PERFORMANCE EVALUATION AND MEASUREMENT PLAN

Incentive B – Award Fee

DESIGN, CONSTRUCTION, AND COMMISSIONING OF THE HANFORD TANK WASTE TREATMENT AND IMMOBILIZATION PLANT

CONTRACT NO. DE-AC27-01RV14136

Evaluation Period 2016
January 1, 2016, to December 31, 2016

Bechtel National, Inc.

Richland, WA

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Award Fee Objectives

This Performance Evaluation Measurement Plan (PEMP) contains the following six award fee objectives (AFO):

1. Project performance (cost, schedule, and efficiencies)
2. One System
3. Environmental, safety, health, and safety conscious work environment
4. Quality Assurance Program and quality of performance
5. Nuclear safety
6. Technical issue resolution.

Evaluation Process

The U.S. Department of Energy (DOE), Office of River Protection (ORP) will evaluate and measure performance in each of the six AFOs using the criteria in each objective. The evaluation will assign an adjectival rating and corresponding award fee earned to each AFO (see Table 1, "Award Fee – Incentive Ratings and Definitions"). The Fee-Determining Official (FDO) may consider any other pertinent factors in making a final fee determination.

Incentive Ratings and Definitions

ORP will utilize Table 1 to rate performance. ORP will utilize a separate color-coded table (see Attachment 1, "Award Fee Rating Guide") for informal periodic evaluations. The final evaluation will reflect the adjectival rating scale in Table 2, "Award Fee – Fee Earnings Calculations."

Table 1. Award Fee – Incentive Ratings and Definitions.

Assigned Numerical Rating	Adjectival Rating (Corresponding to Numerical Rating)	Definition	Percentage of Award Fee Earned
91 to 100	Excellent	Contractor has exceeded almost all of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	91% to 100%
76 to 90	Very Good	Contractor has exceeded many of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	76% to 90%
51 to 75	Good	Contractor has exceeded some of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	51% to 75%
≤ 50	Satisfactory	Contractor has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	≤ 50%
0	Unsatisfactory	Contractor has failed to meet overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	0%

Table 2. Award Fee - Fee Earnings Calculation.					
	Award Fee Objective	Award Fee Available	Adjectival Rating	% of Award Fee Earned	Award Fee Dollars Earned
1	Project Performance (Cost, Schedule, and Efficiencies)	$2,430,000			
2	One System	$485,000			
3	Environmental, Safety, Health, and Safety Conscious Work Environment	$2,226,000			
4a	Quality Assurance Program and Quality of Performance	$1,417,000			
4b	Quality Documentation	$809,000			
5	Nuclear Safety	$1,619,000			
6	Technical Issue Resolution	$1,214,000			
Total Award Fee (Period 2016)		**$10,200,000**			

Award Fee Objective 1: Project Performance (Cost, Schedule, and Efficiencies)

Award Fee Criteria:

- Project Performance
- Cost Performance and Efficiencies
- Contractor Human Resource Management Program.

Project Cost and Schedule Performance

(50 percent of AFO 1 Available Fee)

ORP will evaluate the contractor's cost and schedule performance based upon actual incurred costs compared to the total estimated costs of that work and actual schedule performance as compared to the planned schedule. The analysis of cost control performance will give consideration to changed programmatic requirements, changed statutory requirements, and/or changes beyond the contractor's control, which impact costs. ORP will rely on other objective and/or subjective cost performance elements to evaluate the contractor's performance, which includes, but is not limited to the following:

- Cost Control – The contractor maintains cost control (i.e., actual costs incurred for work performed are equal to or less than the estimated costs for that work) and actively pursues cost containment and reduction through innovative approaches and management of resources. Cost control will be monitored against the internal forecast. Pending alignment of the contract and baseline, the Baseline Change Proposal (BCP) will be conditionally implemented into the WTP cost and schedule tools upon submittal to DOE. Certified Earned Value Management System (EVMS) change control requirements will apply from that point for LBL and direct-feed LAW (DFLAW) only. High-Level Waste (HLW) and Pretreatment (PT) will continue to work in accordance with the Internal Forecast.
- Schedule Control – The contractor maintains an internal forecast schedule reflective of actual schedule performance, problem identification, and corrective action plans. These action plans are tracked for actual schedule performance. Contractor performance will also be evaluated using internal contractor planning documents and performance (e.g., quantity unit rate report and engineering production rate report). Pending alignment of the contract and baseline, the BCP will be conditionally implemented into

the WTP cost and schedule tools upon submittal to DOE. Certified EVMS change control requirements will apply from that point for LBL and DFLAW only. HLW and PT will continue to work in accordance with the Internal Forecast.

- Cost and Schedule Reporting – The contractor is proactive in assisting ORP with problem identification. Potential problems are identified, and corrective action is implemented to minimize cost/schedule impacts. The Government is notified immediately of significant problems, and the contractor interacts with the Government to develop viable resolutions and overcome delays.
- Communication – The contractor is expected to communicate clearly and effectively and in a timely manner for the reporting of data and metrics for project performance.
- Variances – The contractor is expected to promptly take corrective action on negative cost and schedule variances. Negative variances are not expected to build but instead be mitigated effectively and with sound business practices.
- Risk Management – The contractor shall identify new threats, opportunities, and risk closures to demonstrate an effective risk program. Risks should be identified early to maximize risk mitigation and risks shall be managed, monitored, and risk mitigation effectiveness reported on for closed threats, open threats, and opportunities realized.
- Available Funding Utilization – The contractor is expected to optimize utilization of funds while planning for an appropriate amount of carryover to cover outstanding year-end commitments and to provide for the first few weeks of continuing operations into the next fiscal year.
- EVMS Indices, Including Cost Performance Index (CPI) and Schedule Performance Index (SPI) – The contractor is expected to effectively use the Earned Value Management System in managing and reporting their project performance to ensure that actual progress is reported compared to the internal forecast and that sound management actions are taken when negative cost and schedule variances and/or cost overruns are projected. Pending alignment of the contract and baseline, the BCP will be conditionally implemented into the WTP cost and schedule tools upon submittal to DOE. Certified EVMS change control requirements will apply from that point for LBL and DFLAW only. HLW and PT will continue to work in accordance with the Internal Forecast.
- Baseline and Contract Alignment – The contractor shall work closely with ORP to maintain alignment between the baseline and the contract. The contractor shall submit quality and timely documents as required to support the alignment between the baseline and the contract and to support independent reviews.

Construction Cost and Schedule Performance

(50 percent of AFO 1 Available Fee)

Award Fee Criteria:

This performance measure evaluates construction performance as an indicator of the contractor's ability to achieve overall project cost goals. ORP Waste Treatment and

Immobilization Plant (WTP) reserves the right to consider any available information in making this evaluation. Performance considerations include:

- Overcome engineering/procurement/construction challenges, including effective management of emergent trends with proactive and early communication to ORP-WTP from initial identification of an issue through final closure
- Focus on LAW completion.

Meet installation rates:

- Planned versus actual commodity and major equipment installation rates measured against the baseline for LBL and DFLAW only. HLW and PT will continue to work in accordance with the Internal Forecast.
- Subcontractor performance on all installation work performed on the WTP jobsite by BNI subcontractors, including the efficient coordination of BNI engineering-supplied documentation and scheduling of work interfaces with BNI direct hire craft and other BNI subcontractors and timely resolution of nonconformance reports and interferences with a minimum amount of rework. Included in this metric is reporting of correct Earned Value Management System data and performance indices by the subcontractors.
- Demonstrate priorities and decision making aligned with critical path, as well as metrics identifying performance against secondary metrics of early starts and early finishes against internal forecast.
- Manage resources (e.g., direct-hire labor, subcontractor, and equipment and materials) available to support construction.
- Timely and consistent communication and reporting of data and metrics against the internal forecast to identify and facilitate accurate evaluation of the quantitative reporting for Construction Technical Performance.
- Maintain management tools, such as P6 and the Bechtel Procurement System, so that accurate and complete information is flowing between engineering, procurement, and construction related to the construction need date and the supporting procurement process.

Contractor Human Resource Management Program

Consistent with contract Section J, Attachment E, DOE Order 350.1, Change 3, Contractor Human Resource Management Program, and clause H.37 Advance Understanding on Costs, the Contractor is expected to provide effective contractor human resource management (HRM). If the Contractor fails to provide effective HRM, DOE may reduce fee otherwise earned under this award fee objective.

Award Fee Objective 2: One System

Award Fee Criteria:

Performance will be evaluated on progress in meeting the following strategic objectives:

- Establish a prioritized set of activities and timing to fully integrate tank farms and WTP necessary to meet the contractual dates for startup and commissioning of WTP. Be responsible for coordinating, tracking, measuring, and reporting on these activities.
- Recommend to ORP, Washington River Protection Solutions LLC (WRPS), and BNI actions needed to more effectively or efficiently conduct the transition to startup, commissioning, and operations.
- Support the establishment of a long-term tank waste disposition integrated flowsheet stewardship and technical management process that involves the national laboratories. Performance will be evaluated against milestones planned for the award fee period that are established by One System.
- Support the integration of tank farms and WTP system planning and modeling, with a focus on the WTP feed vector and waste feed qualification requirements. This includes support for preparation for DOE review of the Gaps, Risks, Opportunities Management Plan, and Technology Roadmap.
- Manage the WTP interface control documents.
- Closely track the activities necessary for startup and commissioning direct-feed low-activity waste (DFLAW) and advise the One System Governance Board of any significant risks for the Governance Board Milestones defined for BNI.
- Coordinate the alignment of DOE orders between BNI and WRPS for those DOE orders, DOE directives and contract changes that have a direct effect on testing, maintenance, and operations of commissioning phase activities of the WTP. Establish an optimum or necessary time to have each item aligned.
- Ensure integration of plant installed and plant administration software systems between WTP and the Tank Operations Contractor in support of DFLAW startup and commissioning.

Award Fee Objective 3: Environmental, Safety, Health, and Safety Conscious Work Environment

Award Fee Criteria:

- Nuclear Safety and Quality Culture
- Integrated Safety Management

Performance will be evaluated on continuous improvement in these areas, which includes, but is not limited to:

- Have an effective safety conscious work environment and culture through implementation of programs and dissemination of expectations in order to establish a work environment in which employees feel free to raise safety concerns to management and/or a regulator without fear of retaliation.

- Conduct business in a manner that is fully transparent to ORP. Activities are demonstrated by open, clear, and well communicated management actions and technical and project documentation. Identified issues and trends are proactively shared with ORP.
- Foster a culture that rewards proactive self-identification and reporting of issues and proactively identify and take action on systemic weaknesses leading to sustained continuous self-improvement.
- Implementation of work hazard analysis and controls that result in (1) improving work injury/illness performance and (2) no unplanned employee exposures to work place hazards.
- Implementation of event investigation (e.g., review, cause analysis, and action implementation) that results in effective organizational learning with the goal of eliminating recurring events and implementing quality corrective actions in a timely manner.
- Documented periodic management analysis of work site conditions and implementing strategies that result in improving WTP Project safety.
- Implement a robust and effective integrated safety management program.

Award Fee Objective 4a: Quality Assurance Program and Quality of Performance

Award Fee Criterion:

Quality Assurance Program

Performance will be evaluated on the effectiveness of the contractor's Quality Management System to provide products and services satisfactory for their intended function without the need for rework. Quality will be judged based on the products and services produced during the reporting period. The analysis of quality performance will give consideration to the contractor's ability to self-identify emerging and legacy issues rather than having those issues identified by ORP or by external organizations as well as the contractor's implementation of timely and effective corrective actions. ORP will rely on objective and subjective evaluations of the contractor's performance which include, but are not limited to the following:

- Requirements Flow Down and Procedure Adequacy – Programs are established to ensure applicable requirements are accurately reflected in procedures and work processes.
- Assessment Program – Rigorous, risk-informed, and credible self and quality assurance assessments and feedback activities are conducted to identify issues and improvement opportunities.
- Health Dashboard – Metrics are effectively used to provide an accurate picture of current quality performance against goals.
- Trend Program – Deficiencies and metrics are analyzed to support identification of performance trends. Timely reports are provided to management with sufficient technical basis to allow informed decisions that support correction of negative performance/compliance trends before they become significant issues.

- Cause Analysis and Corrective Action – Performance gaps are identified and analyzed commensurate with their significance. Corrective actions are timely, prioritized by importance, and appropriately targeted.
- Lessons Learned – Lessons learned experiences and good practices are incorporated into the overall work process and used to inform the organizations of adverse work practices or experiences.
- Employee Engagement – Programs are established to promote quality awareness and ownership at the worker level and to support a "right the first time" culture.

Additionally, performance will be determined based on whether planned actions in the Managed Improvement Plan during the evaluation period are completed on time and, as possible, the effectiveness of the implemented actions.

Commercial Grade Dedication

In fiscal year 2015, issues with the execution of BNI's Commercial Grade Dedication Program were identified In fiscal year 2016, BNI must successfully field demonstrate and document an effective commercial grade dedication program in accordance with the contract and planned process improvements.

Procurement Program Improvements

The contractor shall demonstrate effective procurement and property management policies and procedures, subcontractor/vendor related nonconformance report/construction deficiency report identification and disposition processes, and back-charge processes to ensure the contractor is effectively identifying and resolving non-conformances to support project priorities, schedule and contract requirements. BNI shall effectively and transparently address its nonconformance report/construction deficiency report issues and back-charges to ORP.

Award Fee Objective 4b: Quality Documentation

Award Fee Criteria:

BNI shall demonstrate and document the ability to retrieve quality documentation (i.e. quality verification documents) for 10 selected safety-significant (SS)/ components for the LAW Facility. The documentation shall meet specification requirements or be dispositioned via nonconformance reports /construction deficiency reports. Of the 10 SS component areas, BNI shall select eight of the components and ORP shall select two of the components. BNI shall identify the eight SS system components within 90 days of this agreement and ORP will identify the remaining two components within 30 days after BNI's selection. BNI shall demonstrate full performance by the end of calendar year 2016.

Award Fee Objective 5: Nuclear Safety

Award Fee Criteria:

Contract Section C, "Statement of Work," Standard 9 describes contractor requirements to ensure radiological, nuclear, and process safety. This work scope includes implementation of a standards-based safety management program in compliance with the rules provided in 10 CFR 830, "Nuclear Safety Management," on nuclear safety to ensure that WTP safety requirements are defined, implemented, and maintained.

Before WTP operations can commence, the contractor must resolve all technical issues affecting the safety of workers, the public, and the environment. Of particular importance is to proactively identify potential nuclear safety concerns and respond to them with appropriate modifications of the plant design and/or control strategy. This performance evaluation will weigh heavily on the contractor's effectiveness in self-identifying nuclear safety concerns early and responding to concerns raised both internally and by external stakeholders and review teams.

ORP-WTP reserves the right to consider any available information that bears on nuclear safety performance in making this evaluation. Documents to be considered include:

- Nuclear safety engineering plans, procedures, calculations, engineering studies, and other documents used to support resolution of technical issues, preliminary documented safety analysis (PDSA) changes, or safety basis document development.
- Draft PDSA change package submitted to ORP for preliminary review to resolve gaps identified in the high-level waste (HLW) Safety Design Strategy/PDSA gap analysis.
- Draft LAW Documented Safety Analysis chapter submittals such as hazard analysis report summarization, control identification, Chapter 3.3.
- Plan for the development of a documented safety analysis for the Analytical Laboratory and plan for initial operation and startup as a Hazard Category 3 nuclear facility.
- Revised LAB PDSA aligned with the technical direction contained in 15-NSD-0007 and change packages to maintain that PDSA current.

Award Fee Objective 6: Technical Issue Resolution

This award fee objective applies to steps taken to resolve and close design issues associated with the HLW Facility (following issuance of DOE/ORP-2014-04, *WTP High-Level Waste Facility Design and Operability Review and Recommendations*) and technical issues associated with the Pretreatment Facility.

Award Fee Criteria:

- Integrated Technical Issue Ownership
- Management of Issue Resolution activities that result in timely resolution with implementable engineering solutions
- Resolve issues in a time sensitive manner, consistent with DOE priorities and available funding, and demonstrate satisfactory closure
- Quality of deliverables that meet the BNI/ORP pre-determined quality criteria for those deliverables to support Resolution of Technical Decisions.
- Action responsiveness that includes early self-identification and correction of emerging issues and the results shared in a timely manner with ORP.

Integrated Technical Issue Ownership – Roles, responsibilities, and lines of authority and accountability for pretreatment technical issue resolution and HLW design issue resolution are clearly established and effectively implemented in the BNI organizational construct. Technical issue resolution and closure pathways are clearly mapped, which demonstrate integration of the nuclear safety, engineering, and design completion teams have been established with effective

leadership assigned with senior management (design authority and area project manager) oversight and ownership.

Management of Issue Resolution and Technical Decisions – BNI-developed strategies for resolving technical and design issues are documented in appropriate project documentation. These documents are approved by the BNI design authority or manager of Production Engineering. Work plans for resolution of technical and design issues are flowed into the pretreatment and HLW internal forecasts and the resolution pathways clearly defined. BNI exhibits cross-functional organizational teamwork and manages resources effectively to achieve desired resolution objectives. Contractor and subcontractor resources are identified and actively managed to achieve overall Pretreatment Facility and HLW prioritized work scope.

Quality of Deliverables that Support Issue Resolution and Technical Decisions – DOE will collaborate with BNI to fully define quality criteria for key technical and product deliverables. Key technical and project deliverables for resolution of technical issues are delivered with appropriate clarity, comprehension, and technical content that will withstand the technical scrutiny of stakeholders. Key technical and product deliverables are those specific deliverables that require ORP review/comment or approval. BNI will define and document key technical and project deliverables as required by contract and to meet requirements as identified in the safety basis. Additionally, this shall apply to all final material used for external stakeholders and project area review briefings, including weekly reports and technical issue performance dashboards.

Action Responsiveness – BNI appropriately identifies, accepts, and documents actions/dispositions from internal and external reviews, forums, or routine standing meetings. BNI effectively supports interactions with the Defense Nuclear Facilities Safety Board staff and independent review groups (e.g., Consortium for Risk Evaluation with Stakeholder Participation). BNI must demonstrate full transparency including providing electronic files as required by contract when self-identifying issues and risk mitigation strategies as required to support resolution of technical issues. BNI must proactively identify and share issues with ORP in a timely manner, which includes:

- Actions that are entered into the appropriate action tracking system and project schedules
- BNI-only actions, which are completed on schedule
- Action responses are defensible and approved at the appropriate level within BNI
- Appropriate communications with ORP counterparts is established such that action status or closure is proactively provided to ORP.

PEMP General Information

A. Contract Incentive Fee Structure

Contract No. DE-AC27-01RV14136 utilizes multiple, performance-based incentive fee components to drive contractor performance excellence in completing the design, construction, and commissioning of the WTP Contract.

The contract has eight incentive fee elements:

- Incentive Fee A – Final Fee Determination for Work Prior to Modification No. A143
- Incentive Fee B – Final Fee Determination for Work from Modification No. A143 and Modification 384
- Incentive Fee C – Fixed Fee
- Incentive Fee D – Award Fee
- Incentive Fee E – LBL Construction Complete Performance Based Incentives
- Incentive Fee F – Commission LBL in the DFLAW Configuration Performance Based Incentive
- Incentive Fee G – CLIN 1.0 Cost Share Incentives
- Incentive Fee H – CLIN 2.1 DFLAW Design Completion Fee

This PEMP covers Incentive D, which is updated annually. The fee administration terms and conditions of incentive fee elements A, B, C, E, F, G, and H are self-contained within Contract Section B, and thus, are not addressed in this PEMP.

The award fee provides a performance incentive for the contractor and gives the Government a tool to identify and reward superior performance. The amount of award fee the contractor earns is based on both an objective and subjective evaluation by the Government of the contractor's performance as measured against the criteria contained in this PEMP.

B. Roles and Responsibilities

The award fee process utilizes a three-level system to ensure full and fair performance evaluation.

Level 1.0 – FDO

Level 1.1 – WTP Contracting Officer (CO)

Level 2.0 – Performance Evaluation Board (PEB)

Level 3.0 – Performance Evaluation Monitors (PEM).

Level 1.0 – Fee Determining Official: ORP Manager

The FDO will (1) review the recommendation of the PEB, consider all pertinent data, and determine the amount of award fee earned during each evaluation period; (2) notify the contractor via the CO of performance strengths, areas for improvement, and future expectations; (3) approve this PEMP and any significant changes thereto; and (4) authorize the CO to make the award fee payment.

Level 1.0 ensures independent, executive-level review of the work of the PEB and PEMs.

Level 1.1 – WTP Contracting Officer

The WTP CO will (1) serve as a voting member of the PEB; (2) issue the PEMP on an annual basis in accordance with Section B.7, "Award Fee Administration" of the contract; (3) ensure that the award fee and contract incentives process is managed consistent with applicable acquisition regulations; (4) ensure that the award fee process meets the overall WTP business objectives; and (5) issue the award fee amount earned determination as authorized by the FDO in accordance with Section B.7.

Level 2.0 – Performance Evaluation Board:

- WTP federal project director, Chair
- WTP deputy federal project director, field operations
- WTP CO
- Assistant Manager, Technical and Regulatory Support.

The PEB reviews the PEM evaluations of contractor performance, considers the contractor's self-assessment if submitted, considers all information from pertinent sources, prepares draft and final performance reports, and arrives at an earned award fee recommendation to be presented to the FDO. The PEB may also recommend changes to this PEMP.

Performance Evaluation Board Chair:

The PEB Chair will be the assistant manager/federal project director for WTP. The Chair will (1) review the performance monitors' evaluations and consider the contractor's self-assessment; (2) analyze the contractor's performance against the criteria set forth in this PEMP; (3) provide periodic interim performance feedback to the contractor via the CO; (4) provide a recommendation on the award fee scoring and the amount earned by the contractor; and (5) recommend any changes to this PEMP.

Level 3.0 – Performance Evaluation Monitors:

PEMs will consist primarily of WTP sub-federal project directors and ORP division directors. The PEMs will (1) monitor, evaluate, and assess contractor performance in their assigned areas; (2) periodically prepare a contractor performance monitor report for the PEB and provide verbal performance input as well; (3) recommend any needed changes to this PEMP for consideration by the PEB and FDO; and (4) maintain a performance dialogue with their respective BNI counterparts throughout the evaluation period.

C. Process

The total available award fee for the 2016 evaluation period is $10,200,000.

In accordance with FAR 16.401(e)(3)(v), the contractor is prohibited from earning any award fee when the contractor's overall cost, schedule, and technical performance is below satisfactory.

D. Provisional Fee

The provisional fee requirements in Contract Section B, Clause B.8 (g), "Provisional Payment of Fee," apply to this PEMP. The clause paragraphs are restated below for emphasis:

> (g)(3)(vi) Provisional payment of fee for an incentive means the Government's paying available fee for an incentive to the Contractor for making progress towards meeting the performance measures for the incentive before the Contractor has earned the available fee.

(g)(3)(vii) Provisional payment of fee has no implications for the Government's eventual determination that the Contractor has or has not earned the associated available fee. Provisional payment of fee is a separate and distinct concept from earned fee.

(g)(6) The Contracting Officer, at his/her sole discretion, will determine if the Contractor has met the requirements under which the Government will be obligated to pay fee, provisionally, to the Contractor and for the Contractor to have any right to retain the provisionally paid fee.

(g)(7) If the Contracting Officer determines the Contractor has not met the requirements to retain any provisionally paid fee and notifies the Contractor, the Contractor must return that provisionally paid fee to the Government within 30 days:

(i) the Contactor's obligation to return the provisional paid fee is independent of its intent to dispute or its disputing the Contracting Officer's determination; and

(ii) if the Contractor fails to return the provisionally paid fee within 30 days of the Contracting Officer's determination, the Government, in addition to all other rights that accrue to the Government and all other consequences for the Contractor due to the Contractor's failure, may deduct the amount of the provisionally paid fee from: amounts it owes under invoices; amounts it would otherwise authorize the Contractor to draw down under a Letter of Credit; or any other amount it owes the Contractor for payment, financing, or other obligation.

(g)(8) If the Contractor has earned fee associated with an incentive in an amount greater than the provisional fee the Government paid to the Contractor for the incentive, the Contractor will be entitled to retain the provisional fee and the Government will pay it the difference between the earned fee and the provisional fee.

Provisional Fee Procedures:

The Contractor has been paid $5,250,000 of provisional award fee in CY 2016.

In the event that fee overpayment results from the provisional fee payments provided for in this section exceeding the earned fee, as determined by the FDO, the contractor shall reimburse the unearned fee overpayment within 30 days of notification to the CO.

E. Contractor Self-Assessment

Contract Section B, Clause B.7, "Award Fee Administration," states:

Following each evaluation period, the Contractor may submit a self-assessment, provided such assessment is submitted within ten (10) calendar days after the end of the period. This self-assessment shall address both the strengths and weaknesses of the Contractor's performance during the evaluation period. Where deficiencies in performance are noted, the Contractor shall describe the actions planned or taken to correct such deficiencies and avoid their recurrence. The Contracting Officer will review the Contractor's self-assessment, if submitted, as part of its independent evaluation of the Contractor's management during the period.

F. Method for Changing the PEMP during the Evaluation Period

Proposed changes to the current period PEMP may be initiated by either ORP or the contractor. Proposed changes shall be in writing. Both ORP and the contractor must agree to any changes. Once agreement is reached, the FDO and contractor representative will sign the revised PEMP. The revision number (e.g., Rev. 1) will be noted on the PEMP. Subsequently, the revised PEMP will be incorporated into the contract by reference via contract modification.

ABBREVIATIONS AND ACRONYMS

AFO	award fee objective
BCP	baseline change proposal
BNI	Bechtel National, Inc.
CLIN	Contract Line Item Number
CPI	Cost Performance Index
CO	contracting officer
DFLAW	direct-feed low-activity waste
DOE	U.S. Department of Energy
EVMS	Earned Value Management System
FDO	Fee-Determining Official
HLW	high-level waste
HRM	contractor human resource management
LAW	low-activity waste
ORP	U.S. Department of Energy, Office of River Protection
PDSA	preliminary documented safety analysis
PEB	Performance Evaluation Board
PEM	performance evaluation monitor
PEMP	Performance Evaluation Measurement Plan
SS/SC	safety-significant/safety class
SPI	Schedule Performance Index
WRPS	Washington River Protection Solutions LLC
WTP	Waste Treatment and Immobilization Plant

REFERENCES

10 CFR 830, "Nuclear Safety Management," *Code of Federal Regulations*, as amended.

DOE/ORP-2014-04, 2014, *WTP High-Level Waste Facility Design and Operability Review and Recommendations*, Rev. 1, U.S. Department of Energy, Office of River Protection, Richland, Washington, September.

Ecology, EPA, and DOE, 1989, *Hanford Federal Facility Agreement and Consent Order*, Washington State Department of Ecology, U.S. Environmental Protection Agency, and U.S. Department of Energy, Olympia, Washington, as amended.

FAR 16.401, "Incentive Contracts," "General," *Federal Acquisitions Regulations*, as amended.

Attachment 1. Award Fee Rating Guide. (2 pages)

		OBJECTIVE ITEMS	SUBJECTIVE ITEMS
Dark Blue "Excellent" Performance		– Objective measures are achieved on or ahead of time – Very high probability of achieving the outcome – Meeting all cost, scope, and schedule objectives – Very high degree of transparency	– 100% of key areas meeting requirements – 100% of key deliverables will be met on time – 90% of sub or supporting areas are performing very well – No safety, security, or quality issues of note – Very high degree of self-identification and reporting deficiencies – Very high degree of transparency – Strong ISMS practices, timely reporting, critiqued/EOC whenever needed
Light Blue "Very Good" Performance		– Objective measures expected to be achieved on time – Very good probability of achieving the outcome – Expect to meet cost, scope, and schedule objectives – High degree of transparency	– 100% of key areas meeting or close to meeting requirements – 100% of key deliverables are meeting or expected to meet requirements – Majority of sub or supporting areas are performing very well – At most minor safety, security, or quality issues of note – High degree of self-identification and reporting deficiencies – High degree of transparency – Strong ISMS practices, timely reporting, critiqued/EOC whenever needed
Green "Good" Performance		– Objective measures reasonably expected to be achieved on time – Reasonable probability of achieving the outcome – Expect to meet or be very close to cost, scope, and schedule – Good degree of transparency	– Almost all key areas meeting or close to meeting requirements – Majority of key deliverables are satisfactory or better – Majority of sub or supporting areas are performing satisfactorily – Mostly minor safety, security, or quality issues of note – Good degree of self-identification and reporting deficiencies – Good degree of transparency – Infrequent deviation in ISMS practices, timely reporting, critiqued/EOC reviews

Attachment 1. Award Fee Rating Guide. (2 pages)

		OBJECTIVE ITEMS	SUBJECTIVE ITEMS
Yellow "Underperforming" "Needs improvement" "Elevated risk"		– Elevated risk of objectives not being achieved on time – Reasonable probability of not achieving the outcome – Expect to not meet cost, scope, or schedule – Partial degree of transparency	– Majority key areas meeting or close to meeting requirements – Notable percentage of key deliverables are satisfactory or better – Notable percentage of sub or supporting areas are performing satisfactorily – Occasional mid-level safety, security, or quality issues of note – ~75% of issues are self-identified with most reporting in a timely manner – Partial degree of transparency – Clear deviations of ISMS practices, reporting, critiques, EOC reviews, safety basis/CONOPS/Engineering deviations that are generally infrequent or have minor consequences – Nominal NOV, PAAA, fine, injury, security infraction(s)
Red "Does not meet rqmts" "Failing or will fail"		– A clear (or high) risk of objectives not being achieved on time – High probability of not achieving the outcome – Expect to not meet or significantly miss cost, scope, or schedule – Inadequate degree of transparency	– Overall most key areas meeting or close to meeting requirements – Inadequate percentage of key deliverables are satisfactory or better – Inadequate percentage of sub or supporting areas are performing satisfactorily – Too high a frequency of mid-level safety, security, or quality issues of note – Major safety, security, or quality issue – Less than ~75% of issues are self-identified and reported in a timely manner – Inadequate degree of transparency – Significant deviations of ISMS practices, reporting, critiques, EOC reviews, multiple safety basis/CONOPS/Engineering deviations or a significant deviation with nuclear safety or operational implications – Significant NOV, PAAA, fine, injury, security deviation(s)
Grey "Insufficient data" "Not able to assess"		– Insufficient data to assess at this time	– Insufficient data to assess at this time – Parties misaligned on the objective

CONOPS = conduct of operations.
EOC = extent of condition.
ISMS = Integrated Safety Management System.
NOV = notice of violation.
PAAA = *Price-Anderson Amendments Act.*