

Westinghouse, ICF Kaiser Announce New Performance-Based Contract

Richland, Wash., March 9, 1995 -- Westinghouse Hanford Company (Westinghouse) and ICF Kaiser Hanford(ICF Kaiser) officials today announced a renewed partnership with the signing of a new performance-based contract. ICF Kaiser is Hanford's architect-engineering-constructor and base operations partner with Westinghouse.

The new contract with ICF Kaiser, whose term expires in March 1997, represents an on-going partnership to accelerate Hanford's cleanup progress and drive down costs. The agreement reflects the extended performance-based contract Westinghouse signed in January with the U.S. Department of Energy (Energy Department), which owns Hanford. It also is consistent with the Energy Department's initiatives for contract reform, said A. LaMar Trego, president of Westinghouse Hanford Company.

"Our partnership with ICF Kaiser this past year has greatly contributed to our progress on safely and cost-effectively reducing the health and environmental risks posed by the national defense wastes at the Hanford Site," Trego said. "We wanted to extend that partnership while providing ICF Kaiser with more specific goals and objectives, and greater incentive to perform."

ICF Kaiser can earn up to \$19 million under the new contract, Trego said. Of that amount \$4.75 million, or 25 percent, is a guaranteed base fee -- a reduction from the \$7.5 million base contained in the previous cost-plus-award fee agreement. Another \$5 million is award fee, which ICF Kaiser can earn according to its performance against certain goals.

The remaining \$9.25 million, equal to nearly half the total fee available, is divided into three categories. ICF Kaiser can earn up to \$3 million in performance-based incentive fee, if it accomplishes specific tasks; up to \$3 million in safety-based incentive fee, if the contractor meets certain safety goals; and up to \$3.25 million in cost-based incentive fee, for achieving specific cost savings goals.

Trego said some of the performance measures in the ICF Kaiser contract with Westinghouse are tied to measures in Westinghouse's contract with the Energy Department.

"Our contract with ICF Kaiser and the Department of Energy are prime examples of how we're working to bring private-sector business principles to our management of the Hanford Site," said Trego. "We believe this contract will give ICF Kaiser incentive to keep making changes that lead to cleanup progress, increased safety and greater cost-effectiveness." "This is the right approach at the right time," he added.

"We are pleased with the new contract and we're looking forward to working with Westinghouse on this new approach to contracting at Hanford," said Bob Tiller, ICF Kaiser's Acting General Manager.

ICF Kaiser, a Hanford contractor since 1982, became a contract partner with Westinghouse Hanford Company in 1994. Westinghouse is in its ninth year as the primary contractor at the 1,450-square-kilometer (560-square-mile) Site in southeastern Washington, where plutonium for the nation's defense program was produced for more than 40 years. Today the Site's primary mission is the cleanup of the many areas within its boundaries that are contaminated by chemical or radioactive waste.

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