

PART I - THE SCHEDULE

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

TABLE OF CONTENTS

<u>SUBSECTION</u>	<u>TITLE</u>	<u>PAGE</u>
B.1	Services Being Acquired	B-1
B.2	Obligation of Funds	B-1
B.3	Period of Performance	B-3
B.4	Estimated Cost and Fee	B-3
B.5	Availability of Appropriate Funds	B-4
B.6	Reserved	B-4
B.7	Option to Extend the Term of the Contract	B-4
B.8	Option Periods-Total Available Fee	B-5
B.9	Optional Services B-5	
B.10	Exercise of Option(s)	B-6
B.11	Optional Types of Contracts	B-6
B.12	Contract Type, Estimated Cost, Incentive Fee, Award Fee, and Cost Savings Sharing	B-6

PART I - THE SCHEDULE
SECTION B
SUPPLIES OR SERVICES AND PRICES/COST

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. It is understood that in performing the Statement of Work set forth in Section C, the Contractor's approach to the work shall be consistent with that described in the Contractor's proposal dated March 25, 1996, and its answers to the Government's Oral Discussion questions as provided in its response dated June 10, 1996, as modified by its proposal amendments contained in its Best and Final Offer dated July 11, 1996, unless otherwise agreed to or directed by DOE. The Contractor shall furnish all personnel, facilities, equipment, material, 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.

B.2 OBLIGATION OF FUNDS

- A. Obligation of Funds - The amount obligated by the Government with respect to this contract is \$1,992,966.22 as of August 31, 1998. 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 DOE Contracting Officer.
- B. Limitation on payment by the Government - Payment of allowable costs by the Government under this contract cannot exceed the funds currently obligated at (a) each budget and reporting (BNR) control, and (b) specific limitations identified in the Modification of Contract Obligation Notice and/or Distribution of Obligation Report (for individual orders of work for other DOE offices and non-DOE funded work only), referred to as the financial control point, less the Contractor's fee.

Actual costs and/or encumbrances that exceed the current obligation limit at the financial control point shall be retained within the Contractor's financial system. Financial control points that have been exceeded will be worked to resolution by the Contractor and DOE. Costs drawn on the letter of credit which exceed the current obligation limit at the financial control point and cannot be resolved by fiscal year-end will be reimbursed from corporate funds. If resolution cannot be reached, including but not limited to, authorization received, additional funding received, Contractor accounting errors corrected, then such actual costs and/or encumbrances will be borne by the Contractor including interest in accordance with clause I.61, Interest, of this contract. Interest will accumulate beginning when the Contractor records the cost.

- C. Notices -- Contractor excused from further performance - The Contractor shall notify DOE in writing whenever the unexpended balance of available funds (including collections available under paragraph (a) above), plus the Contractor's best estimate of collections to be received and available during the 30-day period hereinafter specified, is in the Contractor's best judgment sufficient to continue contract operations at the programmed rate for only 30 days and to cover the Contractor's unpaid fee, and outstanding encumbrances and liabilities on account of costs allowable under the contract at the end of such period. Whenever the unexpended balance of available funds (including collections available under paragraph (a) above), less the amount of the Contractor's fee then earned but not paid, is in the Contractor's best judgment sufficient only to liquidate outstanding encumbrances and liabilities on account of costs allowable under this contract, the Contractor shall immediately notify DOE and shall make no further encumbrances or expenditures (except to liquidate existing encumbrances and liabilities), and, unless the parties otherwise agree, the Contractor shall be excused from further performance (except such performance as may become necessary in connection with termination by the Government).
- D. Financial plans; cost and encumbrance limitations - In addition to the limitations provided for elsewhere in this contract, DOE may, through contract modifications to this section, 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]), and other directives issued to the Contractor, establish specific limitations on costs and encumbrances at the financial control point. Such plans and directives may be amended or supplemented from time to time by DOE. The Contractor hereby agrees (1) to comply with financial control point limitations set forth in such plans and directives, (2) to comply with other requirements of such plans and directives, and (3) to notify DOE promptly in writing when it has reason to believe that any limitation on costs and encumbrances will be exceeded or substantially underrun at the financial control point. Encumbrances are defined as the uncosted balances under contracts issued and other liabilities incurred by the Contractor, including but not limited to (a) purchase orders issued; (b) contracts and subcontracts awarded including the full liability under lease purchase and capital leases; (c) termination cost for incrementally

funded firm fixed price contracts, operating lease agreements, and multi-year service contracts that contain termination clauses; (d) other agreements for the acquisition of goods and services related to other M&O and Management and Integration (M&I) contractors liabilities; and (e) work orders or authorizations issued to M&O and M&I construction contractors. This definition may be revised and provided to the Contractor from time to time by DOE-RL.

B.3 PERIOD OF PERFORMANCE

The period of performance for the work specified in Section C of this contract shall commence on the date of award of the contract, and continue through September 30, 2001, unless terminated sooner as provided for in other provisions of this contract. The Transition Period shall commence on the date of award of the contract and continue through September 30, 1996.

B.4 ESTIMATED COST AND FEE

A. The estimated cost and total available fee pool will be established annually by the Government and set forth in a modification to this subsection. The estimated cost excludes costs of work related to Bechtel Hanford, Inc. (BHI), Hanford Environmental Health Foundation (HEHF), privatization of treatment of Tank Waste Remediation System (TWRS) work and Pacific Northwest National Laboratory [non-Environmental Management (EM)] work. The total available fee pool will be based on the fee proposed and negotiated at the time of contract award. The estimated cost (includes total available fee pool) for this contract is as follows:

Table B-1
Estimated Costs (in millions)⁽¹⁾⁽²⁾

<u>CATEGORY</u>	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001 ⁽³⁾
EM Non-Construction	776.3	735.5	740.6	695.7	634.5
EM Construction	<u>151.4</u>	<u>61.0</u>	<u>124.0</u>	<u>158.0</u>	<u>196.0</u>
Total EM	927.7	796.5	864.6	853.7	830.5
Other Non-Const.	98.8	65.0	106.0	106.0	106.0
Other Construct.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Other	98.8	65.0	106.0	106.0	106.0
Total Site Funding	<u>1026.5</u>	<u>862.5</u>	<u>970.6</u>	<u>959.7</u>	<u>936.5</u>
Total Avail. Fee Pool	<u>54.0</u>	<u>44.6</u>	<u>50.0</u>	<u>49.5</u>	<u>48.3</u>

- (1) The Government reserves the right to unilaterally increase or decrease the estimated cost in accordance with appropriated funds and Subsection B.5 below.
- (2) Estimated cost numbers include fee.
- (3) The cost for each of the option years from October 1, 2001, through September 30, 2006, is estimated to be the same as those estimated costs set forth for FY 2001.

In no event will the total fees/incentives for the Contractor, when added to the total fee/incentives for the Major Subcontractors, exceed the above Total Available Fee Pool for each fiscal year.

B. The estimated cost for the Transition Period is reflected below:

For the period August 1, 1996, to September 30, 1996, the total estimated cost is \$9,500,000.

B.5 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 the U.S. Department of Energy (DOE) may legally spend for authorized purposes. Any work performed beyond the funds obligated and/or performed without the written consent of the Contracting Officer shall be at the Contractor's own risk.

B.6 RESERVED

B.7 OPTION TO EXTEND THE TERM OF THE CONTRACT

This contract may be extended at the unilateral option of the Government by written notice to the Contractor 120 days prior to the expiration date of this contract.

Further, the Contractor agrees that the performance under said extension shall be accomplished within the estimated cost as set forth in B.8 below. The Option Periods may be for a period from one to five years at the unilateral discretion of the Contracting Officer and may be exercised unilaterally for some lessor period. (Also see contract clause B.10, Exercise of Options.)

B.8 OPTION PERIOD - TOTAL AVAILABLE FEE

The total available fee pool for the Option Periods will include all fee performance incentives or other incentives for both the Contractor and its Major Subcontractors. In no event will the total fee/incentives for the Contractor when added to the total fee/incentives for its Major Subcontractors exceed the total available fee pool shown below for each fiscal year. The Contractor's share of cost savings incentives, while subject to the limitations of regulations and statutes, are not necessarily limited by the amount of the fee pool since they are paid out of the cost saved.

The total estimated cost for the Option Periods October 1, 2001, to September 30, 2006, is \$4.6825 billion (including fee) for the total five years. The estimated cost per option year is \$936,500,000 and is broken down as shown in B.4 for FY 2001 for each year of the option periods. The total available fee pool per option year is \$52.8 million.

\$48.3

B.9 OPTIONAL SERVICES

The Government may, at its option and during performance of this contract, unilaterally add any or all of the work scope identified as "Environmental Restoration Project" in Section C.3, of this contract, and/or other workscope associated with the treatment of TWRS waste in Section C.3. It is anticipated that the Government would consider adding the workscope associated with the treatment of TWRS waste under this contract should privatization efforts prove unsuccessful. An equitable adjustment would be negotiated for any work appropriately authorized and performed as a result of exercise of any portion of this option.

The addition of such added workscope, if any, shall be subject to the requirements of FAR 52.243.1, Changes - Fixed Price, or FAR 52.243.2, Changes - Cost Reimbursement, depending on contract type.

B.10 EXERCISE OF OPTION(S)

The DOE has included options to purchase additional services and to extend the term of this contract. To demonstrate the value it places on cost efficient quality performance, the Department has provided a mechanism for continuing the contractual relationship with the Contractor if the Contractor performs at a level that meets or exceeds cost efficient quality performance expectations as communicated to the Contractor, in writing, by the Contracting Officer or designated representative. When deciding whether to exercise the option, the Contracting Officer will consider the quality of the Contractor's performance and the effectiveness of the Contractor's cost control under this contract.

B.11 OPTIONAL TYPES OF CONTRACTS

The Government, at its option, may negotiate various types of contracting arrangements for any portion of this contract, upon award and throughout the duration of the contract, including any modifications made thereto. Such arrangements include, but are not limited to, firm-fixed price, fixed-price-incentive fee, and cost-plus-fixed-fee. Thus, at any point during contract performance, the contract may consist of more than one type, as mutually agreed to by the parties.

B.12 CONTRACT TYPE, ESTIMATED COST, INCENTIVE FEE, AWARD FEE, AND COST SAVINGS SHARING

This contract contains multiple pricing arrangements, including contract clauses entitled "Base Fee and Award Fee" (Clause H.44), and "Cost Savings Program" (Clause H.45) (and any other clauses as appropriate) a summary of costs and fees are provided herein. Paragraph A below sets forth the cost, basic fee, and award fee information for the period. Subsection B.4 of Section B provides the various arrangements for each contract line item by fiscal year. A complete description of the incentive provisions is contained in the various incentive clauses of the contract.

- A.** (1) The amount obligated, estimated cost, basic fee, and maximum available award fee, if any, for the previous contract periods, is set forth below:

<u>Contract Amount</u>	<u>Estimated</u>	<u>Basic</u>	<u>Max. Avail.</u>
<u>Period</u>	<u>Obligated</u>	<u>Cost</u>	<u>Award Fee</u>
_____	_____	_____	_____

- B.** The contract line items and fee arrangements for the period of _____ through, _____ are set forth below:

- (1) Firm-Fixed Price - The following Contract Line Items are hereby incorporated on a firm-fixed price basis:

<u>Contract Line Item</u>	<u>Fixed-Price</u>

- (2) Fixed Price Incentive - The following Contract Line Items are hereby incorporated on a fixed price incentive basis:

<u>Line Item</u>	<u>Tar. Cost</u>	<u>Tar. Fee</u>	<u>Ceiling</u>	<u>Share</u>

- (3) Cost Plus Incentive Fee - The following Line Items are hereby incorporated on a cost plus incentive fee basis:

Line Item Tar. Cost Tar. Fee Min. Fee Max. Fee Share

- (4) Cost Plus Award Fee - The following Line Items are hereby incorporated on a cost plus award fee basis:

Line Item Per./Yr Est. Cost Base Fee At-Risk Fee AF Pool

- (5) Effort/Line Items subject to a Cost Savings Incentive Program - The following effort/Line Items are subject to Cost Savings Sharing:

<u>Line Item/ Effort</u>	<u>Current Est. Cost</u>	<u>New Method Est. Cost</u>	<u>Savings not Sub. to share</u>	<u>Savings Share Sub. to share</u>	<u>%/ Max. Share</u>
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