Award Fee Determination Scorecard

Contractor: Bechtel National, Inc. (BNI)

Contract: Design, Construction, and Commissioning of the Hanford Tank Waste Treatment and Immobilization Plant

Contract Number: DE-AC27-01RV14136

Award Fee Period: January 1, 2015, to December 31, 2015


Award Fee Available: $12,600,000

Award Fee Earned: $8,310,000 (66.0% percent)

Incentive B.1 – Award Fee-Project Management – Good

The fee for Project Management is divided into five award fee objectives (AFO) as follows:

<table>
<thead>
<tr>
<th>AFO</th>
<th>Available</th>
<th>Rating</th>
<th>Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFO 2: One System</td>
<td>$600,000</td>
<td>100%</td>
<td>$600,000</td>
</tr>
<tr>
<td>AFO 3: Environmental/Safety/Health and Safety Conscious Work Environment</td>
<td>$2,000,000</td>
<td>97%</td>
<td>$1,940,000</td>
</tr>
<tr>
<td>AFO 4: Quality Assurance Program and Quality of Performance</td>
<td>$2,500,000</td>
<td>49%</td>
<td>$1,225,000</td>
</tr>
<tr>
<td>AFO 5: Nuclear Safety</td>
<td>$2,000,000</td>
<td>46%</td>
<td>$920,000</td>
</tr>
<tr>
<td>AFO 6: Technical Issue Resolution</td>
<td>$2,000,000</td>
<td>50%</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

Incentive B.2 – Award Fee-Cost - Good

The fee for Cost consists of one AFO as follows:

<table>
<thead>
<tr>
<th>AFO 1: Project Performance (Cost, Schedule, and Efficiencies)</th>
<th>Available</th>
<th>Rating</th>
<th>Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,500,000</td>
<td>75%</td>
<td>$2,625,000</td>
<td></td>
</tr>
</tbody>
</table>

Total Award Fee – Period 2015 $12,600,000 66.0%* $8,310,000

* Figures rounded to one decimal place.

Key Positives for AFO 1: Project Performance (Cost, Schedule, and Efficiencies)

- Meeting commitments for DFLAW.
- Achieved the fiscal year 2015 goal to turn over all major systems in three buildings of the Waste Treatment and Immobilization Plant (WTP).
- Higher productivity in high-level waste (HLW) with 22 total concrete placements, exceeding goal of 20.
- Initiated an independent expert review team to assess all Managed Improvement Plan initiatives.
  - Team concluded programs made considerable progress, determined the “health of its program is improving.”

Key Areas for Improvement for AFO 1: Project Performance (Cost, Schedule, and Efficiencies)

- Slight negative trend last two months of calendar year 2015.
- Hasn’t done sufficient preventive maintenance for installed structures, equipment, and components in HLW.
- Field work has taken longer than expected to complete upgrade to cathodic protection on underground piping.

Key Positives for AFO 2: One System

- Effectively established integrated permitting schedule with the State Department of Ecology supporting direct feed low-activity waste (DFLAW). Strategy provides a framework for resource planning to manage dangerous waste permit modification submittals needed for DFLAW, including those needed for tank farm operations.
• Pursued program opportunities in operational readiness, waste management, software sharing, waste feed qualification, and safety analysis methodologies.
• Led efforts to align U.S. Department of Energy orders and directives between Tank Farms and WTP contracts.
• Participated and integrated with the tank farms organization to complete revision and gain management approval of all interface control documents (ICD) supporting DFLAW.

**Key Positives for AFO 3: Environmental/Safety/Health and Safety Conscious Work Environment**
• The WTP Project received the DOE Voluntary Protection Program Star of Excellence award.
• WTP Project and construction site continues to demonstrate a strong workplace safety record, exceeding performance goals.
• In preparation for startup, BNI issued an Operation Readiness Strategy and Integrated Safety Management System Phase I preparation document, which allows the project to achieve operational readiness by first leveraging the project’s Integrated Safety Management System to demonstrate safety programs and controls.
• The DOE Office of Enterprise Assessment conducted a culture assessment in January and February 2015 and found statistically positive improvement in 10 of the 12 behavioral norms measured.

**Opportunity for Improvement for AFO 3: Environmental/Safety/Health and Safety Conscious Work Environment**
• It was noted there was a reduction in activity for monitoring of nuclear safety and quality culture health metrics.

**Key Positives for AFO 4: Quality Assurance Program and Quality of Performance**
• The Project Health Dashboard developed by BNI in February 2015 provides senior management with a tool to evaluate the quality of the WTP Project by looking at trends regarding performance.
• Emphasis on utilizing its lessons learned program with 27 lessons learned submitted, with 21 being published.
• Created a SmartPlant software application to relate multiple source data and provide better traceability.

**Key Areas for Improvement for AFO 4: Quality Assurance Program and Quality of Performance**
• Root cause analyses and apparent cause analyses are not being performed as timely as they should be.
• Commercial Grade Dedication Program not fully meeting requirements, but management is focusing here.
• Quality Assurance corrective action plan needs work.

**Key Positives for AFO 5: Nuclear Safety**
• BNI participated effectively with the DOE Office of River Protection (ORP) during low-activity waste C5V Integrated Project Team meetings in the development of potential control strategies for that system.
• BNI self-identified and subsequently issued a Management Suspension of Work for the development of preliminary hazards analysis then worked collaboratively with ORP on the resolution.

**Key Areas for Improvement for AFO 5: Nuclear Safety**
• Several safety design basis change packages submitted did not meet ORP standards and required rework.
• The BNI nuclear safety team communications with the ORP nuclear safety team in advance of product submittals needs improvement.
• BNI has not provided an adequate schedule to ORP outlining its plans for development of nuclear safety documents needed for WTP engineering, procurement, and construction.

**Key Positives for AFO 6: Technical Issue Resolution**
• The BNI Pretreatment Facility (PTF) Area Project Manager developed and uses project management tools to align project staff, report project performance, and ensure visibility of required work.
• Vessel Test Completion Team is fully functional and is effectively leading and executing its assigned work scope.

**Key Areas for Improvement for AFO 6: Technical Issue Resolution**
• Technical issues for the PTF are not meeting BNI’s internal schedule.
• Technical justifications provided to ORP for PTF are not yet fully defensible for issue closure.
• ORP has not received the final plans for HLW technical issue resolution such as confinement ventilation, mechanical handling, and HLW melter off-gas treatment process reassessment.
• The standard vessel testing program has been delayed.
• Work has also been delayed in some cases on the resolution of PTF technical/safety basis issues.