

PART I – THE SCHEDULE

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

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B.1 DOE-B-2012 Supplies/Services Being Procured/Delivery Requirements (Oct 2014)

The Contractor shall furnish all personnel, facilities, equipment, material, supplies, and services (except as may be expressly set forth in this contract as furnished by the Government) and otherwise do all things necessary for, or incident to, the performance of work as described in Section C, *Performance Work Statement* (PWS).

B.2 Type of Contract

This is a performance-based Contract that includes Cost-Plus-Award-Fee (CPAF), and Cost Reimbursable (CR) (non-fee bearing) Contract Line Item Number(s) (CLIN).

(a) The Contract consists of the following CLINs (Table B-1):

Table B-1. Contract CLIN Structure

CLIN	CLIN Title	Contract Type	PWS Section(s)
Base Period of Performance (60 months)			
0010	Transition (100 calendar days included in the 60-month Base Period Of Performance)	CR (No Fee)	C.1
Laboratory Operations CLIN Series:			
0020	Standard Operations	CPAF	C.2, C.3
0021	Enhanced Operations	CPAF	C.5
Hanford Site Benefit Plans CLIN:			
0030	Hanford Site Benefit Plans	CR (No Fee)	C.6
Usage-Based Services CLIN Series:			
0040	Usage-Based Services Provided	CPAF	C.4.1
0041	Usage-Based Services Received	CR (No Fee)	C.4.2
Option 1 Period of Performance (12 months)			
Laboratory Operations CLIN Series:			
1020	Standard Operations	CPAF	C.2, C.3
1021	Enhanced Operations	CPAF	C.5
Hanford Site Benefit Plans CLIN:			
1030	Hanford Site Benefit Plans	CR (No Fee)	C.6
Usage-Based Services CLIN Series:			
1040	Usage-Based Services Provided	CPAF	C.4.1
1041	Usage-Based Services Received	CR (No Fee)	C.4.2

Table B-1. Contract CLIN Structure

CLIN	CLIN Title	Contract Type	PWS Section(s)
Option 2 Period of Performance (12 months)			
Laboratory Operations CLIN Series:			
2020	Standard Operations	CPAF	C.2, C.3
2021	Enhanced Operations	CPAF	C.5
Hanford Site Benefit Plans CLIN:			
2030	Hanford Site Benefit Plans	CR (No Fee)	C.6
Usage Based Services CLIN Series:			
2040	Usage-Based Services Provided	CPAF	C.4.1
2041	Usage-Based Services Received	CR (No Fee)	C.4.2

CPAF = Cost-Plus-Award Fee; CR = Cost Reimbursable; PWS = Performance Work Statement

(b) CLIN types:

CR (non-fee bearing) CLIN 0010

CLIN 0010 – Transition. Costs are reimbursed on the basis of actual allowable costs billed to the Contract, and there is no fee for CR CLIN 0010. The Transition Period is defined in Section F.3 (a) (2).

CPAF CLINs 0020, 0021, 1020, 1021, 2020, 2021

CLINs 0020, 1020, 2020 – Standard Operations. These CLINs cover the costs and fee associated with the workscope defined in Sections C.2 and C.3.

CLINs 0021, 1021, 2021 – Enhanced Operations. These CLINs cover the costs and fee associated with the workscope defined in Section C.5.

Costs will be reimbursed on the basis of actual allowable costs billed to the Contract. Payment of fee associated with these CLINs will be made in accordance with Sections B.6, *Fee*; B.7, *Provisional Payment of Fee*; B.9, *Fee Reductions*; and Section J, Attachment J-4, *Performance Evaluation and Measurement Plan*.

CR (non-fee bearing) CLINs 0030, 1030, 2030 and 0041, 1041, 2041

CLINs 0030, 1030, and 2030 – Hanford Site Benefit Plans. These CLINs cover the costs defined in Section C.6. Costs are reimbursed on the basis of actual allowable costs billed to the Contract, and there is no fee for CR CLINs 0030, 1030, and 2030.

CLINs 0041, 1041, and 2041 – Usage-Based Services (UBS) Received. These CLINs cover the costs associated with the services received from Other Hanford Contractors (OHC) in Section J, Attachment J-3.b, *Hanford Site Services and Interface Requirements Matrix* that are used by the 222-S Laboratory (222-S) Contract as defined in Section C.4.2. Costs are reimbursed on the basis of actual allowable costs billed to the Contract, and there is no fee for CR CLINs 0041, 1041, and 2041.

CPAF CLINs 0040, 1040, 2040

UBS Provided. These CLINs cover the OHC-requested UBS to be provided by the Contractor via a Service Level Agreement type of arrangement and may include mandatory and optional services in accordance with Section J, Attachment J-3.b, *Hanford Site Services and Interface Requirements Matrix*, and with the PWS, Section C.4.1. The OHCs will reimburse the cost to the Contractor at full cost recovery (exclusive of fee); funding for UBS provided is not directly obligated to the 222-S Laboratory Contract through Clause B.3, DOE-B-2013, *Obligation of Funds (Oct 2014)*, or included in Section B.5, *Estimated Annual Contract Value*. OHC reimbursement for UBS shall be recognized by the Contractor as UBS reimbursement from OHCs in the 222-S Contract Cost and Fee Tables (Tables B-2, and B-3a through B-3c).

When the cumulative volume change of the estimated UBS is beyond a variance of +/-30 percent, the Government may require the Contractor to submit a deductive change proposal, or the Contractor may submit a proposal for the Government's consideration of an upward adjustment to the fee at the end of each of the Contract Periods of Performance (Base, Option 1, and Option 2, if the options are exercised).

To merit an adjustment, the Contractor shall demonstrate a cumulative volume change beyond the variance of +/- 30 percent from the basis of the fee calculation (e.g. estimated UBS Provided to OHCs) at the beginning of each period of Contract performance. The Contractor is not entitled to fee adjustments for cumulative volume changes within the variance of +/- 30 percent. Fee adjustments will only be considered for cumulative volume changes outside the range of +/- 30 percent. For example, if a variance of 40 percent is demonstrated, there shall only be consideration for a fee adjustment for the difference between 30 percent and 40 percent cumulative volume change. Furthermore, for each request for equitable adjustment related to a volume change in service levels, the Contractor shall demonstrate the drivers for the volume change, the impact of the change to the direct funded component, and the cost of the impact. Payment of fee associated with the performance of the UBS to be provided to OHCs by the Contractor under these CLINs will be made in accordance with Sections B.6, *Fee*; B.7, *Provisional Payment of Fee*; B.9, *Fee Reductions*; and Section J, Attachment J-4, *Performance Evaluation and Measurement Plan*.

(c) Total estimated Contract Cost and Fee for each CLIN:

This section establishes the estimated Contract Cost and Fee for each CLIN as follows (Table B-2):

- (1) Estimated Cost for each CLIN is defined as the cost to perform the CLIN agreed to by the parties at Contract Award, as may be revised by modifications to the Contract in accordance with the Contract terms.
- (2) Total Available Fee is defined as the amount of fee that may be earned under the Contract for each applicable CLIN.
- (3) Total Available Fee will include Award-fee criteria and Performance-Based Incentive (PBI) criteria as defined in Section B.6, *Fee*. The PBIs will be defined during Contract performance as part of the Performance Evaluation and Measurement Plan (PEMP). No Base Fee is payable under this Contract.

- (4) Award Fee based upon Award Fee criteria will be evaluated on an annual basis as delineated in the PEMP. The PBI Fee will be evaluated in accordance with the established criteria in the PEMP.
- (5) Total Contract Value is defined as the sum of the Total Base Period Estimated Cost, including the Estimated Cost of Transition and Fee, Total Option Period 1 Estimated Cost and Fee, and Total Option Period 2 Estimated Cost and Fee.

Table B-2. Contract Cost and Fee

(Table to be completed by Offeror and inserted by DOE at time of contract award)

CLIN	CLIN Description	Estimated Cost	Total Available Fee	Estimated Cost and Fee
Base Period of Performance (60 months)				
0010	Transition Period (CR, No Fee)	\$ 1,440,494.10		\$ 1,440,494.10
0020	Standard Operations (CPAF)	\$ 169,126,522.17	\$ 12,684,489.16	\$ 181,811,011.34
0021	Enhanced Operations (CPAF)	\$ 8,703,439.66	\$ 652,757.97	\$ 9,356,197.63
0030	Hanford Site Benefit Plans (CR, No Fee)	\$40,142,499		\$40,142,499
0040	Usage Based Services Provided	\$ 13,845,449.41	\$ 1,038,408.71	\$ 14,883,858.11
0041	Usage Based Services Received (CR, No Fee)	\$31,096,807		\$31,096,807
UBS Reimbursement from OHCs (Offset CLIN 0040)		\$ (13,845,449.41)		\$ (13,845,449.41)
Total Base Period		\$ 250,509,760.90	\$ 14,375,655.84	\$ 264,885,416.75
Option Period 1 Period of Performance (12 months)				
1020	Standard Operations (CPAF)	\$ 37,462,766.31	\$ 2,809,707.47	\$ 40,272,473.78
1021	Enhanced Operations (CPAF)	\$ 4,145,042.77	\$ 310,878.21	\$ 4,455,920.98
1030	Hanford Site Benefit Plans (CR, No Fee)	\$8,967,769		\$8,967,769
1040	Usage Based Services Provided	\$ 3,552,187.76	\$ 266,414.08	\$ 3,818,601.84
1041	Usage Based Services Received (CR, No Fee)	\$7,501,885		\$7,501,885
UBS Reimbursement from OHCs (Offset CLIN 1040)		\$ (3,552,187.76)		\$ (3,552,187.76)
Total Option Period 1		\$ 58,077,462.73	\$ 3,386,999.76	\$ 61,464,462.49

Table B-2. Contract Cost and Fee

(Table to be completed by Offeror and inserted by DOE at time of contract award)

CLIN	CLIN Description	Estimated Cost	Total Available Fee	Estimated Cost and Fee
Option Period 2 Period of Performance (12 months)				
2020	Standard Operations (CPAF)	\$ 38,293,526.43	\$ 2,872,014.48	\$ 41,165,540.91
2021	Enhanced Operations (CPAF)	\$ 4,240,244.43	\$ 318,018.33	\$ 4,558,262.76
2030	Hanford Site Benefit Plans (CR, No Fee)	\$8,882,548		\$8,882,548
2040	Usage Based Services Provided	\$ 3,633,773.01	\$ 272,532.98	\$ 3,906,305.98
2041	Usage Based Services Received (CR, No Fee)	\$7,882,005		\$7,882,005
UBS Reimbursement from OHCs (Offset CLIN 2040)		\$ (3,633,773.01)		\$ (3,633,773.01)
Total Option Period 2		\$ 59,298,324.93	\$ 3,462,565.79	\$ 62,760,890.72
Total Contract Value (Base period including Transition Period, Option Period 1, and Option Period 2)		\$ 367,885,548.56	\$ 21,225,221.40	\$ 389,110,769.96
Amounts shown for Estimated Cost and Fee under the CLINs reflect the maximum quantity of services the Government will acquire under the CLINs (inclusive of any fee or profit).				
[G] = Government Provided [P] = Offeror Proposed				

B.3 DOE-B-2013 Obligation of Funds (Oct 2014) (Revised)

Pursuant to the clause of this Contract in Federal Acquisition Regulation (FAR) 52.232-22, *Limitation of Funds*, total funds in the amount(s) specified below are obligated for the payment of allowable costs and fee. It is estimated that this amount is sufficient to cover performance through the date(s) shown below.

CLIN Number	Obligated Amount	Date
CLIN 0010	\$1,440,494.10	100 days after NTP
CLIN 0020	TBD	
CLIN 0021	TBD	
CLIN 0040	TBD	
CLIN 0041	TBD	
CLIN 1020	TBD	
CLIN 1021	TBD	
CLIN 1040	TBD	
CLIN 1041	TBD	
CLIN 2020	TBD	
CLIN 2021	TBD	
CLIN 2040	TBD	
CLIN 2041	TBD	
Total:	\$ 1,440,494.10	
TBD: To Be Determined NTP: Notice to Proceed		

UBS Provided– Funding for the estimated cost and fee associated with the UBS provided to OHCs is not included in the amount specified above. OHC reimbursement for the UBS shall be recognized by the Contractor as UBS reimbursement by OHCs.

B.4 Execution of CLINs

Upon the NTP, the Transition CLIN (0010) will be executed. Upon completion of Transition, the base period CLINs (0020, 0030, 0040, and 0041) will be executed. CLINs 0021, 1021, and 2021 will be executed upon written notification from the U.S. Department of Energy (DOE) Contracting Officer (CO).

B.5 Estimated Annual Contract Value

DOE expects to obligate funding to the Contract in accordance with the estimated annual Contract value (Tables B-3a, B-3b, and B-3c).

Table B-3a. Contract Cost and Fee by Fiscal Year (Base Period)

Base Period of Performance										
Description	FY2020 Transition (Partial Year)	FY2021			FY2022			FY2023		
	Est. Cost	Est. Cost	Fee	Est. Cost & Fee	Est. Cost	Fee	Est. Cost & Fee	Est. Cost	Fee	Est. Cost & Fee
CLIN 0010–Transition	\$1,440,494.10									
CLIN 0020–Standard Operations		\$35,124,716.91	\$2,634,353.77	\$37,759,070.68	\$35,361,138.31	\$2,652,085.37	\$38,013,223.68	\$35,747,183.42	\$2,681,038.76	\$38,428,222.18
CLIN 0021–Enhanced Operations		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,762,352.02	\$ 132,176.40	\$1,894,528.42
CLIN 0030–Hanford Site Benefit Plans		\$7,054,238		\$7,054,238	\$7,165,020		\$7,165,020	\$9,052,324		\$9,052,324
CLIN 0040–Usage-Based Services Provided		\$2,572,964.25	\$192,972.32	\$2,765,936.57	\$3,415,287.87	\$256,146.59	\$3,671,434.46	\$2,692,683.80	\$201,951.29	\$2,894,635.09
CLIN 0041–Usage-Based Services Received		\$5,918,348		\$5,918,348	\$6,933,703		\$6,933,703	\$6,625,716		\$6,625,716
UBS Reimbursement from OHCs (offset CLIN 0040)		\$(2,572,964.25)		\$(2,572,964.25)	\$(3,415,287.87)		\$(3,415,287.87)	\$(2,692,683.80)		\$(2,692,683.80)
Base Period Total	\$1,440,494.10	\$48,097,302.33	\$2,827,326.09	\$50,924,628.41	\$49,459,860.75	\$2,908,231.96	\$52,368,092.71	\$53,187,574.91	\$3,015,166.44	\$56,202,741.35
[G] = Government Provided [P] = Offeror Proposed										

Table B-3a. Contract Cost and Fee by Fiscal Year (Base Period)

Description	FY2024			FY2025 (Partial Year)			Years 1-5		
	Est. Cost	Fee	Est. Cost & Fee	Est. Cost	Fee	Est. Cost & Fee	Est. Cost	Fee	Est. Cost & Fee
CLIN 0010–Transition							\$1,440,494.10		\$1,440,494.10
CLIN 0020–Standard Operations	\$35,936,528.42	\$2,695,239.63	\$38,631,768.05	\$26,956,955.11	\$2,021,771.63	\$28,978,726.75	\$169,126,522.17	\$12,684,489.16	\$181,811,011.34
CLIN 0021–Enhanced Operations	\$3,985,278.66	\$298,895.90	\$4,284,174.56	\$2,955,808.98	\$221,685.67	\$3,177,494.66	\$8,703,439.66	\$652,757.97	\$9,356,197.63
CLIN 0030–Hanford Site Benefit Plans	\$9,713,882		\$9,713,882	\$7,157,035		\$7,157,035	\$40,142,499		\$40,142,499
CLIN 0040–Usage-Based Services Provided	\$3,415,287.87	\$256,146.59	\$3,671,434.46	\$2,532,443.99	\$189,933.30	\$2,722,377.29	\$13,845,449.41	\$1,038,408.71	\$14,883,858.11
CLIN 0041–Usage-Based Services Received	\$6,933,703		\$6,933,703	\$5,288,267		\$5,288,267	\$31,096,807		\$31,096,807
UBS Reimbursement from OHCs (offset CLIN 0040)	\$(3,415,287.87)		\$(3,415,287.87)	\$(2,532,443.99)		\$(2,532,443.99)	\$(13,845,449.41)		\$(13,845,449.41)
Base Period Total	\$56,569,392.17	\$3,250,282.12	\$59,819,674.29	\$42,358,065.33	\$2,433,390.61	\$44,791,455.94	\$250,509,760.90	\$14,375,655.84	\$264,885,416.75
[G] = Government Provided [P] = Offeror Proposed									

Table B-3b. Contract Cost and Fee by Fiscal Year (Option 1)

Option Period 1									
Description	<i>FY2025 (Partial Year)</i>			<i>FY2026 (Partial Year)</i>			<i>Years 5 - 6</i>		
	Estimated Cost	Fee	Estimated Cost & Fee	Estimated Cost	Fee	Estimated Cost & Fee	Estimated Cost	Fee	Estimated Cost & Fee
CLIN 1020 – Standard Operations	\$10,336,713.23	\$775,253.49	\$11,111,966.72	\$27,126,053.08	\$2,034,453.98	\$29,160,507.06	\$37,462,766.31	\$ 2,809,707.47	\$ 40,272,473.78
CLIN 1021 – Enhanced Operations	\$1,121,168.93	\$84,087.67	\$1,205,256.59	\$3,023,873.85	\$226,790.54	\$3,250,664.39	\$4,145,042.77	\$310,878.21	\$4,455,920.98
Hanford Site Benefit Plans CLIN:									
CLIN 1030 – Hanford Site Benefit Plans	\$ 2,690,615		\$2,690,615	\$6,277,154		\$6,277,154	\$8,967,769		\$8,967,769
Usage Based Services CLIN Series:									
CLIN 1040 – Usage-Based Services Provided	\$961,427.94	\$72,107.10	\$1,033,535.03	\$2,590,759.82	\$194,306.99	\$2,785,066.80	\$3,552,187.76	\$266,414.08	\$3,818,601.84
CLIN 1041 – Usage-Based Services Received	\$1,988,070		\$1,988,070	\$5,513,815		\$5,513,815	\$7,501,885		\$7,501,885
UBS Reimbursement from OHCs (offset CLIN 1040)	\$(961,427.94)		\$(961,427.94)	\$(2,590,759.82)		\$(2,590,759.82)	\$(3,552,187.76)		\$(3,552,187.76)
Option Period 1 Total	\$16,136,566.46	\$931,448.26	\$17,068,014.72	\$41,940,896.26	\$2,455,551.51	\$44,396,447.77	\$58,077,462.73	\$3,386,999.76	\$61,464,462.49
[G] = Government Provided [P] = Offeror Proposed									

Table B-3c. Contract Cost and Fee by Fiscal Year (Option 2)

Option Period 2									
Description	<i>FY2026 (Partial Year)</i>			<i>FY2027 (Partial Year)</i>			<i>Years 6-7</i>		
	Estimated Cost	Fee	Estimated Cost & Fee	Estimated Cost	Fee	Estimated Cost & Fee	Estimated Cost	Fee	Estimated Cost & Fee
CLIN 2020–Standard Operations	\$10,574,741.79	\$793,105.63	\$11,367,847.42	\$27,718,784.63	\$2,078,908.85	\$29,797,693.48	\$38,293,526.43	\$2,872,014.48	\$41,165,540.92
CLIN 2021–Enhanced Operations	\$1,146,986.63	\$86,024.00	\$1,233,010.63	\$3,093,257.80	\$231,994.33	\$3,325,252.13	\$4,240,244.43	\$318,018.33	\$4,558,262.76
CLIN 2030–Hanford Site Benefit Plans									
	\$2,368,738		\$2,368,738	\$6,513,810		\$6,513,810	\$8,882,548		\$8,882,548
CLIN 2040–Usage-Based Services Provided									
	\$983,567.21	\$73,767.54	\$1,057,334.75	\$2,650,205.80	\$198,765.43	\$2,848,971.23	\$3,633,773.01	\$272,532.98	\$3,906,305.98
CLIN 2041–Usage-Based Services Received									
	\$2,080,684		\$2,080,684	\$5,801,321		\$5,801,321	\$7,882,005		\$7,882,005
UBS Reimbursement from OHCs (Offset CLIN 2040)									
	\$(983,567.21)		\$(983,567.21)	\$(2,650,205.80)		\$(2,650,205.80)	\$(3,633,773.01)		\$(3,633,773.01)
Option Period 2 Total	\$16,171,150.73	\$952,897.17	\$17,124,047.90	\$43,127,174.20	\$2,509,668.62	\$45,636,842.82	\$59,298,324.93	\$3,462,565.79	\$62,760,890.72
[G] = Government Provided [P] = Offeror Proposed									

B.6 Fee

- (a) The Government shall pay the Contractor for performing this Contract Fee that may be earned from the Total Available Fee, specified in Section B, *Supplies or Services and Prices/Costs*, in accordance with this clause and other applicable clauses of the Contract.
- (1) Fee associated with CLINs 0021, 1021, and 2021 will only be made available to be earned if execution of these CLINs is authorized in accordance with clause B.4, *Execution of CLINs*. Fee associated with CLINs 0021, 1021, and 2021 will mainly be focused on incentivizing the processing of waste samples in a safe and timely manner, and obtaining analytical results timely and efficiently during Low-Activity Waste Facility, Balance of Facilities, and Analytical Laboratory (LBL) waste feed operations. The CO may unilaterally revise the available award fee, as necessary, in the event the Contractor is no longer required to support waste feed operations.
- (b) PEMP (Section J, Attachment J-4, *Performance Evaluation and Measurement Plan*).
- (1) The CO will issue unilaterally a PEMP for each evaluation period that establishes the criteria and procedures for evaluating the Contractor's performance for the purpose of determining fee earned. The PEMP may be revised unilaterally by the CO at any time during the evaluation period. The PEMP shall include, as a minimum, the following:
- (i) Evaluation criteria linked to the Contract's performance objectives as defined in terms of cost, schedule, technical, or other Contract performance requirements or objectives;
 - (ii) Means of how the Contractor's performance will be measured against the evaluation criteria;
 - (iii) Fee evaluation period;
 - (iv) Amount of the Total Available Fee that is allocated to the evaluation period, including the allocation for subjective Award-Fee criteria and objective Performance-Based Incentive criteria; and
 - (v) Methodology for application of subjective evaluation ratings or attainment of predetermined objectives to Earned Fee;
 - (A) The length of evaluation periods will be determined unilaterally by the CO. The evaluation periods should provide a balance between the Contractor's ability to have sufficient performance time for the Government to evaluate, but evaluation periods should provide the ability for the Government to provide timely evaluations on the Contractor's performance without being administratively burdensome.
 - (B) The PEMP shall be provided to the Contractor one-calendar day prior to the beginning of the first and each successive evaluation period. If there is not sufficient time for the PEMP to be provided to the Contractor in the required number of days in advance of the beginning of the evaluation period, the Contractor shall not be evaluated on its performance until one-calendar day after the PEMP is received by the Contractor. The PEMP may be revised unilaterally at any time during the evaluation period, but the revised PEMP, or revised portion thereof, shall not be effective until one-calendar day after the Contractor receives the revised PEMP.

- (2) Fee Determination. Fee decisions are made solely at the discretion of the Government, including but not limited to, the characterization of the Contractor's performance, amount of Earned Fee, if any, and the methodology used to calculate the Earned Fee.
- (3) Unsatisfactory Performance. No Award Fee shall be earned if the Contractor's overall performance in the aggregate is below satisfactory.

B.7 Provisional Payment of Fee

- (a) Notwithstanding any other term or condition of this Contract to the contrary, this clause applies to and has precedence over all other terms and conditions of this Contract that provide for provisional payment of fee.
- (b) The Contractor must notify the CO immediately if it believes any incongruence exists between this clause and any other term or condition of this Contract that provides for provisional payment of fee. If a term or condition of this Contract provides for provisional payment of fee but fails to include all of the requirements of this clause, that term or condition will be considered to include the omitted requirements.
- (c) This clause conforms to the FAR and DOE Fee Policy and Constructs. The following definitions and concepts apply:
 - (1) Price means cost-plus any fee or profit applicable to the Contract;
 - (2) The terms "profit" and "fee" are synonymous;
 - (3) "Incentive" means a term or condition whose purpose is to motivate the Contractor to provide supplies or services at lower costs, and in certain instances with improved delivery or technical performance by relating the amount of profit or fee earned to the Contractor's performance;
 - (4) "Earned Fee" for an incentive means fee due to the Contractor by virtue of its meeting the Contract's requirements entitling it to fee. Earned Fee does not occur until the Contractor has met all conditions stated in the Contract for earning fee;
 - (5) "Available Fee" for an incentive means the fee the Contractor might earn but has not yet earned;
 - (6) "Provisional Payment of Fee" for an incentive means the Government is 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;
 - (7) 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. The Contractor could, for example, receive 100 percent of possible provisional fee payments yet not earn any fee (the Contractor would be required to return all of the provisional fee payments). The Contractor could, for example, receive 0 percent of possible provisional fee payments yet earn the entire amount of available fee (it would not receive any fee payments until the Government's determination that the Contractor had earned the associated available fee for the incentive); and
 - (8) "Clause" means a term or condition used in this Contract.
- (d) This Contract's price, incentives included in its price, and all other terms and conditions reflect the Government's and the Contractor's agreement to link, to the maximum extent practical, the Contractor's earning of fee to its achievement of final outcomes rather than interim accomplishments.

- (e) Certain terms and conditions of this Contract provide for provisional payment of fee for certain incentives. Other terms and conditions of this Contract provide for each such incentive the requirements the Contractor must meet to earn the fee linked to the incentive. The terms and conditions of this Contract that provide for provisional payment of fee for certain incentives include for each such incentive the requirements the Contractor must meet before the Government is obligated to pay fee, provisionally, to the Contractor and for the Contractor to have any right to retain the provisionally paid fee.
- (f) The CO 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) If the CO 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 per the following:
 - (1) The Contractor's obligation to return the provisionally paid fee is independent of its intent to dispute or its disputing of the CO's determination; and
 - (2) If the Contractor fails to return the provisionally paid fee within 30 calendar days of the CO'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, or any other amount it owes the Contractor for payment, financing, or other obligation.
- (h) 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 the difference between the Earned Fee and the Provisional Fee.

B.8 Allowability of Subcontractor Fee

- (a) If the Contractor is part of a teaming arrangement as defined in FAR Subpart 9.601(1) and (2), *Contractor Team Arrangements*, the team shall share in the Total Fee as shown in Table B-2. Separate, additional subcontractor fee is not an allowable cost under this Contract for individual team members, or for a subcontractor, supplier, or lower-tier subcontractor that is a wholly owned, majority-owned, or an affiliate of any team member.
- (b) The subcontractor fee restriction in paragraph (a) above does not apply to members of the Contractor's team that are: (1) small business(es); (2) Protégé firms as part of an approved Mentor-Protégé relationship identified in the Contractor's Diversity Plan as per the Section H Clause, DOE-H-2046, *Diversity Program*; (3) subcontractors under a competitively awarded firm-fixed price or fixed-unit price subcontract; or (4) commercial items as defined in FAR Subpart 2.101, *Definitions*.
- (c) To the extent the Contractor relies on any of the exceptions in paragraph (b) above, written concurrence from the CO that the exception applies must be obtained.

B.9 Fee Reductions

- (a) All annual Available Fee in each year of Contract performance is subject to reductions imposed by the terms and conditions of this Contract, including, but not limited to:

Section B, Clause *Fee*.

Section B, Clause *Conditional Payment of Fee DOE Hanford Site-Specific Performance Criteria/Requirements*.

Section H, Clause DOE-H-2070, *Key Personnel (Alternate I)*.

Section I, Clause FAR 52.215-11, *Price Reduction for Defective Certified Cost or Pricing Data-Modifications*.

Section I, Clause *Department of Energy Acquisition Regulation (DEAR) 970.5215-3, Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts (Alternate II)*.

- (b) Unless otherwise provided for within the Contract, the maximum fee reduction in any annual period of Contract performance is the allocated Annual Available Fee, as defined in the Section J, Attachment J-4, *Performance Evaluation and Measurement Plan*, that can be earned in the annual period the event occurred.

B.10 Conditional Payment of Fee DOE Hanford Site-Specific Performance Criteria/Requirements

This Clause supplements Section I, Clause *DEAR 970.5215-3, Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts (Alternate II)*, by establishing Hanford Site-specific Environmental, Safety, Health, and Quality (ESH&Q) and security performance criteria and requirements. Performance failures relating to the performance criteria set forth in this Clause will be processed in accordance with DEAR 970.5215-3. Site-specific performance criteria and requirements for ESH&Q and Safeguards and Security (SAS) are as follows:

- (a) Environment, Safety, Health, and Quality:
- (1) First Degree: Performance failures relating to the criteria set forth in this Clause will be processed in accordance with DEAR 970.5215-3, Alternate II.
 - (2) Second Degree: Performance failures relating to the criteria set forth in this Clause will be processed in accordance with DEAR 970.5215-3, Alternate II.
 - (3) Third Degree: Performance failures that reflect a lack of focus on ESH&Q or failures to comply with an approved Integrated Safety Management System (ISMS) that may result in a negative impact to the public, worker, or environment. The following performance failures, or events of similar import, are examples of performance failures that are considered third degree:
 - (i) Multiple similar non-compliances identified by external oversight (e.g., Federal) that in the aggregate indicate a significant programmatic breakdown.
 - (ii) Non-compliances or adverse performance trends that either have or may have negative impact to the public, worker, or environment or that indicate a programmatic breakdown.
 - (iii) Failure to notify the CO upon discovery of events or conditions where notification is required by the terms and conditions of the Contract.
 - (iv) Failure to report required data accurately and in a timely manner.
 - (v) Failure to implement continuous improvement in ESH&Q performance through effective utilization of ISMS processes, including timely submittal of meaningful performance objectives, measurements and commitments.

(b) Safeguards and Security:

- (1) First Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have resulted in, or that can reasonably be expected to result in, exceptionally grave damage to national security. The following are examples of performance failures or performance failures of similar import that will be considered first degree:
 - (i) Theft, loss or diversion of Category I or II special nuclear material (SNM); adversarial attacks or acts of sabotage that result in significant consequences to the safety or security of personnel, facilities, or the public due to a failure or inadequacy of performance by the Contractor.
 - (ii) Receipt of an overall rating of Unsatisfactory on any DOE SAS survey, audit, and/or inspection.
 - (iii) Failure to implement corrective action(s) in response to any first degree performance failure.
- (2) Second Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have actually resulted in, or that can reasonably be expected to result in, serious damage to national security. The following are examples of performance failures or performance failures of similar import that will be considered second degree:
 - (i) Theft, loss or diversion of Category III SNM that is due to a failure or inadequacy of performance by the Contractor.
 - (ii) Inventory differences of Category I/II/III SNM beyond alarm limits where there is no evidence that the difference is created by loss, theft, or diversion.
 - (iii) Any amount of SNM found in a dangerous, hazardous, or unapproved storage environment, or unapproved mode of transportation/transfer.
 - (iv) Failure to implement corrective action(s) in response occurrence of any second degree performance failure.
- (3) Third Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have actually resulted in, or that can reasonably be expected to result in, undue risk to the common defense and security, and/or jeopardizes protection of the facility or Hanford Site security interests. The following are examples of performance failures or performance failures of similar import that will be considered third degree:
 - (i) Loss, theft, diversion, or unauthorized disclosure of information classified as Confidential.
 - (ii) Negligent weapons and firearms-related incidents involving protective force operations/personnel (e.g., unauthorized weapons discharge, personnel wounding).
 - (iii) Evidence that SNM data has been manipulated or falsified.
 - (iv) Inventory differences of Category IV SNM beyond alarm limits where there is no evidence that the difference is created by loss, theft, or diversion.
 - (v) Loss, theft, or diversion of Category IV quantities of SNM that is due to a failure or inadequacy of performance by the Contractor.

- (vi) Five or more incidents that involve a potential compromise of classified information and/or unsecured classified repository, in any 3 month period, of any type.
- (vii) Receipt of any topical area rating of Unsatisfactory on any DOE SAS survey, audit, and/or inspection.
- (viii) Failure to implement corrective action(s) in response to any third degree performance failure.

Non-compliant or adverse cyber security performance that indicates serious cyber security program degradation (e.g., negative mission impacts or compromise of sensitive information [Sensitive Unclassified Information, Personally Identifiable Information, Unclassified Controlled Nuclear Information], etc.).