

**PART I - THE SCHEDULE**

**SECTION B  
SUPPLIES OR SERVICES AND PRICES/COST**

**TABLE OF CONTENTS**

<u>CLAUSE</u>	<u>TITLE</u>	<u>PAGE</u>
B.1	SERVICES BEING ACQUIRED.....	B-1
B.2	OBLIGATION OF FUNDS.....	B-1
B.3	AVAILABILITY OF APPROPRIATED FUNDS .....	B-1
B.4	ESTIMATED COST AND FEE.....	B-2
B.5	SINGLE FEE .....	B-3
B.6	OPTION EXERCISE; REDUCTION OF TERM .....	B-3
B.7	PERFORMANCE BASED INCENTIVE TRANSITION.....	B-4

## **B.1 SERVICES BEING ACQUIRED**

The Contractor shall be responsible for planning, managing, integrating, operating and implementing a full range of Hanford programs, projects, and other activities as set forth in Section C. The Contractor shall, in accordance with the terms of this contract, furnish all personnel, facilities, equipment, materials, supplies, and services (except as expressly set forth in this contract as furnished by the Government) and otherwise do all things necessary for, or incident to, performing in an efficient and effective manner all work set forth in Section C, or as may be directed by the Contracting Officer within the scope of this contract.

## **B.2 OBLIGATION OF FUNDS**

The amount obligated by the Government with respect to this contract is \$5,022,671,036.52 as of September 30, 2002. Such amount may be increased unilaterally by DOE Contracting Officer written notice to the Contractor and may be increased or decreased by modification to the contract. Estimated collections from others for work and services to be performed under this contract are not included in the funds currently obligated. Such collections, to the extent actually received by the Contractor, shall be processed and accounted for in accordance with applicable requirements imposed by the DOE Contracting Officer. Nothing in this paragraph is to be construed as authorizing the Contractor to exceed limitations stated in financial plans, such as the Modification of Contract Obligation Notice and Distribution of Obligation Report (for individual orders of work for other DOE offices and non-DOE funded work only), established by DOE and furnished to the Contractor from time to time under this contract, unless written direction is provided by the DOE Contracting Officer.

## **B.3 AVAILABILITY OF APPROPRIATED FUNDS**

The duties and obligations of the Government calling for the expenditure of appropriated funds shall be subject to the availability of funds appropriated by the Congress, which DOE may legally spend or obligate for such authorized purposes. Any work performed that exceeds funds currently obligated by BNR controls and specific limitations identified in Contract Modifications to Section B.2. and Distribution of Obligation Report (for individual orders of work for other DOE offices and non-DOE funded work only), without the written consent of the DOE Contracting Officer, shall be at the Contractor's risk.

**B.4 ESTIMATED COST AND FEE**

A. Estimated Cost and Fee

The estimated cost of the contract is the total funding provided from October 1, 1996 through September 30, 2002, (which totals \$5,022,671,036.52), plus an estimated budgetary funding of \$2,858,700,000.00 for the period October 1, 2002 through September 30, 2006, for a total estimated funding of \$7,881,371,036.52.

The estimated budgetary funding, including fee, for FY 2003 through FY 2006 is set forth as follows (\$ in millions):

	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>Total</u>
EM Baseline	615.8	672.3	749.6	582.9	2,620.6
Other	<u>60.7</u>	<u>65.8</u>	<u>55.8</u>	<u>55.8</u>	<u>238.1</u>
Total (including fee)	676.5	738.1	805.4	638.7	2,858.7

Note: FY04 includes \$1.7M for IWOs, but the funds will not be placed in the contract.

Fee	31.0	31.9	42.7	64.92	170.52
-----	------	------	------	-------	--------

Total funding is defined as all funds (e.g. EM, NE, and other DOE-HQ organizations, RL, Other Hanford Contractors (net transfers), Other DOE sites, Other DOE prime contractors, Other Federal Agencies, and other Commercial entities) the Contractor receives to perform work, excluding RL holdbacks.

PHMC EM pension contributions by the Contractor are expected to be \$29,917,000 for FY 2005 and \$31,091,000 for FY 2006. Should pension contributions beyond these amounts be needed, DOE will either provide additional funding beyond that identified in Section B.4 above to cover the full value of the increased contribution or agree to a corresponding decrease in work scope equal to the full value of the overage. Should required pension contributions be less than these amounts, the Contractor will identify to DOE the savings resulting from the decreased contribution. DOE will determine the use of any cost savings associated with pension contributions below these amounts.

B. Fee

1. Pursuant to the fee schedule above, more or less fee may be paid out in a given year, but in no case shall the paid fee exceed the fee amount in the "Total" column above.
2. Unearned fee that is not forfeited for failures to meet contract or performance-based incentive requirements shall be accrued if appropriate, or recorded as a commitment.

C. Fee Pool Adjustment

If the estimated total funding for a fiscal year in the schedule set forth above in Part A varies from the actual funding by more than plus or minus 10%, or the complexity of the workscope changes significantly, the contracting officer may adjust the total available fee pool for that year based upon the fee curves contained in the Department of Energy Acquisition Regulations.

**B.5 SINGLE FEE**

The parties formerly agreed to a single fee pool for the Contractor and its major subcontractors under Clause B.4 of this contract as originally executed. Pursuant to the Contractor's reorganization, the concept of "major subcontractor" as originally proposed is no longer applicable to this contract. The Contractor agrees that it will not charge costs to the contract representing any fee or profit for a subcontractor managing any workscope currently managed by a major subcontractor. These contractors currently are Duke Engineering Services of Hanford, Inc., Numatec Hanford Corporation, Westinghouse Safety Management Solutions (PFP contract) and Duratek Federal Services of Hanford, Inc.

**B.6 OPTION EXERCISE; REDUCTION OF TERM**

The term of the contract is extended for an additional five years with a contract completion date of September 30, 2006. However, if, by the end of Fiscal Year 2003, FHI fails to earn 60 percent of the incentive fee available for annual performance based incentives, the comprehensive incentive, and progress payments based on completion dates in the multi-year incentives, then FHI agrees that the term of this contract may be reduced from its current expiration date of September 30, 2006. The new expiration date shall be set at the unilateral discretion of the contracting officer. The parties agree that the contract shall expire on the new date set by the contracting officer, and shall constitute completion of the contract.

The Government's right to set an earlier contract completion date shall be in addition to the Government's rights established under FAR 52.249-6 "Termination (Cost Reimbursement)" located in Section I of this contract.

## **B.7 PERFORMANCE BASED INCENTIVE TRANSITION**

The Performance Objective, Measures, Expectations and Incentives (PIs) incorporated in Section J, Appendix D of the PHMC through Contract Modification M180, dated April 14, 2003 are cancelled as of March 31, 2004. The PI's incorporated through Contract Modification M205 contain the agreed upon incentives and provisions that carryover from previous PI's.