PERFORMANCE EVALUATION AND MEASUREMENT PLAN (PEMP)

Incentive B - Award Fee

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

CONTRACT NO. DE-AC27-01RV14136

Evaluation Period 2012-B

July 1, 2012 to December 31, 2012

Bechtel National, Inc.
Richland WA

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WTP PERFORMANCE EVALUATION & MEASUREMENT PLAN - PERIOD 2012-B

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PEMP General Information

A. Introduction

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 Hanford Waste Treatment and Immobilization Contract (WTP).

The Contract has five incentive fee elements:

- Incentive Fee A – Final Fee Determination for Work Prior to Modification No. A143
- Incentive Fee B – Award Fee
- Incentive Fee C – Milestone and Schedule Incentive Fee
- Incentive Fee D – Operational Incentive Fee
- Incentive Fee E – Enhancement Incentive Fee

WTP Incentive Fee Structure

Title	Fee Type	Performance Measure(s)	Fee Administration Terms and Conditions Reference
Final Fee Determination for Work Prior to Mod. No. A143	Fixed	Determined by Contracting Officer	Clause B.6, Attachment B-2-A
Award Fee:			
Award Fee - Project Mgmt Incentive	Award	Performance Measures in PEMP	Clause B.7, Atch B-2-B & PEMP
Award Fee - Cost Incentive	Award	Performance Measures in PEMP	Clause B.7, Atch B-2-B & PEMP
REA Settlement		Negotiated	Atch B-3
Schedule Incentive Fee:			
Activity Milestone Completion	PBI	Completion of Specified Milestones	Clause B.6, Atchs B-2-C, C.1, & Section J, Atch P
Facility Milestone Completion	PBI	Completion of Specified Milestones	Clause B.6, Atch B-2-C
Operational Incentive Fee:			
Cold Commissioning	PBI	Capacity	Clause B.6; Atch B-2-D; Section C, Standard 5, Table C.6-5.1
Hot Commissioning	PBI	Capacity	Clause B.6, Atch B-2-D; Section C, Standard 5, Table C.6-5.2
Enhancement Incentive Fee:			
Enhanced Plant Capacity	PBI	Plant Capacity Exceeding Treatment Capacity	Clause B.6, Atch B-2-E
Sodium Reduction	PBI	Metric Tons Sodium Reduced	Clause B.6, Atch B-2-E
Enhanced Plant Turnover	PBI	Reduced Plant Turnover Period	Clause B.6, Atch B-2-E
Sustained Production Achievement	PBI	Post-Turnover Operations Capacity	Clause B.6, Atch B-2-E

This PEMP covers Incentive B – Award Fee, which is updated semiannually. The fee administration terms and conditions of A, C, D, and E performance incentives are self-contained within the Contract Section B, and thus, are not addressed in the PEMP. See the reference Table above.

PEMP General Information

The following performance incentive fees are covered by this PEMP:

Performance Incentive Number	Performance Incentive Description	Performance Measures Stated In:	Modified:
Incentive Fee B.1	Award Fee – Project Management Incentive	PEMP – Attachment A	Each Award Fee Evaluation Period (Six-Month Intervals)
Incentive Fee B.2	Award Fee – Cost Management Incentive	PEMP – Attachment B	Each Award Fee Evaluation Period (Six-Month Intervals)

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 Plan.

B. Roles and Responsibilities

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

Level 1.0 – Fee Determination Official (FDO)

Level 1.1 – WTP Contracting Officer (CO)

Level 2.0 – Performance Evaluation Board (PEB)

Level 3.0 – Performance Evaluation Monitors (PEMs)

Level 1.0 – Fee Determination Official: Manager, ORP

The FDO will: 1) appoint the PEB Chair; 2) review the recommendation of the PEB, consider all pertinent data, and determine the amount of Award Fee earned during each evaluation period; 3) notify the Contractor via the CO of performance strengths, areas for improvement, and future expectations; 4) approve the PEMP and any significant changes thereto; and 5) authorize the Contracting Officer to make the Award Fee Payment.

Level 1.0 ensures independent, executive-level review of the work of the Performance Evaluation Board and Performance Evaluation Monitors.

Level 1.1 – Contracting Officer

The CO will: 1) serve as a voting member of the PEB; 2) issue the PEMP on a semi-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 B.7 *Award Fee Administration*.

Level 2.0 – Performance Evaluation Board:

- WTP Federal Project Director, Chair

- WTP Contracting Officer
- WTP Performance Evaluation Program Manager

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 the PEMP.

Performance Evaluation Board Chair:
The PEB Chair will be identified and appointed by the FDO. The Chair may assign or reassign Performance Evaluation Monitors at any time without advance notice to the Contractor. 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 the 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 the PEMP.

WTP Contracting Officer:
(See description above.)

WTP Performance Evaluation Program Manager:
The Performance Evaluation Program Manager is responsible for coordinating the administrative actions required by the PEMs, the PEB and the FDO, including: 1) receipt, processing, and distribution of evaluation reports from all required sources; 2) scheduling and assisting with internal evaluation milestones, such as briefings; and 3) accomplishing other actions required to ensure the smooth operation of the award fee process.

Performance Evaluation Monitors:
PEMs may be drawn as needed from the following positions, or others as deemed necessary by the PEB Chair:

- WTP Federal Project Manager, HLW
- WTP Federal Project Manager, PT
- WTP Federal Project Manager, LBL
- WTP Federal Project Manager, Shared Services
- WTP Regulatory Official
- Director, WTP Project Controls Division
- Director, WTP Engineering Division
- Director, WTP Construction Oversight and Assurance Division
- Quality Assurance Team Leader
- Director, Contracts and Property Management Division
- WTP Contracting Officer/Contract Specialist
- ORP Organizational Property Management Officer

The PEMs will: 1) monitor, evaluate, and assess Contractor performance in their assigned areas; 2) periodically prepare a Contractor Performance Monitor Report (CPMR) for the PEB and provide verbal performance input as well; 3) recommend any needed changes to the PEMP for consideration by the PEB and FDO; and 4) maintain a performance dialogue with BNI Performance Measure owners throughout the evaluation period.

C. Process & Schedule

Activity No.	Activity	Footnote	Days from Beginning of Evaluation Period: From	To	Dates - Evaluation Period 2012-B: Start	Finish
1	Performance Evaluation Board (PEB) Appointed		-90	-90	04/02/12	04/02/12
2	DOE Generates Draft PEMP		-70	-55	04/22/12	05/07/12
3	PEMP Board Finalizes PEMP		-55	-45	05/07/12	05/17/12
4	HQ Approval - Business Clearance		-45	-30	05/17/12	06/01/12
5	Contractor Review Comments on PEMP	1	-30	-23	06/01/12	06/08/12
6	Final PEMP Execution	2	-23	-14	06/08/12	06/17/12
7	FDO, PEB, and PEM Evaluate Performance		0	183	07/01/12	12/31/12
8	Contractor Self-Assessment (S/A)		184	193	01/01/13	01/10/13
9	PEM Submit Final Reports to PEB	3	194	225	01/10/13	02/11/13
10	PEB Completes Report		226	235	02/12/13	02/21/13
11	PEB Briefs FDO		236	236	02/22/13	02/22/13
12	HQ EM HCA Review/Concurrence		237	246	02/23/13	03/04/13
13	FDO Determines Award Fee Amount		247	253	03/05/13	03/11/13
	Performance Period Begins					07/01/12
	Performance Period Ends					12/31/12

Footnotes:

1	Contractor is provided opportunity to review and comment
2	PEMP is executed unilaterally if parties cannot agree by beginning of evaluation period
3	PEM Reports are updated (if necessary) based on consideration of Contractor Self-Assessment

The Contractor will receive two separate Award Fee evaluation ratings – one rating for Incentive B.1 *Project Management Incentive* and one rating for Incentive B.2 *Cost Incentive*. Each rating is independently applied to the available Award Fee pool for that incentive element. The total available award fee for this Evaluation Period 2012-B is:

Incentive B.1 Award Fee – Project Management Incentive	$3,150,000
Incentive B.2 Award Fee – Cost Incentive	$3,150,000

In accordance with Federal Acquisition Regulation, Subpart 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.

DOE's expectation is that the Contractor will complete assigned Hanford Federal Facility Agreement and Consent Order and Consent Decree Milestone deliverables at least 30 days before they are due. DOE reserves the right to reduce the PEMP award fee determination if the Contractor fails to meet DOE's expectation.

D. Contractor Self-Assessment

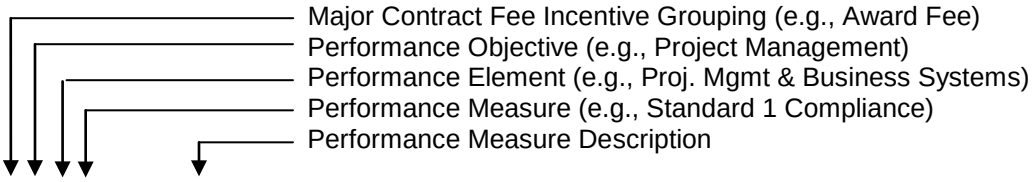
See Section B Clause B.7 *Award Fee Administration*, which states:

> "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."

E. <u>PEMP Numbering System and Definitions</u>

This PEMP utilizes a numbering system shown in the example below:



B.1.1.1 Contract Changes Resolution

"Major Incentive Grouping" – The type of Contractor incentive employed on the Contract (refer to Section B of the Contract).

"Performance Objective" – The highest level Award Fee incentive areas – B.1 Project Management and B.2 Cost, and a statement of the Contractor performance necessary to safely and successfully complete the project with respect to specified outcomes (i.e., cost, schedule, scope, etc.).

"Performance Element" – Targeted performance areas necessary to achieve the Performance Objective.

"Performance Measure" – Specific criteria to objectively or subjectively measure Contractor performance in Performance Elements that will lead to achieving the Performance Objective.

Where possible, objective Performance Measures are used to determine award fee earnings. However, in both the Project Management Incentive and Cost Incentive areas, subjective (qualitative-based judgment) measures are used where appropriate.

F. Performance Periods

For all Performance Measures under Performance Objective B.1 Project Management, the performance period will cover July 1, 2012 through December 31, 2012.

For all Performance Measures under Performance Objective B.2 Cost, the EVMS performance period will cover May 2012 through November 2012. For Schedule Activities listed in B.2.1.1, the performance period will cover July 1, 2012 through December 31, 2012.

G. Incentive Ratings and Definitions

DOE will utilize the following ratings and definitions table to rate performance in both B.1 Project Management and B.2 Cost.

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%

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

B.1 Award Fee – Project Management Incentive.

Performance Objective:
The *Award Fee - Project Management Incentive* is a performance measurement tool to assess the Contractor's project management performance and provides impetus for continuous improvement in important project management areas not covered by other incentives. The Performance Objective of the *Award Fee – Project Management Incentive* is to ensure that important project systems contribute favorably to safe, high quality work performance that supports the cost, schedule, and quality goals of the project.

Performance Elements:

B.1.1	Contract & Business System Management and Construction
B.1.2	Quality Management
B.1.3	Engineering Technical Performance
B.1.4	Startup and Commissioning Technical Performance
B.1.5	Nuclear Safety Technical Performance
B.1.6	Safety and Quality Culture

Evaluation Process – Award Fee-Project Management Incentive:
DOE will evaluate and measure performance in each of the Performance Elements B.1.1 through B.1.6, using the Performance Measure(s) for each Element. The Performance Elements are considered necessary to achieve the Performance Objective stated above. The evaluation will assign a Numerical Rating of 0 to 100, and corresponding Adjectival Rating, to each Performance Element. The Percent of Available Fee Earned awarded to that Performance Element will match the Numerical Rating (e.g., a Numerical Rating of 71 is awarded 71% for that Element). See Table 1 - *Award Fee –Incentive Ratings and Definitions*. The Numerical and Adjectival Ratings will be based upon DOE's evaluation of the extent to which Contractor performance on that Element favorably contributed toward achieving the Performance Objective.

Each Performance Measure has indicators and guidelines that are important performance considerations; however, DOE may consider any pertinent performance information related to that Element.

Each Performance Element will be evaluated using the Performance Measures, and a Numerical Rating and Adjectival Rating will be assigned to each Performance Element. The Performance Element ratings are then weighted to yield a composite evaluation for the Performance Objective. See Table 1 - *Award Fee – Incentive Ratings & Definitions* and Table B.1. – *Award Fee – Project Management Incentive Fee Earnings Calculation*.

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

Table B.1 - Award Fee - Project Management Incentive Fee Earnings Calculation					
		(a)	(b)	(c)	(d)
Performance Elements:		Weighting	Adjectival Rating	Num. Rating & % Fee Earned	Weighted Totals (a) x (c)
B.1.1	Contract/Bus. System & Construction	10%			
B.1.2	Quality Management	5%			
B.1.3	Engineering Technical Performance	20%			
B.1.4	Startup & Commissioning Technical Perf	15%			
B.1.5	Nuclear Safety Technical Performance	20%			
B.1.6	Safety & Quality Culture	30%			
	Total	100%	**Composite**	**% Earned (e)**	
Total Available Award Fee - Project Management Incentive (Period 2012-B)					**$ 3,150,000**

B.1 Award Fee – Project Management Incentive

The following are the Performance Elements (B.1.X) and Performance Measures (B.1.X.X) that support the Performance Objective. DOE will assign a Numerical Rating and Adjectival Rating (per Table 1) for each Performance Element based on the Performance Measure(s) for that particular Element.

B.1.1 Contract and Business System Management and Construction – (Weighting: 10%)

B.1.1.1 Contract and Business System Management - The Contractor will be evaluated for performance on a wide range of contract management and business system management areas. This Performance Measure includes consideration of:

- Compliance with Federal and Departmental acquisition regulations, procedures, guidance, and the contract.
- Effectiveness of Subcontract and Procurement management (including compliance with internal procedures and the Contractor's approved purchasing system). Submittal of timely and thoroughly documented subcontract and procurement consent packages that are in accordance with the contractor's approved procedures. DOE will also evaluate the contractor's ability to work cooperatively with DOE to support subcontract consent decisions.
- Adequacy of documentation of the prime contractor's subcontract/procurement files, including, but not limited to, technical evaluations of subcontractor/vendor proposals and sole source justifications. DOE's evaluation will include the degree to which the contractor complies with its approved procedures.

- Effectiveness of the contractor's management of Government property, including:

  -subcontract property administration and subcontractor oversight;
  -records and reports of Government property (Government-furnished and contractor-acquired);
  -inventory of Government property;
  -care, maintenance, and use of Government property;
  -reutilization and disposition of Government property; and
  -revise property management system and property records to include real property management/records requirements of FAR 45.5 and FAR 52.245-5.

- Assessment of integration and cooperative behavior (to include timely identification and resolution of issues and controversy) and customer satisfaction.
- Ability to work with DOE in a spirit of cooperation, including timely submission of requests for additional data, and conveying a positive and professional attitude.
- Timely submission of Contract Change Proposals (CCPs), with an emphasis on the re-plan/re-baseline proposal.
- Submission of current, accurate, and complete CCPs that meet all Federal Acquisition Regulation (FAR) requirements, including but not limited to compliance with FAR Part 15, with an emphasis on the re-plan/re-baseline proposal.
- Ability to provide to DOE fully compliant CCPs with BNI's initial submittal, without the need for significant fact-finding or re-submittal to meet FAR requirements, with an emphasis on the re-plan/re-baseline proposal.
- Inclusion of a comprehensive, fully-supported technical proposal with each CCP (when applicable) which addresses, at a minimum, the appropriateness of the proposed skill mix and labor hours, types and quantities of proposed materials, traceability, and any other data pertinent to the CCP. Emphasis will be placed on the re-plan/re-baseline proposal.

B.1.1.2 <u>Construction Technical Performance</u>. - Contract Section C, *Statement of Work*, Standard 4 *Construction, Procurement, and Acceptance Testing* describes construction requirements for WTP. This Performance Measure evaluates technical aspects of construction performance under the overall goal of improving the Project Management in the Construction Phase until facility turnover to Commissioning. DOE 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 DOE from initial identification of an issue through final closure;

- Maximize performance efficiency, including complete work control modifications and Corrective Action Plans;
- Focus on completion:

  Meet installation rates:

  - Planned vs. actual commodity and major equipment installation rates measured against the baseline as well as development of and performance against any identified recovery plans;
  - 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 EVMS 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 baseline activities;
  - Manage resources (direct-hire labor, subcontractor, and equipment and materials) available to support construction;
  - Demonstrate that efficient direct-hire and subcontractor management performance is achieved with an effective mixture of indirect labor, support services, and construction equipment; and
  - Timely and consistent communication and reporting of data and metrics against the baseline to identify and facilitate accurate evaluation of the quantitative reporting for Construction Technical Performance.

- Maintenance of the 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.

B.1.2 Quality Management – (Weighting: 5%)

B.1.2.1 <u>Quality Management System Compliance</u> - Contract Section C, *Statement of Work*, Standard 7, *Environment, Safety, Quality, and Health*, Paragraph (e)(3) requires the Contractor to develop and implement a quality assurance program based upon the requirements of 10 CFR 830.120, Subpart A ("the QA Rule") and DOE O 414.1C. The program is documented in the Contractor's Quality Assurance Manual (QAM) (Contract Deliverable 7.2 *Quality Assurance*). DOE will evaluate the Contractor's Quality Management System (QMS) that implements the QA Rule requirements/criteria described in the Contractor's Quality Assurance Manual (QAM). Implementation of these requirements will be measured on a semi-annual basis and reported to DOE using an integrated performance metric. This semi-annual review will use data that was originated in the Quality Management System. The Contractor will evaluate each of the ten elements of the Contractor's Quality Management System, evaluate Contractor performance, provide a rating (Excellent, Very Good, Good, Satisfactory, or Unsatisfactory), along with a numerical rating (based on the average of sub-element ratings), and, where applicable, discuss opportunities for improvement. The semi-annual QMS Compliance Matrix and the ratings will be mutually agreed-to by DOE and the Contractor and will provide the basis for the ratings provided. A formal Corrective Action Plan will be submitted to DOE for any Contractor Quality Management System area (from the ten QA Rules with consolidated ratings) that is evaluated as less than effective (≤ 50%). The Corrective Action Plan will be reviewed by DOE within 15 working days of submittal to DOE, and approved upon resolution of any DOE comments. The semi-annual report will then provide the primary basis for the annual declaration that the QMS is fully integrated with the Contractor's Integrated Safety Management System. The award fee evaluation will be based upon the numerical rating average for the ten QA Rule requirements in the QMS matrix and any additional relevant information obtained from other sources (e.g. DOE FPMs, Facility Representatives, IPTs, DOE-ORP QA audits). For purposes of the evaluation, the ten QA Rule requirements are considered to be of equal importance. The numerical ratings shall be identified consistent with Table 1 – Award Fee – Incentive Ratings and Definitions.

B.1.3 Engineering Technical Performance - (Weighting: 20%)

B.1.3.1 <u>Engineering Technical Performance</u> - Contract Section C, Statement of Work, Standard 3 Design describes engineering requirements for WTP. Accordingly, DOE will evaluate engineering performance during this PEMP evaluation period. This Performance Measure will focus on aspects of Engineering Performance that are not duplicative of other Performance Measures under Performance Objective B.2 Cost. Emphasis is on the identification, resolution, management, and closure of technical issues that may adversely affect the safety, quality, functionality, and other important objectives of the project.

DOE reserves the right to consider any available information that bears on engineering performance in making this evaluation.

Attachment A – Incentive B.1 Award Fee – Project Management Incentive

Performance considerations include:

- DNFSB Recommendation 2010-2 Implementation Plan:
  - DNFSB Recommendation 2010-2 Implementation Plan deliverables are submitted to DOE-WTP within the timeline established in the Plan for Preparation, Review, and Transmittal of Deliverables for the DNFSB Recommendation 2010-2 Implementation Plan (CCN:211779, dated January 3, 2012). Per the plan, the latest acceptable submission date for DOE-WTP review is 14 days prior to the Deliverable commitment date to DNFSB.
  - DNFSB Recommendation 2010-2 Implementation Plan deliverables submitted to DOE-WTP are technically adequate to meet the stated commitment.
  - Any potential delays or issues with DNFSB Recommendation 2010-2 Implementation Plan deliverables are communicated to DOE-WTP as early as possible.

- Implementation of all design changes required as a result of the Technical Issue Management process (24590-WTP-GPG-ENG-0125):
  - Scheduled dates are met with acceptable resolution of technical issues.
  - Results are efficiently incorporated into design with respect to cost and schedule.

- Overcome technical problems:
  - Technical issues are identified and communicated to DOE-WTP prior to identification by DOE-WTP or other stakeholders.
  - Causal analysis is performed on technical issues to understand the underlying causes.
  - Extent of condition is performed and communicated to determine if other similar issues are present.
  - Corrective actions address the causes of the technical issue and other similar issues.
  - Technical issues, causes, extent of condition and corrective actions are communicated to DOE-WTP in a manner that does not require additional requests for information.

- Efficient Performance:
  - Work process improvements / implementation of Lessons Learned;
  - Utilization of engineering resources; and
  - Satisfactory customer comment resolution.

- Focus on completion:
  - Assess schedule performance with regard to engineering alignment with the project completion schedule; and
  - Engineering documents are issued and services provided to support procurement and construction needs.

- Progress managing the identification and effective closure of technical issues to provide the technical basis for integration of nuclear safety into facility design and developing a documented safety analysis that will support commissioning and operations. Initially established in, "Plan and Schedule to Systematically Evaluate the Hazards of Known Technical Issues, M3 Vessel Assessment Summary Reports, LOAM Benchmark Data and LSIT – Response to DNFSB Recommendation 2010-2 Implementation Plan Commitment 5.7.3.1."

B.1.4 Startup and Commissioning Technical Performance - (Weighting: 15%)

B.1.4.1 <u>Startup and Commissioning Technical Performance</u> - Contract Section C, Statement of Work, Standard 5 describes startup testing beginning with a planned turnover of systems and construction, including component and system level tests that will be performed in a planned sequence at each facility. The Commissioning process begins with testing during Cold Commissioning making production runs using agreed upon stimulant waste Accordingly, DOE will evaluate technical performance related to the Startup and Commissioning phase performance during this PEMP evaluation period. Emphasis is on the identification, resolution, management, and closure of technical issues that may adversely affect the readiness, cost, schedule, safety, quality, functionality, and other important objectives of the project Startup and Commissioning phase. The processes described in BNI Construction To Startup Turnover procedure 24590-WTP-GPP-MGT-042 (latest version), BNI Design Completion For Turnover To Startup procedure 24590-WTP-3DP-G04T-00916 (latest version), Conduct of Testing procedure 24590-WTP-SU-ADM-0006 (latest version), Test Procedure Development 24590-WTP-SU-ADM-0005, as well as preparations for turnovers and testing to be completed in calendar year 2012 will have high consideration in this performance evaluation.

DOE reserves the right to consider any available information that bears on startup and commissioning performance in making this evaluation.

Performance considerations include:

- Completion and maintenance of a Startup schedule (Level 5) with a rolling nine (9) month window. The schedule will include sufficient detail and logic to allow planning of activities necessary for turnover and testing of scoped systems based on the Level 4 baseline schedule. Used in conjunction with work lists, sufficient detail will exist to support component and system testing in support of system turnover to Commissioning;

- Certification and qualification of Levels I thru III Startup Testing Personnel, as well as Test Leads and a Facility Test Lead to support testing of Building 87;

- Successful turnover planning, preparation, and acceptance of scoped systems MVE-B-01, LVE-B-01, and FDE-B-01 turned over in Building 87;

- Successful performance of component and initial system testing, to include review and approval of Component Test Results Package (TRP) for scoped systems MVE-B-01, LVE-B-01, and FDE-B-01 in Building 87 (Schedule Activities BC2A5PGA01, BC2A5PGA04, and BC2A5PA08);

- Preparation and approval of appropriate component and/or system test procedures to support upcoming testing in accordance with 24590-WTP-GPP-MGT-042 and the baseline schedule. This will include subjective consideration of procedure quality and review timeliness;

- Completion of a Startup Plan Document; and

- Completion of a Teamworks coding process to allow cross-walk and tracking of required tests against specified components.

Integration Technical Performance: Contract Section C, Statement of Work, Section C.3 describes the partnering approach used by the Contractor, the Tank Operations Contractor, and DOE. Emphasis is on active collaboration between the parties and proactive identification and resolution of technical and administrative integration issues. DOE reserves the right to consider any available information that bears on Integration performance in making its evaluation. Such information may include closure documents for open items /issues listed in Interface Control Documents and Data Quality Objectives for WTP feed acceptance criteria, test plans and reports, operations research assessments, and evaluations of the RPP mission waste feed vector.

B.1.5 Nuclear Safety Technical Performance - (Weighting: 20%)

B.1.5.1 <u>Nuclear Safety Technical Performance</u> - Contract Section C, Statement of Work, Standard 9 describes contractor requirements to ensure Radiological, Nuclear, and Process Safety. This workscope includes implementation of a standards-based safety management program in compliance with the rules provided in 10 CFR 830 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 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 safety concerns early and responding to concerns raised both internally and by external stakeholders and review teams.

DOE reserves the right to consider any available information that bears on Nuclear Safety performance in making this evaluation. Documents to be considered include:

- Plans, procedures, issue descriptions and other documents used in management of technical issues that may impact design and/or safety basis;

- Closure documents for recommendations by the August 2011 Construction Project Review team that are related to integration of nuclear safety into plant design;

- Updates to the WTP *Integrated Licensing Strategy*;

- Reports documenting ongoing development of nuclear safety parameters and requirements for incorporation into *Initial Data Quality Objectives for WTP Feed Acceptance Criteria* (24590-WTP-RPT-MGT-11.014) and *Interface Control Document 19* (24590-WTP-ICD-MG-01-019);

- Progress managing the identification and effective closure of technical issues to provide the technical basis for integration of nuclear safety into facility design and developing a documented safety analysis that will support commissioning and operations; initially established in, "Plan and Schedule To Systematically Evaluate the Hazards of Known Technical Issues, M3 Vessel Assessment Summary Reports, LOAM Benchmark Data and LSIT – Response to DNFSB Recommendation 2010-2 Implementation Plan Commitment 5.7.3.1."; and

- Progress in managing closure of issues identified in the WTP LAW Management Self-Assessment and Safety Basis Review Team.

B.1.6 Safety and Quality Culture - (Weighting: 30%)

B.1.6.1 <u>Nuclear Safety and Quality Culture – (Weighting: 25%)</u> - The contractor must ensure programs are in place and emphasize expectations which will promote a robust Nuclear Safety Culture and Quality Culture (NSQC), including a Safety Conscious Work Environment.

Criteria evaluated to promote a robust NSQC include:

Action Plan to Strengthen the NSQC
The contractor must maintain and proactively implement the approved plan of action to comprehensively address the cumulative significance of all the findings, recommendations, and information in the various NSQC reports and assessments. The plan and associated corrective and preventative actions shall be updated based on lessons learned and feedback during implementation to maximize the effectiveness of actions and to implement tools to improve safety culture across the project. Consistent with the approved plan, progress will be monitored in the six Strategic Improvement Areas which are:

- Realignment and Maintenance of the Design and Safety Bases;
- Management Process of the WTP NSQC;

- Timeliness of Issues Identification and Resolution;
- Roles, Responsibilities, Authorities and Accountabilities;
- Management and Supervisory Behaviors; and
- WTP Construction Site-Unique Issues.

Evaluation will be based, in part, on timely and effective implementation of the associated actions, responsiveness to feedback during the implementation of the plan to strengthen the NSQC, coordination of the NSQC actions with other related Level 1 and 2 findings, and coordination with the DOE Safety Culture Improvement Plan.

Develop tools to assess progress in improving NSQC and determining the need for adjustments
Safety culture improvement takes years. It's important to have methods in place to ensure worker involvement, communicate results, and follow-up assessments conducted to ensure continued workforce support and involvement. Evidence of this objective includes: development and implementation of an active set of metrics to monitor the NSQC; conduct of internal and external assessment of the NSQC including comprehensive annual assessments; implementation of employee surveys, and senior management engagement with the feedback and monitoring actions and evaluations.

Evaluation will be based, in part, on the creation and documentation of an overall contractor approach to assess the status of the NSQC, and impacts of the correctives. The metrics and assessment activities will be evaluated based on proven tools to improve safety culture, including those documented in DOE Orders and guides, Energy Facility Contractors Group recommendations, and applicable commercial nuclear experience.

Programmatic elements evaluated:

Corrective Action Management
The contractor shall improve and maintain a fully effective corrective action management process consistent with the DOE standards.

Employee Concerns Program
The Contractor shall improve and maintain a fully effective Employee Concerns Program consistent with DOE standards and expectations. The Contractor and subcontractor(s) shall cooperate with DOE investigations and/or requests for additional information from DOE to assist in the resolution of concerns or allegations.

Differing Professional Opinion (DPO)
The Contractor shall improve and maintain a fully effective DPO process (for technical issues) consistent with DOE standards.

Safety Conscious Work Environment (SCWE)
The Contractor shall establish and maintain a fully effective SCWE. The Contractor shall ensure that all employees are afforded a workplace free from harassment, intimidation, retaliation and/or discrimination. The Contractor shall take prompt action to adequately and effectively mitigate issues that may prevent

the Contractor and subcontractor employees from raising concerns to the Contractor or DOE.

B.1.6.2 Integrated Safety Management Systems (ISMS) – (Weighting: 5%)
Contract Clause 1.105 DEAR 952.223-71 *Integration of Environment, Safety, And Health Into Work Planning and Execution (Jun 1997)* requires the Contractor, at a minimum, to manage and perform work in accordance with a documented Safety Management System (System) that fulfills all conditions in paragraph (b) thereof, and to demonstrate continuous improvement of its ISMS program. Accordingly, DOE will evaluate the Contractor's continuous improvement of the ISMS Programs, which include: 1) implementation of work hazard analysis and controls that result in, a) improving work injury/illness performance as defined in the Annual Performance Objectives, Measures and Commitments (POMCs) as agreed to between BNI and ORP as part of the ISMS POMC process, and b) no employee exposures to work place hazards above the applicable exposure limits [e.g., permissible exposure level (PEL) or TLV]; 2) implementation of event investigation (review, cause analysis and action implementation) that results in effective organizational learning with the goal of eliminating recurring events; and 3) documented periodic management analysis of work site conditions and implementing strategies that result in improving WTP Project safety .

Attachment B – Incentive B.2 Award Fee – Cost Incentive

B.2 Award Fee – Cost Incentive

Performance Objective:
The primary objective of the Award Fee – Cost Incentive is to encourage the Contractor to achieve a final actual cost that is equal to or less than the Total Estimated Contract Cost (TECC), as adjusted. The TECC for the purposes of this incentive is defined as the Contractor's Performance Management Baseline plus Management Reserve. TECC is also referred to under the Contractor's Earned Value Management System (EVMS) as the Total Allocated Budget.

During the 2012-B PEMP period, the WTP project will be in a re-planning/re-baselining process. DOE-WTP has directed the Contractor to suspend selected EVMS reporting requirements for the PT and HLW facilities, and applicable Shared Services control accounts. To the extent that EVMS data is not available during this PEMP period, DOE-WTP will rely on other objective and/or subjective cost performance elements to evaluate the Contractor's performance.

Performance Elements:
B.2.1 Cost

Performance Measures:
B.2.1.1 Project Cost & Schedule Performance
B.2.1.2 Risk Management

Evaluation Process – Award Fee-Cost Incentive:
DOE will evaluate each of the B.2 Performance Measures to assess the Contractor's performance toward completing the project at a final actual cost that is equal to or less than the TECC. The evaluation will assign an overall Percent of Total Available Fee Earned and Cost Performance Rating commensurate with cost performance in the evaluation period. Cost Performance will be rated on an adjectival scale using Table 1. The rating may include other similar, but not necessarily stated considerations that clearly influence the achievement of the Performance Objective.

Performance Element B.2.1 *Cost* incentive will be evaluated using the two B.2.1.X Performance Measures and a Numerical Rating and Adjectival Rating will be assigned to each Performance Element. The Performance Element ratings are then weighted to yield a composite evaluation for the Performance Objective. See Table 1 - *Award Fee – Incentive Ratings & Definitions* and Table B.2. – *Award Fee – Cost Incentive Fee Earnings Calculation*. In establishing a rating, cost management efficiency and effectiveness will be considered.

Attachment B – Incentive B.2 Award Fee – Cost Incentive

Table B.2 - Award Fee - Cost Incentive Fee Earnings Calculation					
		(a)	(b)	(c)	(d)
Performance Elements:		Weighting	Adjectival Rating	Num. Rating & % Fee Earned	Weighted Totals (a) x (c)
B.2.1.1	Project Cost & Schedule Performance	70%			
B.2.1.2	Risk Management	30%			
	Total	100%	**Composite**	**% Earned**	
Total Available Award Fee - Cost Incentive (Period 2012-B)					**$ 3,150,000**

B.2.1 Cost Performance Element

Performance Measures:

B.2.1.1 Project Cost & Schedule Performance - (Weighting: 70%) - DOE will evaluate reported performance indices in the Monthly Performance Report, the EVMS, and any other known source of performance information (regardless of whether or not such information is reported by the Contractor). The evaluated indices will include: (i) the rolling six-month average; and (ii) the monthly data. The schedule activities listed below will be used in addition to the above mentioned items to rate schedule performance for completion of activities based on the forecasted dates. DOE will evaluate the progress and quality of the re-plan/re-baseline efforts and activities, as well as the final deliverables which must meet the requirements for an external review.

Pretreatment Facility (PT)

Schedule Activity ID	Activity Description	Forecast Completion
2BPR1LD390	PT – R&T – DNFSB – DNFSB-5.1.3.13 Issue the Technical Scaling Selection Basis Document	30 Aug 12
TBD	PT – Development and Implementation of the Project Execution Plan for the Hazards Analysis Reconstitution in PT	30 Sep 12
3EP10HGRC1	PT – Complete Hydrogen Generation Rate (HGR) Calculations (12)	21 Nov 12
2BPR1EC241	Issue the Corrosion Test Scoping Document	31 Dec 12
2BPR1LT125	PT – R&T – CFD V&V – 8Ft Vessel Test 1a – Single 4" PJM – Pumpdown Tests	31 Dec 12
3EP45JP302, 3EP45JP292, 3EP45JP432	PT – Hot Cell Area 29, 30, 33 – EP Issue Jumpers Phase 2 Frame Design	31 Dec 12

High-Level Waste Facility (HLW)

Schedule Activity ID	Activity Description	Forecast Completion
9FH36464MY	DMY Acidic Waste Vessel (RLD-VSL-07)	12 Oct 12
4HH130299	Complete Structural Steel Elev. 37' (Consent Decree)	15 Oct 12

TBD	Issue Prototypical Design for HEPA Filters Proposed for Greater Than AG-1 Certification Testing	15 Dec 12

Low-Activity Waste Facility (LAW)

Schedule Activity ID	Activity Description	Forecast Completion
4LL45L0M05	Begin Melter #1 Refractory Installation	9 Aug 12
9FL370665	Ship Pre-Heaters (Heating Elements & Controllers)	31 Aug 12
7KLE576710	LAW – Chapter 2 – Facility – LAW	31 Aug 12
9FL4735191	LAW – MS – DMY Pressure Relief Valves – ITS LMP LOP	15 Nov 12
3EL17FT002	LAW – Software Development/Test Complete – LAW	27 Nov 12
3EL10MSCMP	LAW – Mechanical Systems Engineering Complete	7Dec 12

Analytical Laboratory (LAB)

Schedule Activity ID	Activity Description	Forecast Completion
4TT27263	LAB – Install HEPA Filter Housing RLD-HEPA-15 PA24	11 Jul 12
3ET10EPCMP	LAB-PD – Plant Design Engineering Complete Milestone	1 Aug 12
4TT14DH101	LAB – Installation of Partition Walls	15 Aug 12
4TT4821	LAB – Install Hot Cell Glovebox/Fumehoods PA21B	27 Aug 12
4TT14PN119	LAB – S/C Pen Seals Start Mobilization to LAB	13 Dec 12

Balance of Facilities (BOF)

Schedule Activity ID	Activity Description	Forecast Completion
3EB12CS395	CSA-Design Stand By Gen & Fuel Tank FDN	20 Jul 12
4BB28015P	BOF – Install 125V Battery in Building 87	31 Jul 12
4BB17115A	BOF – Install LAW Consoles/Panels – Simulator Facility	28 Aug 12
3EB15PDNLD	BOF – PD – Confirmed Stress/Support FINAL Calcs NLD	5 Sep 12
3EB10A5NFI	BOF – MS – Issue ENG Design Complete List DCL – Non-Dangerous Non-Rad Effluent Facility NLD	5 Sep 12
3EB10A5EFI	BOF-MS – Issue Engineering Design Complete List	18 Oct 12

Startup

Schedule Activity ID	Activity Description	Forecast Completion
5HBC1A5KCA	BOF-SU Final System Scoping SPF (Verification of milestone – Activity complete and scoped P&IDs issued and in DocSearch)	11 Jul 12
5HBC1CP3CA	BOF-SU Final System Scoping CPE-B-03 (Verification of milestone – Activity complete and scoped P&IDs issued and in DocSearch)	21 Sep 12

B.2.1.2 **<u>Risk Management</u>**. - **(Weighting: 30%)** - DOE will evaluate the Contractor's Risk Management Program to identify risks (threats and opportunities), forecast potential schedule and cost impacts, and implement Risk Response Plans. DOE will evaluate actions taken by the Contractor during the rating period to eliminate or mitigate specific risks (or implement opportunities). DOE will evaluate the progress and final results of the integration of the risks into the re-baseline during the re-planning/re-baselining process and once the final BCP is complete.

Attachment C – Schedule of Performance Measures and Assigned Performance Evaluation Monitors

Number	Perf. Objectives, Elements, & Measures	DOE PEM
B.1 Project Management Incentive		
B.1.1	Contract & Business Sys; Construction; Procurement	
B.1.1.1	Contract & Business System Management	Morris
B.1.1.2	Construction Technical Performance	Taylor
B.1.2	Quality Management	
B.1.2.1	Quality Management System Compliance	May
B.1.3	Engineering Technical Performance	
B.1.3.1	Engineering Technical Performance	Brunson
B.1.4	Startup & Commissioning Technical Performance	
B.1.4.1	Startup & Commissioning Technical Performance	Logan
B.1.5	Nuclear Safety Technical Performance	
B.1.5.1	Nuclear Safety Technical Performance	Vogel
B.1.6	Safety & Quality Culture	
B.1.6.1	Nuclear Safety & Quality Culture	Noyes
B.1.6.2	Integrated Safety Management Systems	Wade
B.2 Cost Incentive		
B.2.1	Cost Incentive	
B.2.1.1	Project Cost/Schedule Performance	D. Brown
B.2.1.2	Risk Management	Grubb

B.1 Project Management Incentive						
Calendar Year	Award Fee Period	Total Available	Overall Adjectival Rating	Overall Numerical Rating	Total Earned	Total Unearned
Column		(a)	(b)	(c)	(d)	(e)
Calculation		(a)	(b)	(c)	(a) X (c)	(a) - (d)
2009	2009-A	$ 2,188,838	Meets Standards	72.40	$ 1,584,719	$ 604,119
	2009-B	$ 2,188,837	Meets Stds - Low	61.65	$ 1,349,418	$ 839,419
2010	2010-A	$ 2,000,000	Level 3	68.95	$ 1,379,000	$ 621,000
	2010-B	$ 2,000,000	Very Good	76.08	$ 1,521,600	$ 478,400
2011	2011-A	$ 2,000,000	Good	67.40	$ 1,348,000	$ 652,000
	2011-B	$ 2,000,000	Good	71.30	$ 1,426,000	$ 574,000
2012	2012-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2012-B	$ 3,150,000	TBD	TBD	TBD	TBD
2013	2013-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2013-B	$ 3,150,000	TBD	TBD	TBD	TBD
2014	2014-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2014-B	$ 3,150,000	TBD	TBD	TBD	TBD
2015	2015-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2015-B	$ 3,150,000	TBD	TBD	TBD	TBD
2016	2016-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2016-B	$ 3,150,000	TBD	TBD	TBD	TBD
2017	2017-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2017-B	$ 3,150,000	TBD	TBD	TBD	TBD
2018	2018-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2018-B	$ 3,150,000	TBD	TBD	TBD	TBD
2019	2019-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2019-B	$ 3,150,000	TBD	TBD	TBD	TBD
	Totals	**$ 62,777,675**			**$ 8,608,737**	**$ 3,768,938**

B.2 Cost Incentive						
Calendar Year	Award Fee Period	Total Available	Overall Adjectival Rating	Overall Numerical Rating	Total Earned	Total Unearned
Column		(a)	(b)	(c)	(d)	(e)
Calculation		(a)	(b)	(c)	(a) X (c)	(a) - (d)
2009	2009-A	$ 4,500,000	Medium Confidence	65.00	$ 2,925,000	$ 1,575,000
	2009-B	$ 4,500,000	Low Confidence	50.00	$ 2,250,000	$ 2,250,000
2010	2010-A	$ 4,300,000	Level 3	60.00	$ 2,580,000	$ 1,720,000
	2010-B	$ 4,300,000	Good	61.00	$ 2,623,000	$ 1,677,000
2011	2011-A	$ 4,300,000	Good	65.00	$ 2,795,000	$ 1,505,000
	2011-B	$ 4,300,000	Good	57.00	$ 2,451,000	$ 1,849,000
2012	2012-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2012-B	$ 3,150,000	TBD	TBD	TBD	TBD
2013	2013-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2013-B	$ 3,150,000	TBD	TBD	TBD	TBD
2014	2014-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2014-B	$ 3,150,000	TBD	TBD	TBD	TBD
2015	2015-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2015-B	$ 3,150,000	TBD	TBD	TBD	TBD
2016	2016-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2016-B	$ 3,150,000	TBD	TBD	TBD	TBD
2017	2017-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2017-B	$ 3,150,000	TBD	TBD	TBD	TBD
2018	2018-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2018-B	$ 3,150,000	TBD	TBD	TBD	TBD
2019	2019-A	$ 3,150,000	TBD	TBD	TBD	TBD
	2019-B	$ 3,150,000	TBD	TBD	TBD	TBD
	Totals	**$ 76,600,000**			**$ 15,624,000**	**$ 10,576,000**