

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

TABLE OF CONTENTS

<u>Section</u>	<u>Clause</u>	<u>Page</u>
B.1	TYPE OF CONTRACT – ITEMS BEING ACQUIRED	1
B.2	OBLIGATION AND AVAILABILITY OF FUNDS AND CONTRACT VALUE	1
B.3	ALLOWABILITY OF SUBCONTRACTOR FEE	3
B.4	INCENTIVE FEE STRUCTURE	3
B.5	EQUITABLE ADJUSTMENTS TO COST, PERFORMANCE INCENTIVES, SCHEDULE, AND FEES	5
B.6	INCENTIVE FEE ADMINISTRATION	6
B.7	AWARD FEE ADMINISTRATION	6
B.8	CONDITIONAL PAYMENT OF FEE, PROFIT, OR INCENTIVES	7
B.9	RESERVED	7
B.10	FEE RISK ALLOCATION	8
B.11	ATTACHMENTS	9

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

B.1 TYPE OF CONTRACT – ITEMS BEING ACQUIRED

This is a Cost-Plus Award-Fee Contract, with award and multiple fee incentives. The various incentive fee types are described in Clause B.4 *Incentive Fee Structure*. **(A143)**

The Contractor shall, in accordance with the terms of this Contract, provide the personnel, materials, supplies, and services (except as may be expressly set forth in this Contract as furnished by the Government) and otherwise do all things necessary and incident to designing, constructing, and commissioning the Hanford Tank Waste Treatment and Immobilization Plant (WTP) as described in Section C, *Statement of Work*. The WTP has five separate facilities: Pretreatment Facility (PT), High-Level Waste Facility (HLW), Low-Activity Waste Facility (LAW), Analytical Laboratory (LAB) and Balance of Facilities (BOF).

B.2 OBLIGATION AND AVAILABILITY OF FUNDS AND CONTRACT VALUE

- (a) Subject to the Section I Clause entitled, *Limitation of Funds*, the amount presently obligated under the Contract is shown in the following table. Nothing in this paragraph or in the Clause entitled *Limitation of Funds* is to be construed as authorizing the Contractor to exceed limitations stated in the following table established by DOE and furnished to the Contractor from time to time under the contract. The following table establishes controls on the costs to be incurred and encumbrances to be made in the performance of the contract work. **(A058) (A153) (A168)**

BUDGETARY CONTROL POINTS FOR WTP PROJECT			
Description	Appropriation Symbol	B&R No. (Control Point)	Budget Authority
	1250	1110401	\$3,006,205,907.70
LAW	1250	1111183	\$637,537,062.71
LAB	1250	1111184	\$207,817,505.32
BOF	1250	1111185	\$261,722,260.48
HLW	1250	1111186	\$559,575,663.61
PT	1250	1111187	\$840,654,550.43
LAW	1250	1111241	\$344,530,590.00
LAB	1250	1111242	\$152,500,000.00
BOF	1250	1111243	\$107,000,000.00
HLW	1250	1111244	\$555,649,971.00
PT	1250	1111245	\$974,670,799.00
Subtotal - Budgetary Controls Points for WTP Project thru Contract Modification 279			\$7,647,864,310.25
BUDGETARY CONTROL POINTS FOR PROGRAM DIRECTION			

Description	Appropriation Symbol	B&R No. (Control Point)	Budget Authority
PD	1250	1110462	\$1,280,000.00
PD	1250	1110458	\$350,000.00
Subtotal - Budgetary Controls Points, including Project Direction, thru Contract Modification 281			\$7,649,494,310.25
INTER-ENTITY WORK ORDER FUNDING			
IEWO Identification Numbers		IEWO Amendment No.	Funding
M0SRLE60 Funding (SRNS/SRNL)		40	\$73,957,217.82
M0SRV00028 Funding (SRNS)		24	\$3,496,201.00
M0SRV00036 Funding (WSRC)		2	\$186,500.00
M0SRV00042 Funding (ORNL)		2	\$27,599.05
M0IDV00061 Funding (BEA)		1	\$21,277.60
Total - IEWO Funding			\$77,688,795.47
Total Budgetary Control Points for WTP Project			\$7,727,183,105.72

Inter-Entity Work Orders (IEWO) have been established for work under this Contract performed at the Savannah River site by the Management and Operating contractors Washington Savannah River Company (WSRC), Savannah River Remediation (SRR), Savannah River Nuclear Solutions (SRNS), and the Savannah River National Laboratory (SRNL) on behalf of the Contractor. The Work Description for these IEWOs is to conduct experimental studies for flow sheet verification, optimization, integration, and scale up in support of the technical basis for design and operation of the Hanford River Protection Project Waste Treatment Plant.

The Government owns the IEWO process; therefore, all funding under these IEWOs is approved by the Office of River Protection and work is conducted under the Contractor's management direction. At the Contractor's request, DOE has transferred work authority as shown in the table above. This total IEWO funding transfer is reflected in funding amounts shown in the above table, and counts toward meeting ORP Contract funding requirements set forth elsewhere in this Contract.

- (b) Except as may be specifically provided to the contrary in the Contract (Section I Clause entitled, *Nuclear Hazards Indemnity Agreement*) the duties and obligations of the U.S. Department of Energy (DOE) hereunder calling for the expenditure of appropriated funds shall be subject to the availability of funds appropriated by the U.S. Congress that DOE may legally spend for such purposes.
- (c) The Total Estimated Contract Price is determined as follows:

Cost:			
	Total Estimated Contract Cost (TECC)		\$ 10,600,710,684
Fee:			
A	Final Fee Determination - Pre-Mod No. A143	\$	102,622,325
B	Maximum Available Award Fee (See Table B-2-B-1)	\$	125,117,983
B.1	Project Management Incentive	\$	59,008,737
B.2	Cost Incentive	\$	66,024,000
B.3	REA Settlement	\$	85,246
C	Schedule Incentive Fee	\$	227,000,000
C.1	Activity Milestone Completion	\$	173,000,000
C.2	Facility Milestone Completion	\$	54,000,000
D	Operational Incentive Fee	\$	91,000,000
D.1	Cold Commissioning	\$	45,000,000
D.2	Hot Commissioning	\$	46,000,000
E	Enhancement Incentive Fee	\$	60,000,000
E.1	Enhanced Plant Capacity	\$	15,000,000
E.2	Sodium Reduction	\$	15,000,000
E.3	Enhanced Plant Turnover	\$	15,000,000
E.4	Sustained Production Achievement	\$	15,000,000
	Total Maximum Available Fee (265)	\$	605,740,308
	Total Estimated Contract Price (TECP) (272)	\$	11,206,450,992

B.3 ALLOWABILITY OF SUBCONTRACTOR FEE

If the Contractor is part of a consortium, joint venture, and/or other teaming arrangement, the team shall share in this Contract fee structure (i.e., separate additional "subcontractor fee" for teaming partners will not be considered an allowable cost under the Contract). If a subcontractor, supplier, or lower-tier subcontractor is a wholly owned, majority owned, or affiliate of any team member, any fee or profit earned by such entity will not be considered an allowable cost under this Contract.

B.4 INCENTIVE FEE STRUCTURE

The DOE objective under this Contract is to receive a completed WTP that meets or exceeds the contractual performance requirements. Incentives are structured to ensure a strong financial motivation for the Contractor to achieve the Contract requirements.

The Contract has five incentive fee elements:

- Incentive Fee A – Final Fee Determination for Work Prior to Modification No. A143
- Incentive Fee B – Maximum Available Award Fee
- Incentive Fee C – Schedule Incentive Fee

- Incentive Fee D – Operational Incentive Fee
- Incentive Fee E – Enhancement Incentive Fee

WTP Incentive Fee Structure

No.	Title	Fee Type	Performance Measure(s)	Fee Administration Terms and Conditions Reference
A	Final Fee Determination for Work Prior to Mod. No. A143	Fixed	Determined by Contracting Officer	Clause B.6, Attachment B-2-A
B	Award Fee:			
B.1	Award Fee - Project Mgmt Incentive	Award	Performance Measures in PEMP	Clause B.7, Atch B-2-B & PEMP
B.2	Award Fee - Cost Incentive	Award	Performance Measures in PEMP	Clause B.7, Atch B-2-B & PEMP
B.3	Award Fee - REA Settlement	Award	Completion of Specified Milestones	Clause B.6, Atch B-2-C & PEMP
C	Schedule Incentive Fee:			
C.1	Activity Milestone Completion	PBI	Completion of Specified Milestones	Clause B.6, Atch B-2-C & PEMP
C.2	Facility Milestone Completion	PBI	Completion of Specified Milestones	Clause B.6, Atch B-2-C & PEMP
D	Operational Incentive Fee:			
D.1	Cold Commissioning	PBI	Capacity	Clause B.6; Atch B-2-D; Section C, Standard 5, Table C.6-5.1
D.2	Hot Commissioning	PBI	Capacity	Clause B.6, Atch B-2-D; Section C, Standard 5, Table C.6-5.2
E	Enhancement Incentive Fee:			
E.1	Enhanced Plant Capacity	PBI	Plant Capacity Exceeding Treatment Capacity	Clause B.6, Atch B-2-E
E.2	Sodium Reduction	PBI	Metric Tons Sodium Reduced	Clause B.6, Atch B-2-E
E.3	Enhanced Plant Turnover	PBI	Reduced Plant Turnover Period	Clause B.6, Atch B-2-E
E.4	Sustained Production Achievement	PBI	Post-Turnover Operations Capacity	Clause B.6, Atch B-2-E

These incentive fee elements are discussed in summary form below, with specific implementing details in Attachment B-2, *INCENTIVE FEE DETAILS*. Each fee incentive element is calculated independently of the others.

- (a) A – Final Fee Determination for Work Prior to Modification No. A143: The final fee determination for all performance prior to Modification No. A143 is \$102,622,325. This is composed of \$54,500,000 of previously paid fee for schedule milestones, and \$48,122,325 (M147) of previously paid provisional fee (which is considered earned).
- (b) B – Maximum Available Award Fee: Beginning in calendar year (CY) 2009, and through the award fee periods specified in Attachment B-2-B, award fee may be earned by achieving performance objectives set forth in the semi-annual WTP Performance Evaluation and Measurement Plan (PEMP) and specific Contract terms in Attachment B-2-B. See Contract Section B.7 for award fee administration requirements under the Contract.
- (c) C – Schedule Incentive Fee: The Schedule Incentive Fee consists of two elements:
 - (1) Activity Milestone Completion incentives are earned and payable upon the Contracting Officer’s determination of the Contractor’s completion of each milestone (listed in Attachment B-2-C) in accordance with the criteria set forth in the PEMP. The dates are considered as targets.
 - (2) Facility Milestone Completion incentives are earned and payable upon the Contracting Officer’s determination of the Contractor’s completion in accordance with the criteria set forth in Section C and/or the PEMP, as applicable. Facility Milestone Completion Incentive fees require meeting the specific dates listed in Attachment B-2-C. Fee reductions for late delivery are documented in Attachment B-2-C.

The “Complete Hot Commissioning” Facility Milestone Completion incentive is earned and payable upon the Contracting Officer’s determination of the Contractor’s meeting or exceeding the minimum throughput requirement

(i.e., 60% of design capacity). Capacity testing incentives are included in Operational Incentive Fee Attachment B-2-D.

All Schedule Incentive Fees are earned and payable upon the Contracting Officer's determination of the Contractor's completion of each milestone. Each milestone represents and measures progress towards achieving the Contract requirements and do not represent payment for the specific named milestone itself.

- (d) D – Operational Incentive Fee: Operational Incentive Fee is earned (in specified amounts) and payable upon the Contracting Officer's determination of the Contractor's achievement of prescribed performance testing rates for commissioning as described below and in Attachment B-2-D and applicable portions of Section C.6, *Standard 5 Commissioning*: (e) *Cold Commissioning*, (3) *Testing*, (ii) *Cold Commissioning Capacity Tests*; and (g) *Hot Commissioning*, (4) & (5) *Hot Commissioning Capacity Tests*. Achievement of each milestone is independently measured and earned.

(1) Cold Commissioning:

Operational Incentive Fee in the amount specified in Attachment B-2-D is earned for meeting the Capacity performance testing rates specified in Section C.6, Standard 5, and Table C.6-5.1, *Cold Commissioning Capacity Testing Criteria*, for all Facilities.

(2) Hot Commissioning:

Operational Incentive Fee in the amount specified in Attachment B-2-D is earned for meeting the Capacity performance testing rates specified in Section C.6, Standard 5, Table C.6-5.2, *Hot Commissioning Capacity Testing Criteria*.

A portion of the unearned Operational Incentive Fee from Cold Commissioning may be earned during Hot Commissioning under conditions specified in Attachment B-2-D.

- (e) E – Enhancement Incentive Fee: Enhancement Incentive Fee contains four fee elements designed to reduce life-cycle operating costs of the WTP: (i) Enhanced Plant Capacity; (ii) Sodium Reduction; (iii) Enhanced Plant Turnover; and (iv) Sustained Production Achievement. Details for these sub-elements are provided in Attachment B-2-E. Enhanced Incentive Fee is earned and payable upon the Contracting Officer's determination of the Contractor's achievement of prescribed requirements.

B.5 EQUITABLE ADJUSTMENTS TO COST, PERFORMANCE INCENTIVES, SCHEDULE, AND FEES

- (a) Equitable adjustments to the cost, performance incentives (including fees) and the Schedule will be made when required in accordance with the Section I Clause entitled, *Changes – Cost Reimbursement - Alternate III*, and as expressly provided in other Contract provisions.
- (b) For purposes of Contractor planning, Section J, Attachment I, *Funding Profile* sets forth a funding profile with an assumption that for each fiscal year, at least 25% will be made available by October 31, 50% by January 31, 75% by April 30, and the remainder by July 31. The clause places no obligation on DOE to request funding in accordance with the profile. To the extent that DOE obligates funds to this Contract on a schedule consistent

with this funding profile, availability of funds shall not be a basis for equitable adjustment to any of the performance incentive fees described in Section B.

B.6 INCENTIVE FEE ADMINISTRATION

The Contractor will notify the Contracting Officer (CO) when the Contractor believes an incentive fee activity, milestone and/or performance measure has been met. The CO will: 1) make a determination whether the requirements of the Contract have been met, 2) make a determination of whether fee is earned, and 3) notify the Contractor of these determinations within thirty (30) calendar days (or such other time period as mutually agreed to between the CO and the Contractor) after receipt by the CO of the Contractor's notification. If the CO determines fee has been earned, then the Contractor can invoice for the fee as outlined in the CO determination on the next available invoice.

B.7 AWARD FEE ADMINISTRATION

(a) Definitions:

"Award Fee Evaluation Period" – The six (6)-month evaluation periods from January 1 through June 30 (Period 20XX-A), and July 1 through December 31 (Period 20XX-B).

(b) Award Fee: Award fee is available for meeting a combination of objective performance requirements and subjective performance requirements for each award fee component: Project Management Incentive and Cost Incentive. The Award Fee Evaluation Period for the Project Management Incentive and Cost Incentive will be every six (6) months of each calendar year (CY) starting in CY 2009, and ending after CY 2019. However, the first award fee period will only be five (5) months, February 1, 2009 through June 30, 2009.

(c) Fee Negotiations: Prior to the beginning of each award fee period, the Contracting Officer and Contractor shall enter into negotiation of the requirements to be set forth in the PEMP for the award fee period. In the event the parties fail to agree on the requirements and the evaluation areas, a unilateral determination will be made by the Contracting Officer prior to the beginning of the evaluation period.

(d) Determination of Available Award Fee Amount Earned:

(1) The Government shall, at the conclusion of each specified evaluation period, evaluate the Contractor's performance of the requirements set forth in the PEMP, including incentives completed during the period, and determine the award fee amount earned for each award fee component: Project Management Incentive and Cost Incentive. At the Contracting Officer's discretion, evaluation of incentivized performance may occur at the scheduled completion of specific incentivized requirements.

(2) The evaluation of Contractor performance shall be in accordance with the requirements attached to this section and set forth in the PEMP. The Contractor shall be promptly advised in writing of the fee determination, and the basis of the fee determination.

(e) Schedule for Award Fee Amount Earned Determinations: The Contracting Officer shall issue the award fee amount earned determination for each award fee incentive (Project Management Incentive and Cost Incentive) in accordance with: the schedule set forth in

the PEMP; or as otherwise set forth in this contract. However, a determination must be made within sixty (60) calendar days after the receipt by the Contracting Officer of the Contractor's self-assessment, if one is provided by the Contractor, or seventy (70) calendar days after the end of the evaluation period, whichever is later, or a longer period if the Contractor and Contracting Officer agree. If the Contracting Officer evaluates the Contractor's performance of specific requirements on their completion, the payment of any earned fee amount must be made within seventy (70) calendar days (or such other time period as mutually agreed to between the Contracting Officer and the Contractor) after Contracting Officer notification of such completion, assuming the Contractor has submitted a voucher for payment within ten (10) calendar days after the Contracting Officer's determination. If the Contractor is delayed in submitting a voucher beyond the ten (10) calendar days, payment will incur a day-for-day delay.

- (f) Contractor Self-assessment: 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.

B.8 CONDITIONAL PAYMENT OF FEE, PROFIT, OR INCENTIVES

In order for the Contractor to be eligible to earn all otherwise available fee under the Contract, the Contractor must meet the minimum requirements in paragraphs (a) and (b) of this section. If the Contractor does not meet the minimum requirements, the Fee Determining Official (FDO) [the Manager, U.S. Department of Energy, Office of River Protection (ORP) or designee], may make a unilateral determination to reduce the earned award fee under the Contract as follows:

- (a) Minimum requirements for Environment, Safety, Quality and Health (ESQ&H) Program: The Contractor shall develop, obtain DOE approval and implement an Integrated Safety Management System (ISMS) in accordance with the provisions of Section I Clause entitled, *Integration of Environment, Safety and Health into Work Planning and Execution*. The minimal performance requirements will be set forth in the approved ISMS description document, or similar document. If the Contractor fails to obtain approval of the ISMS or fails to achieve the minimum performance requirements of the System, the FDO, at his/her sole discretion, may reduce the total earned award fee payment for B.1 Project Management Incentive and B.2 Cost Incentive during the six (6)-month Award Fee period in which the incident occurred.
- (b) Minimum Requirements for Catastrophic Event: If, in the performance of this Contract, there is a catastrophic event (such as, a fatality, or a serious workplace-related injury or illness to one or more Federal, Contractor, or subcontractor employees or the general public, loss of control over classified or special nuclear material, or significant damage to the environment), the FDO, at his/her sole discretion, may reduce the earned award fee payment for B.1 Project Management Incentive and B.2 Cost Incentive during the six (6)-month Award Fee period in which the incident occurred. In determining any diminution of fee resulting from a catastrophic event, the FDO, at his/her sole discretion, will consider whether willful misconduct and/or negligence contributed to the occurrence and will take into consideration any mitigating circumstances presented by the Contractor or other sources.

B.9 RESERVED

B.10 FEE RISK ALLOCATION

Except as set forth below, fee risks for changes under Clause I.82 *Changes – Cost Reimbursement – Alternate III*, and other applicable Contract provisions addressing equitable adjustment, shall be in accordance with the applicable Contract provisions(s). Equitable adjustments for the below-specified situations shall be subject to further limitations, clarifications and modifications provided below:

(a) Site Services and Interface Control Documents (ICD):

A contract change (subject to equitable adjustment in accordance with Clause I.82) shall be deemed to have occurred as the result of any changes in requirements regarding use of site services, including revisions to ICDs, both express (directed) and constructive. The Contractor shall use its best reasonable efforts to minimize and mitigate any such performance impacts.

(b) Waste Delivery:

A contract change (subject to equitable adjustment in accordance with Clause I.82) shall be deemed to have occurred as the result of failure by the Government to deliver waste feed in conformance to waste feed specifications, and/or failure to deliver feed in the quantity and/or timing necessary to support commissioning activities in accordance with Section C, Standard 5, *Commissioning*.

(c) Changes in Laws, Regulations, Codes, Standards and Directives:

A Contract change (subject to equitable adjustment in accordance with Clause I.82) shall be deemed to have occurred as the result of any changes in laws, regulations, codes, standards and Directives (other than Regulatory Actions covered by paragraph (d) below) in accordance with the Changes clause.

(d) Regulatory Actions:

(1) A Contract change (subject to equitable adjustment in accordance with Clause I.82) is deemed to have occurred upon unreasonable regulatory delays/interpretations/demands/ new requirements in responding to and/or approving permit and other applications (“Regulatory Actions”) after reasonable collaboration with DOE to avoid such impacts. This includes, but is not limited to, impacts resulting from implementation of Maximum Available Control Technology (MACT) standards.

(2) Absent Contractor’s reasonable collaboration with DOE to avoid such impacts, Contractor shall not be entitled to an equitable adjustment to the Total Estimated Contract Cost or any fee for the first \$5,000,000 of impact for any such single regulatory action (per occurrence).

(e) Items Excluded from Statement of Waiver and Release of Claims for Modification A143

The Contractor will not request, seek or claim entitlement to any fee for the first \$350,000,000 of reasonable, allocable and allowable costs for the items identified in paragraph (c) of the Statement of Waiver and Release of Claims contained in Modification A143. The Contracting Officer will determine those reasonable, allocable and allowable costs pursuant to the applicable terms of the contract.

(f) Disposition of Government Property Credit:

The estimated cost of the contract assumes that the acquisition cost or salvage value, as applicable, of government property, such as and including spare parts and supplies not consumed during commissioning and limited operations and construction equipment purchased as a direct cost to support the project, would be credited against the final actual cost in accordance with FAR 52.245-5(i). This credit shall be determined upon submission of inventory schedules to the Contracting Officer. The intent of this provision is to adjust the final actual cost to eliminate the cost of Government Property that is to be or has been transferred off the Government Property records of the Contractor for the purposes of calculating the final Award Fee – Cost Incentive fee determination.

The Contracting Officer will make specific decisions as to which equipment, spare parts and supplies will be retained for future use by the Government. For equipment, spare parts and supplies which are deemed excess and not to be retained by the Government, the Contractor will dispose of those materials in a cost effective manner. The proceeds will be used to offset contract costs.

(g) RFP Deficiencies and Due Diligence Review:

Except as otherwise set forth in (a), (b), (c), (d), (e) and (f) above, the Contractor shall bear the full fee risk for cost and schedule impacts resulting from any actual or purported deficiencies, whether or not known to Contractor and whether or not such deficiencies were identified by Contractor during its due diligence review under Section C.5. (a)(3), which arise out of solicitation defects, specification defects, Conceptual Design defects, or deficient historical pricing or cost estimate information in any form.

B.11 ATTACHMENTS

ATTACHMENT B-1 – INCENTIVE FEE SUMMARY TABLE

ATTACHMENT B-2 – INCENTIVE FEE DETAILS

ATTACHMENT B-2-A – INCENTIVE FEE A – Final Fee Determination for Work Prior to Modification No. A143.

ATTACHMENT B-2-B – INCENTIVE FEE B – Maximum Available Award Fee

ATTACHMENT B-2-C – INCENTIVE FEE C – Schedule Incentive Fee

ATTACHMENT B-2-D – INCENTIVE FEE D – Operational Incentive Fee

ATTACHMENT B-2-E – INCENTIVE FEE E – Enhancement Incentive Fee

ATTACHMENT B-3 – REA SETTLEMENT FEE

ATTACHMENT B-3-A – FIXED FEE

ATTACHMENT B-3-B – INCENTIVE FEE

ATTACHMENT B-1 INCENTIVE FEE SUMMARY TABLE

Table B-1 - WTP Incentive Fee Structure

<u>Description</u>	<u>Reference</u>	<u>Amount</u>
A Final Fee Determination Prior to Modification No. A143	Attachment B-2-A	<u>\$102,622,325</u>
B Maximum Available Award Fee:		
B.1 Project Management Incentive	Attachment B-2-B	\$59,008,737
B.2 Cost Incentive	Attachment B-2-B	<u>\$66,024,000</u>
*See Table B-2-B-1		
B.3 REA Settlement Fee	Attachment B-3	<u>\$85,246</u>
Total Award Fee		<u>\$125,117,983</u>
C Schedule Incentive Fee:		
C.1.X Activity Milestone Completion:	Attachment B-2-C	\$173,000,000
C.2 Facility Milestones Completion:		
C.2.1 LAB Construction Substantially Complete	Attachment B-2-C	\$4,000,000
C.2.2 LAW Construction Substantially Complete	Attachment B-2-C	\$4,000,000
C.2.3 LBL Start Cold Commissioning (SCC)	Attachment B-2-C	\$4,000,000
C.2.4 LBL Complete Hot Commissioning (CHC)	Attachment B-2-C	\$4,000,000
C.2.5 HLW Start Cold Commissioning	Attachment B-2-C	\$9,500,000
C.2.6 PT Start Cold Commissioning	Attachment B-2-C	\$9,500,000
C.2.7 HLW Complete Hot Commissioning	Attachment B-2-C	\$9,500,000
C.2.8 PT Complete Hot Commissioning	Attachment B-2-C	\$9,500,000
Total - Facility Schedule Incentive		<u>\$54,000,000</u>
Total Schedule Incentive Fee		<u>\$227,000,000</u>
D Operational Incentive Fee:		
D.1 Cold Commissioning:		
D.1.1 PT High Level Waste	Attachment B-2-D	\$10,000,000
D.1.2 PT Low Level Waste	Attachment B-2-D	\$10,000,000
D.1.3 HLW Vitrification	Attachment B-2-D	\$13,000,000
D.1.4 LAW Vitrification	Attachment B-2-D	<u>\$12,000,000</u>
Subtotal-Cold Commissioning		<u>\$45,000,000</u>
D.2 Hot Commissioning:		
D.2.1 PT High Level Waste	Attachment B-2-D	\$10,000,000
D.2.2 PT Low Level Waste	Attachment B-2-D	\$10,000,000
D.2.3 HLW Vitrification	Attachment B-2-D	\$13,000,000
D.2.4 LAW Vitrification	Attachment B-2-D	<u>\$13,000,000</u>
Subtotal-Hot Commissioning		<u>\$46,000,000</u>
Total Operational Incentive Fee		<u>\$91,000,000</u>
E Enhancement Incentive Fee:		
E.1 Enhanced Plant Capacity	Attachment B-2-E	\$15,000,000
E.2 Sodium Reduction	Attachment B-2-E	\$15,000,000
E.3 Enhanced Plant Turnover	Attachment B-2-E	\$15,000,000
E.4 Sustained Production Achievement	Attachment B-2-E	<u>\$15,000,000</u>
Total Enhancement Incentive Fee		<u>\$60,000,000</u>
TOTAL MAXIMUM AVAILABLE FEE (A+B+C+D+E)*		<u>\$605,740,308</u>

*Reflects Unearnable Award Fee

ATTACHMENT B-2 INCENTIVE FEE DETAILS

The administrative details of each fee incentive are shown in each attachment listed below:

ATTACHMENT B-2-A – INCENTIVE FEE A – Final Fee Determination for Work Prior to
Modification No. A143

ATTACHMENT B-2-B –1 INCENTIVE FEE B – Maximum Available Award Fee

ATTACHMENT B-2-B-2 – INCENTIVE FEE B – Performance Evaluation and Measurement Plan
(PEMP)

ATTACHMENT B-2-C – INCENTIVE FEE C – Schedule Incentive Fee

ATTACHMENT B-2-D – INCENTIVE FEE D – Operational Incentive Fee

ATTACHMENT B-2-E – INCENTIVE FEE E – Enhancement Incentive Fee

ATTACHMENT B-2-A – INCENTIVE FEE A – FINAL FEE DETERMINATION FOR WORK PRIOR TO MODIFICATION NO. A143.

The final fee determination for all Contract performance prior to Modification No. A143 is \$102,622,325. This is composed of \$54,500,000 of previously paid fee for schedule milestones (which is considered earned), and \$48,122,325 (M147) of previously paid provisional fee. The \$48,122,325 (M147) is earned based on the completion of the following significant construction milestones.

Construction Milestones	Fee (\$)
Low-Activity Waste Facility	
Completion of Facility Superstructure – March 2007 <u>Description:</u> Completed installation of structural steel frame, roofing and siding (dried-in).	\$25,600,000
Completion of Process Vessel Installation – December 2006 <u>Description:</u> Fourteen process vessels installed and accepted in the wet process cell.	\$3,200,000
Completion of Canister Handling System – March 2008 <u>Description:</u> Completed canister handling system in the melter pour caves including turntables, canister elevator, receipt conveyor, bogies and monorails.	\$2,200,000
Analytical Laboratory	
Completion of Facility Superstructure – April 2008 <u>Description:</u> Completed installation of structural steel frame, roofing and siding.	\$10,700,000
Completion of Installation of Hotcell Structures – February 2008 <u>Description:</u> Completion on physical hotcell structure, shield window frames, monorail, and coatings.	\$2,300,000
Balance of Facilities	
Construction Complete on Steam Plant – September 2007 <u>Description:</u> Completed construction and ready for system checks	\$1,400,000
Construction Complete on Cooling Tower Facilities – March 2007 <u>Description:</u> Completed construction and ready for system checks	\$1,100,000
Construction Completions on Chiller Compressor Building and Systems – March 2008 <u>Description:</u> Completed building structure, support frames, major equipment installation and process piping installation.	\$1,622,325 (M147)

ATTACHMENT B-2-B – INCENTIVE FEE B – MAXIMUM AVAILABLE AWARD FEE

Table B-2-B-1. Incentive Fee B – Maximum Available Award Fee

Cal. Year (CY)	Award Fee Period	B.1 Award Fee - Project Mgmt Incentive		B.2 Award Fee - Cost Incentive		Total Award Fee		
		Available	Earned*	Available	Earned*	Available	Earned	Unearnable
2009	2009-A	\$2,188,838	\$1,584,719	\$4,500,000	\$2,925,000	\$6,688,838	\$4,509,719	\$2,179,119
	2009-B	\$2,188,837	\$1,349,418	\$4,500,000	\$2,250,000	\$6,688,837	\$3,599,418	\$3,089,419
2010	2010-A	\$2,000,000	\$1,379,000	\$4,300,000	\$2,580,000	\$6,300,000	\$3,959,000	\$2,341,000
	2010-B	\$2,000,000	\$1,521,600	\$4,300,000	\$2,623,000	\$6,300,000	\$4,144,600	\$2,155,400
2011	2011-A	\$2,000,000	\$1,348,000	\$4,300,000	\$2,795,000	\$6,300,000	\$4,143,000	\$2,157,000
	2011-B	\$2,000,000	\$1,426,000	\$4,300,000	\$2,451,000	\$6,300,000	\$3,877,000	\$2,423,000
2012	2012-A	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
	2012-B	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
2013	2013-A	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
	2013-B	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
2014	2014-A	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
	2014-B	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
2015	2015-A	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
	2015-B	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
2016	2016-A	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
	2016-B	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
2017	2017-A	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
	2017-B	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
2018	2018-A	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
	2018-B	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
2019	2019-A	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
	2019-B	\$3,150,000	TBD	\$3,150,000	TBD	\$6,300,000	TBD	
Totals		\$62,777,675	\$8,608,737	\$76,600,000	\$15,624,000	\$139,377,675	\$24,232,737	\$14,344,938

ATTACHMENT B-2-B – INCENTIVE FEE B – MAXIMUM AVAILABLE AWARD FEE (continued)

B.1 PROJECT MANAGEMENT INCENTIVE

The Project Management Incentive is fully described in the PEMP based on subjective and/or objective evaluation of important project management performance elements to be developed semi-annually and set forth in the PEMP. Important emphasis areas will include a collection of diverse emphasis areas, such as: general project management considerations, labor management, safety, quality management, technical issue resolution, engineering and construction performance, procurements process effectiveness, and environmental performance, etc.

B.2 COST INCENTIVE

The Cost Incentive is fully described in the PEMP based on subjective and/or objective evaluation of important cost performance elements to be developed semi-annually and set forth in the PEMP. The primary objective of the Maximum Available Award Fee – Cost Incentive is to incentivize the Contractor to achieve a final actual cost that is equal to or less than the Total Estimated Contract Cost (TECC). 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 EVMS as the Total Allocated Budget.

The Cost Incentive will be evaluated based on a combination of subjective and/or objective evaluation of important cost performance elements to include, but not be limited to: cost performance indices, schedule performance indices, management reserve utilization, number and value of variances, and Estimate at Completion based on the Monthly Status Report.

ATTACHMENT B-2-B-2 – INCENTIVE FEE B – PERFORMANCE EVALUATION AND MEASUREMENT PLAN (PEMP) (M171)

The following PEMPs are incorporated by reference:

Table B-2-B-2. PEMP

Calendar Year (CY)	Award Fee Period	PEMP Revision	Effective Date
2009	2009-A	Rev. 0	February 1, 2009
	2009-B	Rev. 0	July 1, 2009
2010	2010-A	Rev. 0	January 1, 2010
	2010-A	Rev. 1	April 19, 2010
	2010-B	Rev. 0	July 1, 2010
2011	2011-A	Rev. 0	January 1, 2011
	2011-B	Rev. 0	July 1, 2011
2012	2012-A	Rev. 0	January 1, 2012
	2012-A	Rev. 1	January 31, 2012
	2012-A	Rev. 2	April 15, 2012
	2012-B	Rev. 0	July 1, 2012
2013	2013-A		
	2013-B		
2014	2014-A		
	2014-B		
2015	2015-A		
	2015-B		
2016	2016-A		
	2016-B		
2017	2017-A		
	2017-B		
2018	2018-A		
	2018-B		
2019	2019-A		
	2019-B		

ATTACHMENT B-2-C – INCENTIVE FEE C – SCHEDULE INCENTIVE FEE

All Schedule Incentive Fees are milestones that represent and measure progress toward achieving the Contract as set forth in Section J, Attachment P of the contract and do not represent payment for the specific named milestone itself. Schedule Incentive Fee Definitions are set forth in Section J, Attachment P of the contract (216).

ATTACHMENT B-3 –REA SETTLEMENT FEE

The following Table reflects settlement of fee-bearing Requests for Equitable Adjustment (REA).

Table B-3-A. Fixed Fee

REA Number	REA Title	Contract Modification #	Fee Amount
2010-011	E-Verify	200	\$9,661
2010-015	LBL 2015	203	\$44,979
		Total	\$54,640

For REA settlements in which costs have been fully incurred, BNI is authorized to invoice for the entire fee amount upon receipt of a fully executed contract modification.

Table B-3-B. Incentive Fee

REA Number	REA Title	Contract Modification #	Designation	Fee Amount	Completion Date

			Total	\$	
--	--	--	--------------	-----------	--

For REAs in which costs have not been fully incurred at the time of settlement, BNI is authorized to invoice for the incentive fee as specified in the applicable contract modification.

C.1 ACTIVITY MILESTONE COMPLETION

The following Activity Milestones are earned and payable upon successful completion. Schedule Dates shown below are only target dates and are based upon Late Finish schedule dates for each activity. These Milestones are not time-dependent. The fee will be earned and payable when the Contracting Officer determines the milestone has been completed in accordance with the Activity Milestone Definition Sheets set forth in Section J, Attachment P of the contract **(216)**. These sheets contain: Milestone Definitions, Inclusions, Exclusions, Key Predecessor Activities, and Objective Evidence of Milestone Completion.

INCENTIVE C.1 - ACTIVITY MILESTONE COMPLETION INCENTIVE FEE

Facility	Milestone Designation	Function	Description	Date	CY	Fee Amount
LAB-01	1GT00E0918	Engineering	Title II Design Complete	01/30/09	2009	\$ 3,875,000
BOF-04	1GB16C1050	Construction	Complete Installation of Cathodic Protection System	02/20/09	2009	\$ 3,875,000
PTF-02	1GP12CFM02	Engineering	IFC Drawings for Concrete Walls EL 56 - 77 Ft	04/28/09	2009	\$ 3,875,000
LAB-02	1GT48P0921	Plant Equip	Receive Waste Transfer System Equipment	04/29/09	2009	\$ 3,875,000
LAW-06	1GL14C0915	Construction	Erect Switchgear Building	10/15/09	2009	\$ 3,875,000
LAW01	1GL47P0922	Plant Equip	Receive Offgas Mercury Adsorber, PA #09-A EL +48	10/19/09	2009	\$ 3,875,000
HLW-02	1GH48P0942	Plant Equip	Receive and Accept Melter Cave 1 Crane Maintenance Shield Door HSH-DOOR-05	11/11/09	2009	\$ 3,875,000
PTF-01	1GP14CFM01	Engineering	DOE Approval of M-12 Closure	12/30/09	2009	\$ 3,875,000
HLW-05	1GH13C1145	Construction	Erect Structural Steel EL 0 Ft - EL 14 Ft	01/20/10	2010	\$ 4,428,000
PTF-03	1GP15CFM03	Engineering	PD Rack Design - IFC Complete	01/28/10	2010	\$ 4,428,000
LAB-04	1GT47P1036	Plant Equip	Receive Autosampler (ASX) Equipment	02/23/10	2010	\$ 4,428,000
LAW-03	1GL46P1030	Plant Equip	Melter #2 Lid+Bal of Components Ready for Assembly	06/15/10	2010	\$ 4,428,000
BOF-02	1GB5MC1043	Construction	Complete Construction Water Treatment Building	07/27/10	2010	\$ 4,428,000
HLW-01	1GHZZE0941	Engineering	Complete HVAC Design (Title II)	09/15/10	2010	\$ 4,428,000
LAW-02	1GL36P1027	Plant Equip	CATOX LVP-SKID-0002 Received +Ready to Install	10/06/10	2010	\$ 4,428,000
HLW-04	1GH36P1044	Plant Equip	Receive and Accept Plant Wash Vessel: RLD-VSL-8	02/16/11	2011	\$ 2,500,000
HLW-03	1GHZZE1043	Engineering	Civil Engineering Design Complete (Title II)	02/23/11	2011	\$ 2,500,000
BOF-01	1GB47P1040	Plant Equip	Receive Anhydrous Ammonia System	02/25/11	2011	\$ 2,500,000
PTF-04	1GP30CFM04	Construction	Set Hot Cell Frames for Areas 1, 24, and 25	07/19/11	2011	\$ 2,500,000
HLW-09	1GH27C1249	Construction	Set HEPA Filter Housing Installation at EL 14 Ft	08/31/11	2011	\$ 2,500,000
LAB-03	1GT47C1356	Construction	Complete Installation of Autosampler System	10/10/11	2011	\$ 2,500,000
HLW-07	1GH15C1247	Construction	Complete Pipe and Hanger Installation in PA06	12/06/11	2011	\$ 2,500,000
HLW-10	1GH36C1250	Construction	Set Offgas Cat Oxidizers: HOP-SCO-1 and 4 (216)	12/07/11	2011	\$ 2,500,000
PTF-09	1GP31CFM09	Construction	Set PT Vessel FEP-SEP-00001A/1B in Planning Area 02	01/10/12	2012	\$ 2,858,000
PTF-05	1GPZZCFM05	Engineering	C&I Design Complete	03/14/12	2012	\$ 2,858,000
BOF-03	1GB5JC1046	Construction	Complete Chiller Compressor Plant Construction	03/22/12	2012	\$ 2,858,000
HLW-06	1GH47C1146	Construction	Set Offgas Carbon Adsorber	05/31/12	2012	\$ 2,858,000
PTF-08	1GP30CFM08	Construction	Set Remaining Pretreatment Vessel at EL 0 Ft	08/27/12	2012	\$ 2,858,000
PTF-07	1GPZZCFM07	Engineering	Electrical Design Complete	09/04/12	2012	\$ 2,858,000
HLW-11	1GH27C1351	Construction	Installation of HVAC Duct at EL 0 Ft Corridors	11/15/12	2012	\$ 2,858,000
SUBTOTAL						\$ 102,002,000

INCENTIVE C.1 - ACTIVITY MILESTONE COMPLETION INCENTIVE FEE (cont.)

Facility	Milestone Designation	Function	Description	Date	CY	Fee Amount
			SUBTOTAL (from prior page)			\$ 102,002,000
BOF-06	1GB12C1253	Construction	Complete Emergency Diesel Generator Base Slab	03/14/13	2013	\$ 2,500,000
PTF-10	1GP12CFM10	Construction	Complete Concrete Slabs at EL 56 Ft	03/19/13	2013	\$ 2,500,000
HLW-12	1GH14C1352	Construction	Complete Annex Building Weathering	04/30/13	2013	\$ 2,500,000
PTF-11	1GP12CFM11	Construction	Complete 5th Lift Walls	05/09/13	2013	\$ 2,500,000
HLW-13	1GH46C1453	Construction	Set HEME Vessels 2A and 2B at EL 0 Ft	06/12/13	2013	\$ 2,500,000
PTF-14	1GP30CFM14	Construction	Set Filter Cave HEME / HEPA / Demister Equipment	11/05/13	2013	\$ 2,500,000
PTF-06	1GP47CFM06	Plant Equip	Receipt of all PSA Pipe Racks	11/12/13	2013	\$ 2,500,000
HLW-08	1GH15C1248	Construction	Install Pipe and Hangers in PA02B	12/04/13	2013	\$ 2,500,000
PTF-16	1GP15CFM16	Construction	Complete Bulk In-cell Pipe Installation	01/30/14	2014	\$ 3,333,000
PTF-15	1GP28CFM15	Plant Equip	Receipt of Electrical Equipment in Control Building Electrical Rooms	04/03/14	2014	\$ 3,333,000
HLW-16	1GH27C1556	Construction	Set C2V/C3V Air Handling Units at EL 58 Ft	04/21/14	2014	\$ 3,333,000
PTF-13	1GP27CFM13	Construction	Air Handling Units EL 98 Ft	05/23/14	2014	\$ 3,333,000
PTF-12	1GP14CFM12	Construction	Install Roofing at EL 98 Ft	10/28/14	2014	\$ 3,333,000
PTF-18	1GP30CFM18	Construction	Set Hot Cell Major Equipment	10/30/14	2014	\$ 3,333,000
LAW-04	1GL00C1505	Construction	Complete Melter #1 Movement into Building	01/07/15	2015	\$ 1,667,000
HLW-14	1GH12C1454	Construction	Placement of HLW Concrete Slabs at EL 58 Ft	01/12/15	2015	\$ 1,667,000
PTF-19	1GP14CFM19	Construction	Complete Main Building Weathering	02/04/15	2015	\$ 1,667,000
LAW-05	1GL00C1515	Construction	Complete Melter #2 Movement into Building	03/09/15	2015	\$ 1,667,000
PTF-17	1GP11CFM17	Engineering	Complete Pretreatment Design	03/24/15	2015	\$ 1,667,000
HLW-15	1GH46C1555	Construction	Move Melter 1 into Building	04/22/15	2015	\$ 1,667,000
BOF-07	1GB28C1360	Construction	Set (2) Emergency Diesel Generators	05/26/15	2015	\$ 1,667,000
BOF-05	1GBC2S1463	Start Up	Complete Elec Distrb Sys Testing MVE (Site Energization) (216)	05/29/15	2015	\$ 1,667,000
HLW-17	1GH14C1557	Construction	Complete Main Building Weathering	06/16/15	2015	\$ 1,667,000
PTF-21	1GPC2CFM21	Construction	Construction Turnover of PIH Crane to Startup	08/10/15	2015	\$ 1,667,000
PTF-22	1GPC2CFM22	Start Up	Demonstration of Resin Addition to Ion Exchange Columns	10/19/15	2015	\$ 1,667,000
PTF-20	1GPC0CFM20	Construction	Final System Turnover Complete	11/30/15	2015	\$ 1,667,000
HLW-18	1GH00C1558	Construction	Construction Commence Turnover to Startup (Elec Sys Package)	05/26/16	2016	\$ 2,749,000
PTF-23	1GPE2CFM23	E&NS	Submit FSAR 2016 Update	06/29/16	2016	\$ 2,749,000
HLW-20	1GHC2S1660	Construction	Final System Turnover Complete	09/22/16	2016	\$ 2,749,000
HLW-19	1GHC2S1659	Start Up	Demonstrate Canister Lid Weld	12/21/16	2016	\$ 2,749,000
TOTAL						\$ 173,000,000

C.2 FACILITY MILESTONE COMPLETION

The following table governs the Facility Milestone Completion Incentive Fee. The fee will be earned and payable when the Contracting Officer determines the milestones have been completed in accordance with the Facility Milestone Definition Sheets set forth in the PEMP. These sheets contain: Milestone Definitions, Inclusions, Exclusions, Key Predecessor Activities, and Objective Evidence of Milestone Completion. Unearned milestone completion fee is total fee available at scheduled dates minus actual schedule completion fee earnings. The “Complete Hot Commissioning” Facility Milestone Completion incentive fee is earned upon meeting or exceeding the minimum hot commissioning throughput requirement (i.e., 60% of design capacity).

Table B-2-C-1. Facility Milestone Completion Schedule

Facility	Activity Code	Facility Milestone Description	Schedule Date	Fee Amount
LAB	4TT0099	Substantially Complete Construction	December 31, 2012	\$ 4,000,000
LAW	4LL0000999	Substantially Complete Construction	December 31, 2014	\$ 4,000,000
LAW	5HLC2A0110	Start Cold Commissioning (SCC)	February 28, 2018	\$ 4,000,000
LAW	5HLC4A0010	Complete Hot Commissioning (CHC)	May 30, 2019	\$ 4,000,000
HLW	5HHC2A0115	Start Cold Commissioning	June 30, 2018	\$ 9,500,000
HLW	5HHC4A0010	Complete Hot Commissioning	July 30, 2019	\$ 9,500,000
PT	5HPC2A0115	Start Cold Commissioning	September 30, 2017	\$ 9,500,000
PT	5HPC4A0056	Complete Hot Commissioning	February 28, 2019	\$ 9,500,000
		Total		\$ 54,000,000

Facility Milestone Completion Incentive Fees are subject to the following conditions:

(a) On-Time Milestone Delivery.

If the Contractor completes a Facility Milestone on or before the Schedule Date in Table B-2-C-1 *Facility Milestone Completion Schedule*, the total fee amount for that incentive is achieved and final. If the Complete Hot Commissioning milestone for a facility is achieved, the fee is earned per Table B-2-C-1, *Facility Milestone Completion Schedule*, and in addition, 50% of any unearned Cold Commissioning Fee for that particular facility is earned.

In addition, the Contractor may switch the dates of SCC-LAW/CHC-LAW and SCC-HLW/CHC-HLW. If the Contractor decides to switch the dates, the Contractor shall notify DOE on or before eighteen (18) months prior to the SCC-LAW of its decision to swap the schedule date of the SCC-HLW with the date scheduled for SCC LAW.

(b) Late Milestone Delivery.

(1) Substantially Complete Construction (SubCC) Milestones: If the Contractor completes a SubCC milestone ninety (90) days or longer after the Schedule Date in Table B-2-C-1 *Facility Milestone Completion Schedule*, the Contractor will earn no fee and 50% of the fee will be carried forward and added to the Complete Hot Commissioning milestone for PT fee amount. If the Contractor completes the milestone up to ninety (90) days late, the amount of fee earned will be a straight-line pro-rata share of the fee, with 50% of the unearned balance carried forward to the Complete Hot Commissioning milestone for the LAW fee amount.

- (2) Cold and Hot Commissioning Milestones: If the Contractor is late achieving Start Cold Commissioning (SCC) or Complete Hot Commissioning (CHC) for one of the specified facilities (LAW, HLW, PT), it remains eligible to earn a reduced portion of the available fee for that facility milestone completion incentive, as follows:
- (i) The Facility Milestone Completion incentive fee late start fee reduction criteria are designed to encourage the Contractor to continue to exert best efforts to accomplish SCC and CHC in an expeditious fashion. Accordingly, each of the specified facilities has a specific SCC date and CHC date. The SCC date can be exceeded by 180 days before all SCC fee is unearned and 50% of the unearned balance is carried forward to the Complete Hot Commissioning milestone for that facility. The CHC date can be exceeded by 365 days before all CHC fee as well as any unearned fee from Substantially Complete Construction milestones and/or SCC milestones is lost. The CHC date will not be revised based on late achievement of Substantially Complete Construction milestone and/or SCC milestone.
 - (ii) Late achievement of a Start Cold Commissioning milestone will result in a reduction in fee earned for SCC for that facility according to the following schedule:
 - (A) If the SCC milestone completion is between one (1) and forty-five (45) days late to the Schedule Date, a 0.333% reduction per day to the SCC Milestone incentive fee shall be made, up to a maximum of 15%.
 - (B) If the SCC milestone completion is between forty-six (46) and ninety (90) days late to the Schedule Date, a 0.444% reduction per day to the SCC Milestone incentive fee shall be made, up to a maximum of an additional 20%.
 - (C) If the SCC milestone completion is between 91 and 180 days late to the Schedule Date, a 0.722% reduction per day to the SCC Milestone incentive fee shall be made, up to a maximum of an additional 65%.
 - (D) If the SCC milestone completion occurs more than 180 days late, the Milestone incentive fee for that facility is reduced to zero.
 - (E) Fifty percent (50%) of all unearned SCC milestone fee is carried forward to the Complete Hot Commissioning milestone for that facility.
 - (iii) Late achievement of a Complete Hot Commissioning milestone will result in a reduction in fee earned for CHC for that facility according to the following schedule:
 - (A) If the CHC milestone completion is between one (1) and ninety (90) days late to the Schedule Date, a 0.166% reduction per day to the CHC Milestone incentive fee shall be made, up to a maximum of 15%.
 - (B) If the CHC milestone completion is between 91 and 180 days late to the Schedule Date, a 0.222% reduction per day to the CHC Milestone incentive fee shall be made, up to a maximum of an additional 20%.

- (C) If the CHC milestone completion is between 181 and 365 days late to the Schedule Date, a 0.351% reduction per day to the CHC Schedule Incentive Fee shall be made, up to a maximum of an additional 65%.
- (D) If the CHC milestone completion occurs beyond 365 days late then the Schedule Incentive Fee is reduced to zero.

Table B-2-C-2. Facility Milestone Completion Fee Earnings Under Early, On Time, and Late Delivery

If SubCC Is Achieved:	Amount of SubCC Fee Earned Is:	Unearned SubCC Fee Carried Forward to CHC per C.2(b)(1) Is:
Early	All	N/A
On Time	All	N/A
Late < 90 Days	Reduced Per C.2(b)(1)	50% of Unearned Fee
Late ≥ 90 Days	None	50% of Available Fee

If SCC Is Achieved:	Amount of SCC Fee Earned Is:	Unearned SCC Fee Carried Forward to CHC Is:
Early	All	N/A
On Time	All	N/A
Late < 180 Days	Reduced Per C.2(b)(2)(ii)	50% of Unearned Fee
Late ≥ 180 Days	None	50% of Available Fee

If CHC Is Achieved:	Amount of CHC Fee Earned Is:	Carry Forward SubCC and/or SCC Fee Earned Is:
Early	All	All
On Time	All	All
Late < 365 Days	Reduced Per C.2(b)(2)(iii)	None
Late ≥ 365 Days	None	None

ATTACHMENT B-2-D – INCENTIVE FEE D – OPERATIONAL INCENTIVE FEE

Table B-2-D-1. Operational Incentive Fee

Facility	Plant Capacity Level	
	Minimum	Treatment*
Cold Commissioning:		
PT High Level Waste	\$ 6,000,000	\$ 10,000,000
PT Low Activity Waste	\$ 6,000,000	\$ 10,000,000
HLW Vitrification	\$ 7,500,000	\$ 13,000,000
LAW Vitrification	\$ 7,500,000	\$ 12,000,000
Total Operational Incentive Fee - Cold Commissioning	\$ 27,000,000	\$ 45,000,000
Hot Commissioning:		
PT High Level Waste	\$ 6,000,000	\$ 10,000,000
PT Low Activity Waste	\$ 6,000,000	\$ 10,000,000
HLW Vitrification	\$ 7,800,000	\$ 13,000,000
LAW Vitrification	\$ 7,800,000	\$ 13,000,000
Total Operational Incentive Fee - Hot Commissioning	\$ 27,600,000	\$ 46,000,000

* As described in Contract Section C.6, Standard 5, Table C.6-5.1, *Cold Commissioning Capacity Testing Criteria*, and Table C.6-5.2, *Hot Commissioning Capacity Testing Criteria*.

Operational Incentive Fee is subject to the following conditions:

- (a) Definitions:
 - (1) “Minimum Capacity” as specified in Standard 5, Tables C-6.5.1 and C.6-5.2 is at least 60%, but less than 70% of Design Capacity; “Treatment Capacity” as specified in Table C-6.5.1 and C.6-5.2 is 70% of Design Capacity. All percentages are rounded to the nearest tenth.
 - (2) “Unearned Cold Commissioning Fee” is total fee available at Treatment Capacity level minus actual cold commissioning fee earnings.
- (b) Fee achievements for the Operational Incentive Fee are determined on a stand-alone basis for each facility and based on the Cold and Hot Commissioning Performance Test results.
- (c) In the event that during the cold and hot commissioning capacity performance tests throughput for a facility is determined to be less than Minimum capacity, the conditions set forth in Section C.6 (5)(h) shall apply to that facility.
- (d) If a commissioning capacity achieved is equal to or greater than Minimum capacity but less than Treatment capacity, the Minimum capacity fee is subject to increase for results above the Minimum capacity level per the following formula:
 - (1) For Cold Commissioning: Each 0.1% in increase over Minimum capacity results in an increase to the fee of:

- (A) For PT High-Level Waste \$40,000 up to a maximum of 9.9% or \$3,960,000.
 - (B) For PT Low-Activity Waste \$40,000 up to a maximum of 9.9% or \$3,960,000.
 - (C) For HLW \$55,000 up to a maximum of 9.9% or \$5,445,000.
 - (D) For LAW \$45,000 up to a maximum of 9.9% or \$4,455,000.
- (2) For Hot Commissioning: Each 0.1% in increase over minimum capacity results in an increase to the fee of:
- (A) For PT High-Level Waste \$40,000 up to a maximum of 9.9% or \$3,960,000.
 - (B) For PT Low-Activity Waste \$40,000 up to a maximum of 9.9% or \$3,960,000.
 - (C) For HLW \$52,000 up to a maximum of 9.9% or \$5,148,000.
 - (D) For LAW \$52,000 up to a maximum of 9.9% or \$5,148,000.
- (e) If cold commissioning capacity achieved for a particular facility is equal to or greater than Treatment capacity, then Cold Commissioning Treatment Capacity-level fee is earned per Table B-2-D-1 *Operational Incentive Fee*.
- (f) If hot commissioning capacity achieved for a particular facility is equal to or greater than Treatment Capacity, then Hot Commissioning Treatment Capacity-level fee is earned per Table B-2-D-1, *Operational Incentive Fee*, and in addition, 50% of any unearned Cold Commissioning Fee for that particular facility is earned.
- (g) Additional fee for achieving capacity above Treatment Capacity is covered under Incentive Fee E.1 – Enhanced Plant Capacity.

ATTACHMENT B-2-E – INCENTIVE FEE E – ENHANCED INCENTIVE FEE

INCENTIVE FEE E.1 – ENHANCED PLANT CAPACITY

Under this performance incentive, the Contractor is afforded the opportunity to demonstrate greater than treatment capacity during commissioning. Capacity values are demonstrated using Cold and Hot Commissioning Performance Testing results. Measurement of each facility capacity will use the approach described in Contract Section C.6, *Standard 5 Commissioning: (e) Cold Commissioning, (3) Testing, (ii) Cold Commissioning Capacity Tests; and (g) Hot Commissioning, (4) & (5) Hot Commissioning Capacity Tests.*

During Cold and Hot Commissioning, enhanced plant capacity fee shall be earned and payable upon the Contracting Officer's determination that the Contractor has achieved capacities as follows up to the maximum amounts contained in Table B-2-E-1:

Cold Commissioning:

Each 0.1% in increase over Treatment Capacity (70%) results in an increase to the fee of:

1. For PT (High or Low) \$10,000 up to the maximum listed below.

Example, if PT-High achieved a capacity of 84% the resulting Enhanced Plant Capacity fee would be \$1,400,000 $((84-70) = 14\% (140) \times \$10,000 = \$1,400,000)$.
2. For LAW \$5,833 up to a maximum listed below.

Example, if LAW achieved a capacity of 84% the resulting Enhanced Plant Capacity fee would be \$816,620 $((84-70) = 14\% (140) \times \$5,833 = \$816,620)$.
3. For HLW \$5,833 up to a maximum listed below.

Example, if HLW achieved a capacity of 84% the resulting Enhanced Plant Capacity fee would be \$816,620 $(84-70) = 14\% (140) \times \$5,833 = \$816,620)$.

Hot Commissioning:

Each 0.1% in increase over Treatment Capacity (70%) results in an increase to the fee of:

1. For PT (High or Low) \$5,833 up to the maximum listed below.

Example, if PT-High achieved a capacity of 84% the resulting Enhanced Plant Capacity fee would be \$816,620 $((84-70) = 14\% (14) \times \$5,833 = \$816,620)$.
2. For LAW \$3,333 up to a maximum listed below.

Example, if Law achieved a capacity of 84% the resulting Enhanced Plant Capacity fee would be \$466,620 $((84-70) = 14\% (140) \times \$3,333 = \$466,620)$.
3. For HLW \$3,333 up to a maximum listed below.

Example, if HLW achieved a capacity of 84% the resulting Enhanced Plant Capacity fee would be \$466,620 $((84-70) = 14\% (140) \times \$3,333 = \$466,620)$.

INCENTIVE FEE E.1 – ENHANCED PLANT CAPACITY (cont.)

Table B-2-E-1. Enhanced Plant Capacity

Activity	Maximum Available Fee
Cold Commissioning:	
PT High Level Waste	\$ 3,000,000
PT Low-Activity Waste	\$ 3,000,000
HLW Vitrification	\$ 1,750,000
LAW Vitrification	\$ 1,750,000
Subtotal - Cold Commissioning	\$ 9,500,000
Hot Commissioning:	
PT High Level Waste	\$ 1,750,000
PT Low-Activity Waste	\$ 1,750,000
HLW Vitrification	\$ 1,000,000
LAW Vitrification	\$ 1,000,000
Subtotal - Hot Commissioning	\$ 5,500,000
Total Fee - E.1 Enhanced Plant Capacity	\$ 15,000,000

Total Available Fee for E.1 Enhanced Plant Capacity = \$15,000,000

ATTACHMENT B-2-E – INCENTIVE FEE E – ENHANCED INCENTIVE FEE (cont.)

INCENTIVE FEE E.2 – SODIUM REDUCTION

The Contractor may optimize the process flowsheet, feed delivery and blending considerations, glass formulations, and the physical plant configuration to reduce the quantity of process-added waste sodium. The incentive requires the Contractor to reduce the mass of waste sodium added in the WTP baseline flowsheet compared to the estimate presented in 24590-WTP-MRR-PET-08-002, Rev. 2, *WTP Contract Run-G(2) Dynamic Model Run Results Report*.

This proposal and technical outcome:

- Shall not result in an increase in the quantity of HLW canisters produced over the RPP mission or an extension of the mission duration.
- May include options to limit aluminum leached from HLW solids in combination with improvements of aluminum waste loading in the HLW glass, and pretreatment facility process optimization.

Successful demonstration that sodium additions in the process have been reduced should be determined using process models, technology testing (laboratory, bench and engineering scale), and information from the literature and/or consultants. WTP Cold Commissioning process demonstration of the optimized flowsheet is required. The WTP Cold Commissioning simulant composition and Cold Commissioning strategy shall be selected with DOE concurrence. The recommended stimulant shall consider demonstration of the optimized process flowsheet. The WTP Cold Commissioning demonstration may be part of or separate from the Cold Commissioning performance testing, at the Contractor's discretion.

The Contractor, if electing to pursue this incentive, shall present a proposal to DOE on the strategy, approach, work products, specific measurements, and cost and schedule for achieving this performance objective. Costs associated with developing a proposal shall assume use of WTP Management Reserve (MR) to fund a baseline change proposal, shall not be considered new Contract Scope and shall be accounted for separately. Funding associated with executing a proposal shall be from a mutually agreed apportionment between Contractor's MR and Government's Owner's contingency as reflected in an approved baseline change proposal (BCP). In the event the cost at completion exceeds the BCP value, the difference is funded in the same proportion.

The technical outcome will be provided in an interim and final summary report that shall:

- Identify the proposed optimized flowsheet(s) as a function of feed type and predicted sodium use
- Identify feed staging and blending strategies to reduce sodium use
- Identify glass formulations to increase aluminum loading in HLW glass, to the extent that this approach is used
- Summarize laboratory testing, bench scale testing, engineering scale testing and modeling results that demonstrate the reduced usage
- Specify the plant testing requirements needed to confirm assumptions (interim report)
- Document WTP cold commissioning results used to confirm the assumptions and results

Information and data gained from lab and engineering scale testing to close External Flowsheet Review Team issues about leaching, ultrafiltration performance, and process limits can be credited to earn the sodium reduction fee enhancement.

INCENTIVE FEE E.2 – SODIUM REDUCTION (cont.)

Enhanced fee for Sodium Reduction will be determined based on the Contractor’s success in reducing sodium in accordance with the following stepped schedule:

Metric Tons Sodium Reduced		Incentive Fee
At Least	But Less Than	
5,000	10,000	\$ 3,000,000
10,000	15,000	\$ 3,000,000
15,000	20,000	\$ 3,000,000
20,000	25,000	\$ 3,000,000
25,000		\$ 3,000,000
TOTAL		\$ 15,000,000

* Fee earnings in the table represent earnings at the applicable Sodium-reduction level achieved and are cumulative.

Enhanced fee shall be earned and payable upon the Contracting Officer’s determination of the Contractor’s completion of the following activities:

1. Completion of initial model and bench scale testing for runs demonstrating sodium reduction: 30% of the fee for the predicted improvement. If the runs are also demonstrated on the Pretreatment Engineering Platform and engineering scale melter tests (if aluminum loading in the high-level waste glass is part of the strategy) fee is increased to 50% of the fee for the predicted improvement.
2. Completion of cold commissioning testing and final report (Section C.6, *Standard 5 Commissioning: (e) Cold Commissioning, (5) Cold Commissioning Results and Documentation*): final fee determination, less any fee paid under paragraph (1.) above.

Total Available Fee for E.2 Sodium Reduction = \$15,000,000

ATTACHMENT B-2-E – INCENTIVE FEE E – ENHANCEMENT INCENTIVE FEE (cont.)

INCENTIVE FEE E.3 – ENHANCED PLANT TURNOVER

An enhanced fee is earned and payable to the Contractor upon the Contracting Officer's determination of the Contractor's ability to reduce the six (6)-month plant turnover period for the LAB, LAW, HLW, and PT facilities. The schedule calls for each of these facilities to be transitioned to the Tank Operations Contractor within six (6) months of the completion of hot commissioning. For the LAB, LAW, and HLW facilities, one million dollars is earnable for each facility if the Contractor has reduced the transition period by one (1) month. Three million dollars is earnable for each facility if the Contractor has reduced the transition period by three (3) months. A straight-line incremental amount, on a daily basis, is earnable for each facility (LAB, LAW, and HLW facilities) if the Contractor has reduced the transition period between one (1) month and three (3) months. For the PT Facility, the same criteria are in place, and two million dollars is earnable if the Contractor has reduced the transition period by one (1) month and six million dollars for three (3) months. A straight-line incremental amount, on a daily basis, is earnable if the Contractor has reduced the transition period for the PT Facility between one (1) month and three (3) months. Completion of transition for fee determination purposes is considered complete upon providing items listed in the Facility Transition Plan section of Contract (Section C.6, *Standard 5 Commissioning, (j) Transition*) to the Operating Contractor.

Facility	Per Month Early	Total
LAB	\$1,000,000	\$3,000,000
LAW	\$1,000,000	\$3,000,000
HLW	\$1,000,000	\$3,000,000
PT	\$2,000,000	\$6,000,000
Total		\$15,000,000

Total Available Fee for E.3 Enhanced Plant Turnover = \$15,000,000

ATTACHMENT B-2-E – INCENTIVE FEE E – ENHANCED INCENTIVE FEE (cont.)

INCENTIVE FEE E.4 – SUSTAINED PRODUCTION ACHIEVEMENT

An enhanced fee is earned and payable to the Contractor upon the Contracting Officer’s determination of the Tank Operations Contractor being able to sustain specific plant capacities for a continuous ninety (90)-day period in the first six (6) months after turnover of each process facility (LAW, HLW, and PT). This incentivizes the Contractor to work with the Tank Operations Contractor to achieve sustained operations. Two million dollars is earnable, for PT-High, PT-Low, HLW, and LAW each, if the Contractor has achieved minimum capacity values. An additional two million dollars is earnable, for PT-High, PT-Low, and HLW each, if the Contractor has achieved treatment capacity values and one million dollars for LAW. A straight-line incremental amount is earnable if the Contractor has achieved values between minimum and treatment capacities. The minimum and treatment capacity values are specified in Section C.6, *Standard 5 Commissioning, (g) Hot Commissioning, (4) & (5) Hot Commissioning Capacity Tests, Table C.6-5.2. Hot Commissioning Capacity Testing Criteria.*

FACILITY	MINIMUM CAPACITY	TREATMENT CAPACITY	TOTAL AVAILABLE
PT-High	\$2,000,000	\$2,000,000	\$4,000,000
PT-Low	\$2,000,000	\$2,000,000	\$4,000,000
HLW	\$2,000,000	\$2,000,000	\$4,000,000
LAW	\$2,000,000	\$1,000,000	\$3,000,000
Total	\$8,000,000	\$7,000,000	\$15,000,000

Total Available Fee for E.4 Sustained Production Achievement = \$15,000,000