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a.16		\$1,000,000	Interim Close U-202	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a.17		\$1,000,000	Interim Close U-203	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a.18		\$1,000,000	Interim Close U-204	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
3	3.3.a.19		\$1,000,000	Interim Close C-104		
3	3.4.a	Interim Close Individual SST Tank Farms	\$2,000,000	Tank Farm AX & TY		
3	3.5.a	Complete Interim Stabilization 244-AR Vault	\$500,000	Complete Interim Stabilization 244-AR Vault		
4	4.1.a	Treat and Disposition TRU and LAW	\$5,000,000	Treat and Disposition 1,000,000 gallons of TRU and LAW		
4	4.1.a.01				1. 50% upon removal & treatment of the first gallon of either TRU sludge or other low-level waste	\$2,500,000
4	4.1.a.02				2. 2.5% per 50,000 gallons of either TRU sludge or other low-level waste treated. Earned value based upon BBI.	\$2,500,000
4	4.2.a	Retrieve & Consolidate TRU Waste From DSTs		Free up to 2 TRU DST for Other Uses		

CH2M HILL Hanford Group, Inc.  
Contract No. DE-AC27-99RL14047, Modification A066

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PBI	Mis #	Fee Bearing Milestone	Milestone Value	Incremental Milestones	Provisional Milestone	Provisional Value
4	4.2.a.01		\$1,000,000	SY-102 Retrieval Comp Construction		
4	4.2.a.02		\$1,000,000	AW-103 Retrieval Comp Construction		
			\$72,000,000			