

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE	PAGE OF PAGES 1 19
2. AMENDMENT/MODIFICATION NO. M079	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)		
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	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) CH2M HILL Hanford Group, Inc. PO Box 1500 Richland, WA 99352				(0)	9A. AMENDMENT OF SOLICITATION NO.
					9B. DATED (SEE ITEM 11)
				0	10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC27-99RL14047
					10B. DATED (SEE ITEM 13) September 30, 1999
CODE	FACILITY CODE				

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.

(0)	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 revise Section J, LIST OF DOCUMENTS EXHIBITS, AND OTHER ATTACHMENTS, Appendix D, "Performance Based Incentives," replacing the current Performance Based Incentives (PBIs), one through four, Revision 0, with attached PBIs, one through four, Revision 1. Also replace Section J, Appendix P, "Provisional Payment of Fee Methodology/Criteria," Table with attached Revision 1. See the following pages.

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 OFFEROR (Type or print) D. B. Cartmell, Vice President and CFO	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 8/12/03	16C. DATE SIGNED 8/13/03

Block 14 Continuation:

Description of the Change:

- a. Under Section J, LIST OF ATTACHMENTS, Appendix D, "Performance Based Incentives," revise as follows:

Delete:

PBI-1, Store, Revision 0, dated September 30, 2002.
PBI-2, Waste Treatment Plant Production Support (Feed Delivery and Product Receipt),
Revision 0, dated September 30, 2002.
PBI-3, Single-Shell Tank (SST) Retrieval and Closure, Revision 0, dated September 30, 2002.
PBI-4, Supplemental Waste Treatment and Disposal, Revision 0, dated September 30, 2002.

Replace with:

PBI-1, Store, Revision 1, dated June 26, 2003.
PBI-2, Waste Treatment Plant Production Support (Feed Delivery and Product Receipt),
Revision 1, dated June 26, 2003.
PBI-3, Single-Shell Tank (SST) Retrieval and Closure, Revision 1, dated June 26, 2003.
PBI-4, Supplemental Waste Treatment and Disposal, Revision 1, dated June 26, 2003.

- b. Under Section J, Appendix P, "Provisional Payment of Fee Methodology/Criteria," replace with the attached Revision 1.
- c. All other terms and conditions of this contract remain unchanged.

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.

PBI-1

Performance Based Incentive (PBI) Title: Store

Performance Fee available and assigned to this PBI: \$3,000,000

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

Desired Endpoint/Outcome

Complete Interim Stabilization (IS) of Single-Shell Tanks (SSTs).

Fee Payment Schedule

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

Fee Bearing Milestones

1. Complete IS of all SSTs. Performance Fee: \$3,000,000

Consistent with the milestone completion dates in the Interim Stabilization Consent Decree no. CT-99-5076-EFS (as may be amended), Contractor shall complete IS of the remaining 14 SSTs listed in the Consent Decree. This includes meeting Consent Decree reporting requirements associated with IS.

- a. Contractor shall earn \$75,000 of incremental fee per each tank interim stabilized for the following tanks:

1. AX-101
2. U-111

- b. Contractor shall earn \$237,500 of incremental fee per each tank interim stabilized or retrieved for the following tanks:

- | | | |
|-----------|-----------|------------|
| 1. S-102 | 5. BY-106 | 9. S-112 |
| 2. U-107 | 6. U-108 | 10. S-101 |
| 3. S-111 | 7. C-103 | 11. SX-101 |
| 4. SX-102 | 8. S-107 | 12. A-101 |

Additional Milestone Completion Criteria

Submit a letter within 10 working days after a tank pumping has been stopped in anticipation of meeting the IS criteria documenting the rationale for shut down at that point. This letter, complete with supporting documentation (e.g., pumping records, interstitial liquid level measurements, material balance calculations, etc.) will be used by the U.S. Department of Energy (DOE), Office of River Protection (ORP) to make a determination that the work is completed.

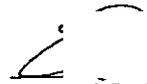
Government Furnished Services/Items (GFS/I)

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

Definitions

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

Signature Block



Edward S. Aromi, President
and General Manager,
CH2M HILL Hanford Group, Inc.

7/25/03
Date

David B. Amerine, Executive Vice President
and Deputy General Manager
CH2M HILL Hanford Group, Inc.

7-25-03
Date

John H. Swailes, Assistant Manager for Tank Farms
U.S. Department of Energy, Office of River Protection

7/25/03
Date

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

7/25/03
Date

PBI-2

Performance Based Incentive (PBI) Title: Waste Treatment Plant Production Support (Feed Delivery and Product Receipt)

Performance Fee available and assigned to this PBI: \$29,000,000

ORP Assistant Manager:	ORP POC:	CH2M Manager:	CH2M POC:
J. Swailes	D. Noyes	J. Eacker	J. Van Beek/J. Biagini/ C. Shipler/G. Parsons

Desired Endpoint/Outcome

The high-level waste and low-activity waste feed delivery systems will be ready to support the Waste Treatment and Immobilization Plant (WTP) and supplemental treatment systems with sufficient demonstrated capacity. Waste staged for delivery to the WTP and supplemental treatment. Viable feed delivery sequence fully integrated with treatment capability. The first immobilized low-activity waste (ILAW) disposal system is completed at lower capital and life cycle cost levels.

Fee Payment Schedule

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

Fee Bearing Milestones

1. Waste Feed Delivery. Performance Fee: \$26,000,000

- a. The Contractor shall develop a Waste Feed Delivery Project Implementation Plan (IP) for the U.S. Department of Energy (DOE), Office of River Protection (ORP) concurrence that is based on Revision 1 of the River Protection Project Systems Plan. The IP shall provide the Contractor's strategy for completing Waste Feed Delivery projects that balances planned WTP production rates, risk, and cost reduction. No fee is payable for this deliverable.
- b. The Contractor shall earn a total of \$3,431,274 in incremental fee for completion of all Project W-314 Phase 1 upgrades in the AY/AZ/AW Tank Farms, and AN Tank Farm Upgrades by 09/30/03. Interim progress milestones have been developed to provide for incremental fee payments (except for Item 4 which will be earned as provisional until completion of Item 1). These fee payments will be based on completed physical work products as follows:
 1. Complete AN Phase 2 Tank Farm Upgrades, \$857,819.
 2. Complete AY/AZ/AW Phase 1 Construction, \$857,818.
 3. Complete AN Phase 1 Construction, \$857,819.
 4. Receive HVAC Skids, \$857,818 (provisional fee milestone).
- c. The Contractor shall earn a total of \$2,700,000 in incremental fee for completion of Phase 2 Upgrades in AW Tank Farm. Fee for individual interim progress milestones is forfeited if work is not complete on or before the Hanford Federal Agreement and Consent Order (HFFACO) or Tri-Party Agreement milestone due date (M-43-00). Interim progress milestones have been developed to provide for incremental fee payments (except for Item 2 which will be earned as provisional until completion of Item 1). These fee payments will be based on completed physical work products as follows:
 1. Complete Phase 2 Upgrades in AW Tank Farm, \$910,000.
 2. Receive HVAC Skids, \$600,000 (provisional fee milestone).
 3. Upgrade AW Pits and turnover to Operations (Earn \$100K per Pit).
 4. Turnover to Operations, \$390,000.

- d. The Contractor shall earn a total of \$1,500,000 in incremental fee for completion of Phase 2 Upgrades in SY Tank Farm. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00). Interim progress milestones have been developed to provide for incremental fee payments. These fee payments will be based on completed physical work products as follows:
 - 1. Complete Phase 2 Upgrades in SY Tank Farm, \$700,000.
 - 2. Upgrade SY Pits and turnover to Operations (Earn \$100K per Pit).
 - 3. Turnover to Operations, \$300,000.

- e. The Contractor shall earn a total of \$800,000 in incremental fee for completion of Phase 2 Upgrades in AY/AZ Tank Farms. Interim progress milestones have been developed to provide for incremental fee payments. These fee payments will be based on completed physical work products as follows:
 - 1. Complete construction/ATP, \$600,000.
 - 2. Turnover to Operations, \$200,000.

- f. The Contractor shall earn a total of \$1,900,000 in incremental fee for completion of Phase 2 Upgrades in AP Tank Farm. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00). Interim progress milestones have been developed to provide for incremental fee payments. These fee payments will be based on completed physical work products as follows:
 - 1. Complete Phase 2 Upgrades in AP Tank Farm, \$700,000.
 - 2. Upgrade AP Pits and turnover to Operations (Earn \$100K per Pit).
 - 3. Turnover to Operations, \$300,000.

- g. The Contractor shall earn a total of \$1,300,000 in incremental fee for completion of 244-S double-contained receiver tank (DCRT) bypass. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00). Interim progress milestones have been developed to provide for incremental fee payments (except for Item 2 which will be earned as provisional until completion of Item 1). These fee payments will be based on completed physical work products as follows:
 - 1. Complete 244-S DCRT bypass, \$350,000.
 - 2. Complete installation of 50 percent of piping, \$800,000 (provisional fee milestone).
 - 3. Turnover to Operations, \$150,000.

- h. The Contractor shall earn a total of \$1,620,000 in incremental fee for completion of W-211 modification of AZ-156 building, fabrication of piping to the WTP, and installation of 3,500 feet of waste transfer piping between the Tank Farms and the WTP interface point. Interim progress milestones have been developed to provide for incremental fee payments. These fee payments will be based on completed physical work products as follows:
 - 1. Fabricate Transfer Pipe, \$540,000.
 - 2. Install 3,500 linear feet of piping, \$540,000.
 - 3. Complete AZ-156 building modifications and turnover to Operations, \$540,000.

- i. The Contractor shall earn \$1,850,000 in incremental fee for completion of Project W-211 AZ-101 retrieval system construction, except transfer pump installation.

- j. The Contractor shall earn \$1,500,000 in incremental fee for completion of construction of waste transfer piping from the Tank Farms to the WTP interface point, except final installation of three pipe jumpers and related valve actuators.

- k. The Contractor shall earn \$1,900,000 in incremental fee for completion of Project W-211 AN Infrastructure and AN-101 retrieval system construction, except mixer pump installation.

- l. The Contractor shall earn \$2,000,000 in incremental fee for completion of Project W-211 AZ-102 retrieval system construction, except mixer pumps installation.

- m. The Contractor shall earn \$1,750,000 in incremental fee for completion of Project W-211 higher risk construction tasks for the AY-102 retrieval system.
- n. The Contractor shall earn \$1,000,000 in incremental fee for completion of replacement of AP-101 transfer pump.
- o. The Contractor shall earn a total of \$265,000 in incremental fee for completion of AN tank farm clean out box modifications. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).
- p. The Contractor shall earn a total of \$900,000 in incremental fee for completion of SY tank farm pipeline upgrades. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).
- q. The Contractor shall earn a total of \$450,000 in incremental fee for completion of AZ-151 reroute. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).
- r. The Contractor shall earn a total of \$1,100,000 in incremental fee for completion of AW tank farm clean out box modifications. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).
- s. The Contractor shall earn a total of \$33,726 in incremental fee for completion of 204-AR upgrades. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).

2. Deleted.

3. ILAW Disposal Capacity (Integrated Disposal Facility [IDF]). Performance Fee: \$3,000,000

- a. The Contractor shall complete construction of the IDF to provide cost-effective disposal by 09/30/06.

Interim progress milestones have been developed to provide for incremental fee payments. These incremental fee payments will be based on completed physical work products as follows:

- 1. Contractor shall earn \$1,000,000 in incremental fee for completion of:
 - a. site preparation, road construction, utility relocations, \$540,000 of incremental fee.
 - b. trench excavation, \$460,000 of incremental fee.
- 2. Contractor shall earn \$2,000,000 in incremental fee for completion of construction.

If disposal is provided by other than a newly constructed facility, then the Contractor shall provide to ORP a formal demonstration of readiness for disposal. If an alternate disposal path is utilized, the \$3,000,000 of incremental fee shall be reassigned to mutually agreed to milestones for the alternate disposal path.

Government Furnished Services/Items (GFS/I)

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

ORP will concur with the IP schedule for tank farm modifications and retrieval systems design and construction within 30 days of IP completion; and work with the Contractor to gain approvals necessary to resequence and or revise project W-211 work activities.

Commitments

The Contractor shall:

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

The ORP will:

- work with the Contractor to obtain Regulator approval to begin construction of the disposal facility by 03/05.
- work with the Contractor to gain Regulator agreement to continue use of AP tank farm vent system without W-314 upgrades.
- work with the Contractor to gain Regulator agreement to continue use of SY tank farm transfer lines without E-525 upgrades.
- work with the Contractor to provide sufficient Line Item funding, within the Fiscal Year (FY) 2003 ORP Budget Request, beginning in FY 2003 to support the accelerated schedule for design, procurement, and construction of retrieval and disposal systems.

Definitions

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

Signature Block

Edward S. Aromi, President
and General Manager,
CH2M HILL Hanford Group, Inc.

7/25/03

Date

David B. Amerine, Executive Vice President
and Deputy General Manager
CH2M HILL Hanford Group, Inc.

7-25-03

Date

John H. Swalles, Assistant Manager for Tank Farms
U.S. Department of Energy, Office of River Protection

7-25-03

Date

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

7/25/03

Date

PBI-3

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

Performance Fee available and assigned to this PBI: \$30,000,000

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

Desired Endpoint/Outcome

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

Fee Payment Schedule

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

Fee Bearing Milestones

1. Retrieve and Close M-45 High-Risk SSTs (S-112, S-102, C-104). Performance Fee: \$4,500,000

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

"Interim closure" shall have the meaning set forth in HFFACO milestone change request M-45-02-03.

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

- a. Complete retrieval of S-112 and earn \$1,000,000 of the above performance fee.
- b. Complete interim closure of S-112 and earn \$1,000,000 of the above performance fee.
- c. Complete retrieval of S-102 and earn \$1,000,000 of the above performance fee.
- d. Complete interim closure of S-102 and earn \$1,000,000 of the above performance fee.
- e. Complete retrieval of C-104 and earn \$500,000 of the above performance fee.

2. Remove Waste/Demonstrate Interim Closure of C-106 and Demonstrate Interim Closure of 4 Additional Low-Risk, Low-Volume Tanks (e.g., C-201, C-202, C-203, C-204). Performance Fee: \$6,000,000

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

- a. Complete removal of waste from C-106 to levels required for closure and earn \$1,000,000 of the above performance fee.
- b. Complete demonstration interim closure of C-106 and earn \$1,000,000 of the above performance fee.
- c. Complete demonstration interim closure of C-201, C-202, C-203, C-204 earn \$1,000,000 in incremental fee for each tank interim closed (Total available - \$4,000,000).

Completion of interim closure for these 4 tanks is defined as the completion of necessary field project activities required by the approved SST closure plan consistent with HFFACO Milestone M-45.

3. Interim Close Additional Single-Shell Waste Tanks. Performance Fee: \$19,000,000

- a. Interim close additional single-shell waste tanks by 09/30/06, earn \$1,000,000 of incremental performance fee for each tank.

Exception: Waste tanks that initiate retrieval after 09/01/05 shall earn an incremental fee of \$750,000 upon completion of retrieval, and \$250,000 for completion of interim closure.

- b. An incremental acceleration fee of \$2,000,000 per tank will be earned for tanks interim closed over and above 19 in this item and completion of interim tank closures in items 1 and 2 above.

Exception: Waste tanks above 19 in this item that initiate retrieval after 09/01/05 shall earn an incremental fee of \$1,500,000 upon completion of retrieval, and \$500,000 for completion of interim closure.

Completion of interim closure is defined as the completion of necessary field project activities required by the approved SST closure plan consistent with HFFACO Milestone M-45.

4. Deleted.

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

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

Government Furnished Services/Items (GFS/I)

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

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

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

DOE will review/approve the DOE O 435.1 Tier 1 Closure Plan and the Tier 2 Closure Plan (or equivalent) within 60 days of Contractor submittal.

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

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

ORP will review/approve the Composite Analysis (1998) to support retrieval/closure activities.

ORP will initiate Closure Environmental Impact Statement (EIS) support activities accordingly to facilitate issuance of the EIS and the Closure Record of Decision, within the agreed to schedule.

Commitments

The Contractor shall:

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

The DOE ORP will:

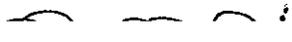
- work with the Contractor and the Regulators to allow appropriate retrieval technology and to define the end point of retrieval activities necessary for interim closure on a risk basis.
- work with the Contractor and regulators to cause the redefinition of the SST retrieval sequence to allow the sequence of retrieval deemed necessary to meet milestones.
- work with the Contractor and regulators to allow composite Functions and Requirements Documents to bound similar waste and retrieval activities.
- work with the Contractor and regulators to allow minimal or no Leak Detection Monitoring and Mitigation requirements for each retrieval activity.

- work with the Contractor and regulators to allow in-process sampling to satisfy data requirements for risk assessments, retrieval, and closure activities.

Definitions

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

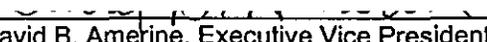
Signature Block



Edward S. Aromi, President
and General Manager,
CH2M HILL Hanford Group, Inc.

7/25/03

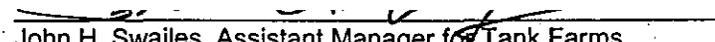
Date



David B. Amerine, Executive Vice President
and Deputy General Manager
CH2M HILL Hanford Group, Inc.

7-25-03

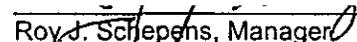
Date



John H. Swailes, Assistant Manager for Tank Farms
U.S. Department of Energy, Office of River Protection

7-25-03

Date



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

7/25/03

Date

PBI-4

Performance Based Incentive (PBI) Title: Supplemental Waste Treatment and Disposal

Performance Fee available and assigned to this PBI: \$10,000,000

ORP Assistant Manager:	ORP POC:	CH2M Manager:	CH2M POC:
J. Swailes	D. Noyes	J. Eacker	D. Allen

Desired Endpoint/Outcome

The objective of this PBI is to cost-effectively retrieve, treat, and dispose of tank waste using non-Waste Treatment and Immobilization Plant (WTP) supplemental treatment techniques such that:

1. A net savings is achieved relative to the U.S. Department of Energy (DOE) established costs of treating the wastes via vitrification in the WTP,
2. All retrieved tank waste completes treatment by 2028 via a combination of supplemental non-WTP treatment and treatment in the WTP, and
3. Wastes with high sulfate, chromate, or other chemical constituents that limit overall waste loading in glass are preferentially treated outside the WTP resulting in higher net WTP throughputs and efficiencies.

Fee Payment Schedule

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

Fee Bearing Milestones

1. Treat and Disposition Transuranic (TRU) and Low-Activity Waste (LAW). Performance Fee: \$5,000,000
 - a. The Contractor will earn \$5,000,000 in incremental fee for removal and treatment of 1,000,000 gallons (in tank volume) by 09/30/06 of either TRU sludge or other low-level Tank Farms waste that can be removed from the tanks, treated, and disposed of as non high-level waste (HLW).
 - A minimum of 750,000 gallons of TRU materials shall be included in the 1,000,000 gallons required for completion of this item.
 - TRU type materials shall be treated and stored for eventual shipment to the Waste Isolation Pilot Plant.
 - LAW type materials shall have been treated and disposed either on or off-site.
 - The waste form to be produced will not be HLW and will be classifiable as either low-level waste, low-level mixed waste, or TRU waste based upon the provisions, criteria, and definitions set forth in DOE O 435.1, "Radioactive Waste Management."
 - b. Incremental acceleration fee of \$800,000 shall be paid to the Contractor for each 100,000 gallons of additional waste that is retrieved and treated. Additional wastes in tank volume can be either TRU type materials or LAW type materials, with no restrictions on the balance between the waste types making up each 100,000 gallon increment.

2. Demonstration of Tank Waste Immobilization Technology. Performance Fee: \$5,000,000
- a. Testing for the selected technology using tank waste at a scale deemed appropriate to demonstrate performance. The Contractor will earn \$1,250,000 in incremental fee for completion of one or more tests as defined in an Office of River Protection (ORP) and Contractor agreed to testing strategy. If more than one test is required, fee shall be incrementally proportioned to the number of tests. (Performance Fee: \$1,250,000)
 - b. First full-scale unit of immobilized tank waste (size depending on technology selected). The Contractor will earn \$1,250,000 in incremental fee for removal and immobilization of sufficient tank waste to make a full-scale container of immobilized tank waste. (Performance Fee: \$1,250,000)
 - c. Startup of an immobilized tank waste production test system and generate one unit of immobilized tank waste. The Contractor will earn \$2,500,000 in incremental fee for startup of a production test system. (Performance Fee: \$2,500,000)
 - d. Immobilized tank waste production demonstration. The Contractor will earn incremental acceleration fee of \$450,000 for removal and immobilization for each 10,000 gallons (in tank volume) of immobilized tank waste for the first 50,000 gallons. Contractor will earn incremental acceleration fee of \$300,000 for removal and immobilization for each 10,000 gallons (in tank volume) of immobilized tank waste for the next 150,000 gallons. Contractor will earn incremental acceleration fee of \$10 for removal and immobilization for each gallon (in tank volume) of immobilized tank waste thereafter.

Government Furnished Services/Items (GFS/I)

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

Provide DOE review/approval of Hanford Federal Facility Agreement and Consent Order or Tri-Party Agreement deliverables within 15 working days of receipt, except as specified below.

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

ORP will review/approve determinations associated with TRU waste within 60 days of Contractor submittal.

DOE will work with the Contractor to accept TRU tank waste into existing site facilities for interim storage.

Commitments

The Contractor shall:

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

Appendix P, Provisional Payment of Fee

Methodology/Criteria Revision 1

PBI	Fee Bearing Milestone	Milestone Value	Incremental Milestones	Incremental Value	Provisional Milestone	Provisional Value
1	Complete Interim Stabilization of SSTs	\$75,000	AX-101	\$75,000		
	Complete Interim Stabilization of SSTs	\$75,000	U-111	\$75,000		
	Complete Interim Stabilization of SSTs	\$237,500	S-102	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	U-107	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	S-111	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	SX-102	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	BY-106	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	U-108	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	C-103	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	S-107	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	S-112	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	S-101	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	SX-101	\$237,500		
	Complete Interim Stabilization of SSTs	\$237,500	A-101	\$237,500		
2	Waste Feed Delivery	\$0	Complete RPP System Plan	\$0		\$0
	Complete AY/AZ/AW Ph. 1 and AN Upgrades	\$3,431,274	Complete AN Phase 2 Tank Farm Upgrades	\$857,819		\$0
			Comp. AY/AZ/AW Phase 1 Construction	\$857,818		\$0
			Complete AN Phase 1 Construction	\$857,819		\$0
			Receive HVAC Skids		\$857,818	
	Complete Phase 2 Upgrades in AW Tank Farm	\$2,700,000	Complete Phase 2 Upgrades in AW Tank Farm	\$910,000		\$0
			Upgrade AW Pits and turnover to Operations (Earn \$100K per Pit)	\$800,000		\$0
			Turnover to Operations	\$390,000		\$0
	Complete Phase 2 Upgrades in SY Tank Farm	\$1,500,000	Complete Phase 2 Upgrades in SY Tank Farm	\$700,000		\$0
			Upgrade SY Pits and turnover to Operations (Earn \$100K per Pit)	\$500,000		\$0
	Complete Phase 2 Upgrades in AY/AZ Tank Farms	\$800,000	3. Turnover to Operations	\$300,000		\$0
			Complete construction/ ATP	\$600,000		\$0
	Complete Phase 2 Upgrades in AP Tank Farm	\$1,900,000	Turnover to Operations	\$200,000		\$0
			Complete Phase 2 Upgrades in AP Tank Farm	\$700,000		\$0
			Upgrade AP Pits and turnover to Operations (Earn \$100K per Pit)	\$900,000		\$0
	Complete 244-S DCRT Bypass	\$1,300,000	Turnover to Operations	\$300,000		\$0
			Complete 244-S DCRT Bypass	\$350,000		\$0
			Complete installation of 50 percent of piping		\$800,000	
	W-211 modification of AZ-156 building, fabrication of piping to the WTP, and installation of 3,500 feet of waste transfer piping between the Tank Farms and the WTP interface point	\$1,820,000	Fabricate Transfer Pipe	\$540,000		\$0
			Install 3,500 linear feet of piping	\$540,000		\$0
			Complete AZ-156 building modifications and turnover to Operations	\$540,000		\$0
	Complete Project W-211 AZ-101 retrieval system construction, except transfer pump installation	\$1,850,000	Complete AZ-101 RS construction, except installation of transfer pump	\$1,850,000		\$0
	Complete construction of waste transfer piping from the Tank Farms to the WTP interface point, except final installation of three pipe jumpers and related valve actuators	\$1,500,000	Complete construction of waste transfer piping from the Tank Farms to the WTP interface point, except final installation of three pipe jumpers and related valve actuators	\$1,500,000		\$0
	Complete Project W-211 AN infrastructure and AN-101 retrieval system construction, except mixer pump installation	\$1,900,000	Complete AN infrastructure and AN-101 RS construction, except mixer pump installation	\$1,900,000		\$0
	Complete Project W-211 AZ-102 retrieval system construction, except mixer pumps installation	\$2,000,000	Complete AZ-102 RS construction, except mixer pump installation	\$2,000,000		\$0

Appendix P, Provisional Payment of Fee

Methodology/Criteria Revision 1

PBI	Fee Bearing Milestone	Milestone Value	Incremental Milestones	Incremental Value	Provisional Milestone	Provisional Value
2	Complete Project W-211 higher risk construction tasks for the AY-102 Retrieval System	\$1,750,000	Complete Project W-211 higher risk construction tasks for the AY-102 Retrieval System	\$1,750,000		\$0
	Complete replacement of AP-101 transfer pump	\$1,000,000	Complete replacement of AP-101 transfer pump	\$1,000,000		\$0
	Complete AN tank farm clean out box modifications	\$265,000	Complete AN tank farm clean out box modifications	\$265,000		\$0
	Complete SY tank farm pipeline upgrades	\$900,000	Complete SY tank farm pipeline upgrades	\$900,000		\$0
	Complete AZ-151 reroute	\$450,000	Complete AZ-151 reroute	\$450,000		\$0
	Complete AW tank farm clean out box modifications	\$1,100,000	Complete AW tank farm clean out box modifications	\$1,100,000		\$0
	Complete 204-AR upgrades	\$33,726	Complete 204-AR upgrades	\$33,726		\$0
	Deleted					
	ILAW Disposal Capacity (IDF)	\$1,000,000	Site preparation, road construction, utility relocation	\$540,000		\$0
			Trench excavation	\$460,000		\$0
	\$2,000,000	Completion of project construction	\$2,000,000		\$0	
3	Retrieve and Interim Close M-45 High-Risk SSTs	\$1,000,000	Retrieve S-112	\$1,000,000	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
		\$1,000,000	Interim Close S-112	\$1,000,000		
		\$1,000,000	Retrieve S-102	\$1,000,000	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
		\$1,000,000	Interim Close S-102	\$1,000,000		
		\$500,000	Retrieve C-104	\$500,000	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
	Remove Waste/Demonstrate Interim Closure of C-106 and Demonstrate Interim Closure of 4 Additional Low-Risk, Low-Volume Tanks	\$1,000,000	Remove Waste C-106	\$1,000,000	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
		\$1,000,000	Interim Closure C-106	\$1,000,000		
		\$1,000,000	Interim Closure C-201	\$1,000,000	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
		\$1,000,000	Interim Closure C-202	\$1,000,000	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
		\$1,000,000	Interim Closure C-203	\$1,000,000	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
		\$1,000,000	Interim Closure C-204	\$1,000,000	25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	\$500,000
	Interim Close Additional Single-Shell Waste Tanks		Interim Close Tanks Below			
		\$1,000,000	Interim Close Tank 1	\$1,000,000	PROVISIONAL FEE: FOR TANKS WITH > 30,000 GALLONS: 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. FOR TANKS WITH ≤ 30,000 GALLONS: 25% upon completion of construction of retrieval system; 25% upon start of retrieval. Tank volume based upon BBI.	≤ \$800,000
		\$1,000,000	Interim Close Tank 2	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 3	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 4	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 5	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 6	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 7	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 8	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 9	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 10	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 11	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 12	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 13	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 14	\$1,000,000		≤ \$800,000
		\$1,000,000	Interim Close Tank 15	\$1,000,000		≤ \$800,000
	\$1,000,000	Interim Close Tank 16	\$1,000,000	≤ \$800,000		
	\$1,000,000	Interim Close Tank 17	\$1,000,000	≤ \$800,000		
	\$1,000,000	Interim Close Tank 18	\$1,000,000	≤ \$800,000		
	\$1,000,000	Interim Close Tank 19	\$1,000,000	≤ \$800,000		
Deleted		Acceleration fee for Interim close over and above 19				
	\$500,000	Complete Interim Stabilization of 244-AR Vault	\$500,000			

Appendix P, Provisional Payment of Fee
 Methodology/Criteria, Revision 1

PBI	Fee Bearing Milestone	Milestone Value	Incremental Milestones	Incremental Value	Provisional Milestone	Provisional Value
4	Treat and Disposition TRU and LAW	\$5,000,000				
	Treat and Disposition 1,000,000 gallons (in tank volume) of TRU and LAW		Treat and Disposition 1,000,000 gallons (in tank volume) of TRU/LAW	\$5,000,000		
					50% upon removal and treatment of the first gallon of either TRU sludge or other low-level waste	\$2,500,000
					2.5% per 50,000 gallons of either TRU sludge or other low-level waste treated. Earned value based upon BBI.	\$2,500,000
			Acceleration fee for ea 100,000 gallons of addl waste that is retrieved and treated			
	Demonstration of Tank Waste Immobilization Technology	\$5,000,000				
			Testing for the selected technology using tank waste at a scale deemed appropriate to demonstrate performance	\$1,250,000		
			First full scale unit of immobilized tank waste	\$1,250,000		
			Startup of an immobilized tank waste production test system and generate one unit of immobilized tank waste	\$2,500,000		
			Acceleration fee for removal and immobilization for each 10,000 gallons (in tank volume) of immobilized tank waste for the first 50,000 gallons. Acceleration fee for removal and immobilization for each 10,000 gallons (in tank volume) of immobilized tank waste for the next 150,000 gallons. Acceleration fee for removal and immobilization for each gallon (in tank volume) of immobilized tank waste thereafter.			
TOTALS		\$72,000,000				