

PART I – THE SCHEDULE

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

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PART I – THE SCHEDULE

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

Section B is replaced in its entirety for the Extension Period of Performance October 1, 2012 through September 30, 2015. Refer to B.12-B.21.

Preamble: This Contract is being modified by mutual agreement to add scope and increase the performance period to September 30, 2015. The initial period of performance was from May 1, 2005 to September 30, 2012, herein referred to as “Original”. The extension period of performance is October 1, 2012 to September 30, 2015, herein referred to as “Extension”. Each period of performance has its corresponding scope, Target Cost and Target Fee.

B.1 TYPE OF CONTRACT - ITEMS BEING ACQUIRED

This is a Cost-Plus-Incentive-Fee (CPIF) contract that includes cost and schedule performance incentives. The contractor shall be responsible for planning, managing, integrating, and executing the work as described in Section C, Statement of Work (SOW). The contractor shall furnish all personnel, facilities, equipment, supplies, and services (except as furnished by DOE) and otherwise do all the things necessary for performing in a safe, efficient, and effective manner.

B.2 CONTRACT FUNDING PROFILE

Subject to the availability of funds, the contract will be funded in accordance with the schedule provided below. Such funds shall provide for all allowable and allocable costs incurred and fee for the indicated fiscal year. Funds obligated to the contract are available until expended (i.e., uncosted funds carry forward to subsequent years). It is anticipated that annual contract funding will be provided quarterly for an annual total in the amounts stated below. Total first quarter funding will be available by December 31, each fiscal year. The funding profile is based on a contract takeover of May 1, 2005, and contract completion at September 30, 2012.

Cleanup Funding – As identified in the table below, Cleanup Funding represents funding available for all allowable and allocable costs and fee each fiscal year. These costs do not include the cost of the ICP contract share of the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees sponsored by the INL contractor. (See explanation and cost sharing provisions in H.21(b) clause entitled Pay and Benefits)

Defined Benefit Pension Plan Funding – As identified in the table below, Defined Benefit Pension Plan Funding represents estimated funding the contractor shall use to reimburse the INL contractor for the ICP share of the current BBWI Defined Benefit

Pension Plan for incumbent (grandfathered) employees and retirees. Actual costs for the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees shall be on a cost-reimbursement basis outside of the Target Cost and Target Fee of the contract. All other pension and welfare benefits costs pertaining to incumbent (grandfathered) employees, non-incumbent employees (new hires after contract takeover) and retirees, including costs of the defined contribution (investment) plan, post-retirement medical benefits, and other pensions and benefits costs (including contractor administrative costs) shall be within the Cleanup Funding and within Target Cost and Target Fee.

(\$M)	FY 2005 (5 mos.)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Cleanup Funding*	\$227	\$427	\$414	\$321	\$307	\$285	\$287	\$285	\$2,553
Defined Benefit Pension Plan Funding	\$10	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$360
Total Contract Funding	\$237	\$477	\$464	\$371	\$357	\$335	\$337	\$335	\$2,913

* *In light of the legal uncertainty, all work under paragraph C.2.4.3 and the stabilization and disposal of residual solids and the in-place closure of the tank farm per Section C.2.8.1 shall require specific authorization by DOE.*

Variations in Defined Benefit Pension Plan Funding Balances - To the extent that actual costs for the incumbent (grandfathered) employees and retirees of the current BBWI Defined Benefit Pension Plan exceed the funding earmarked above, for a given year, the contractor may pursue a Request for Equitable Adjustment. Similarly, to the extent that such costs are less than the funding earmarked above, for a given year, DOE and the contractor will enter into good faith negotiations to accelerate the scope of work or add additional work as per B.4(d) with any available funding. To facilitate analysis and development of options, the contractor shall provide timely forecasts of current and future years' Defined Benefit Pension Plan cost estimates.

Pre-Contract Accrued Employee Leave – Funding in the amount of \$9,899,867.62 (as of September 1, 2011) is provided as out of target funding for previous ICP employee earned but unpaid vacation balances prior to the contract start date. The contractor is authorized to invoice the DOE only when the employee accrued vacation balance in the accounting records is below the original stated value of \$9,899,867.62, less any invoiced amounts. The contractor shall submit a separate invoice for payment of this vacation balance usage and follow the same submittal schedule (and terms) as identified in G.5.

B.3 TOTAL CONTRACT TARGET COST, FEE, AND COMPLETION DATE

- (a) The target cost of this contract is comprised of the following two (2) items:
 - 1) SBW project at \$316,000,000, and
 - 2) Balance of the Idaho Clean-up Project (ICP) work is decreased \$68,831 from \$2,344,007,151 to \$2,343,938,320.

The target fee for this contract is decreased \$5,065 from \$195,591,749 to \$195,586,684 (7.36% of target cost).

The total contract target cost and target fee are based on the contract completion date of September 30, 2012. (The total proposed contract Target Cost and Target Fee shall not exceed the funding limits specified in Section B.2 – Cleanup Funding, on either an annual or total basis.) Section B.3 above is not part of the ICP II Extension.

- (b) The costs for transition activities, as defined in Section F.4, are \$4,512,546. There will be no fee for the transition period. Transition costs are excluded from the total contract target cost and are excluded from the funding profile in Section B.2. (The costs for transition activities shall not exceed the contractor’s proposed cost or \$8 Million, whichever is less.)
- (c) The costs of the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees are \$360,000,000.00. These costs, as identified in Section B.2, are excluded from the total contract target cost and target fee. There will be no fee paid on these costs.

B.4 INCENTIVE FEE

- (a) Cost Incentive

The following cost incentive structure is established in association with a completion date of September 30, 2012:

Target Fee:	\$188,683,387 (7.36% of target cost)
Maximum Fee:	\$310,000,000 (Maximum Fee must not exceed 15% of target cost)
Minimum Fee:	<u>\$0.00</u>

Fee Calculation: The fee payable under this contract shall be the target fee increased by **thirty (30)** cents for every dollar that the total allowable cost is less than the target cost or decreased by **thirty (30)** cents for every dollar that the total

allowable cost exceeds the target cost as specified in FAR 52.216-10 and subject to the maximum fee limitation above.

A significant segment of the SBW work involves completing construction of the Integrated Waste Treatment Unit (IWTU) and submitting the request to begin operations, hereinafter referred to as CD-4, as defined by the ICP Sodium-Bearing Waste Project Execution Plan PLN-1963, Revision 8, dated August 17, 2010. In order to incentivize the Contractor to complete construction of the IWTU and CD-4, the following change to the fee structure is implemented:

- 1) Incentive Fee decreases related to completion of the IWTU facility will be limited to \$38,000,000 if the Contractor completes construction at or below \$533,393,000, and CD-4 is completed by November 30, 2011.
- 2) If CD-4 is not completed by November 30, 2011, the fee decrease as related to 1) above will be adjusted by a maximum of \$12,000,000 up to a total of \$50,000,000 as follows:
 - a) An additional \$250,000 per week through December 31, 2011, for a total of \$1,000,000, and
 - b) In addition to (a) above, if CD-4 is not completed by December 31, 2011, the contractor's fee will be reduced by a rate of \$425,000 per week for each week subsequent to December 31, 2011, through June 30, 2012, for a total of \$11,000,000.
- 3) If CD-4 is completed by October 31, 2011, or earlier, the fee decrease as related to 1) above will be adjusted by a maximum of \$5,000,000 down to a total of \$33,000,000 as follows:
 - a) An initial \$3,000,000 for completion by October 31, 2011, and
 - b) In addition to (a) above, for each week CD-4 is completed in advance of October 31, 2011 contractor's fee will be increased by a rate of \$300,000 per week for each week in advance of October 31, 2011, through September 15, 2011, for a total of \$2,000,000.

The contractor agrees to complete CD-4 by November 30, 2011 at a total project cost to the Government not to exceed \$533,393,000. If a major equipment failure and/or a major design change event occurs that prevents initiation or execution of the Corporate or Federal Operational Readiness Review (ORR), the \$533,393,000 may be adjusted accordingly. Should this adjustment be necessary, any allowable costs that are incurred over the \$533,393,000 will be included in the cost incentive calculation at the end of the contract, i.e. incentive fee will be reduced by \$0.30 for every dollar that costs on this project exceed \$533,393,000.

- (b) **Fee Limitation**
There will be a single fee pool under this contract. The total fee, allowable to the prime contractor and all of its members in a joint venture or limited liability company and/or subcontractors proposed and considered a part of this contract selection, shall not exceed the maximum fee specified in B.4(a).
- (c) **Schedule Incentive**
The target cost to complete the scope of work included in Section C by September 30, 2012, will equal the Budgeted Cost of Work Scheduled (BCWS) in the Idaho Cleanup Project (ICP) baseline per Section H.1 for the contract period. Any fee earned pursuant to the cost incentive structure set forth in B.4(a) above, shall be reduced by \$5.0 Million for every 1.0% negative schedule variance realized against the target cost (total BCWS through September 2012), down to zero dollars. For variances less than a full percentage point, the amount of fee lost will be determined using straight-line interpolation.
- (d) The Government reserves the right to require the contractor to perform additional work scope defined in Section C.8 and C.11. If the cleanup scope of work defined in Sections C.1 through C.7 is accomplished earlier than September 30, 2015, and additional funding is available (either the target cost has not been reached or new funds are made available), DOE will add work scope to be completed by September 30, 2012. The additional work to be performed, the estimated costs, and the associated fee will be negotiated and the contract will be modified prior to the contractor commencing any such work. Funding must be available to cover the costs and negotiated fee for any additional work scope. Fee earned as a result of completion of additional work scope will not be subject to the Maximum Fee limit stipulated in B.4(a) above.
- (e) The Government reserves the right to have any of the work contemplated by Section C, Statement of Work, of this contract performed by another contractor or to have the work performed by Government employees. If the Contracting Officer withdraws the work, the contractor agrees to fully cooperate with the new performing entity and to provide transition support as required. Notwithstanding the clause entitled "Obligation of Funds" in Section B.9, the Contracting Officer may unilaterally deobligate funding associated with any such withdrawal of work. Target Cost and Target Fee reductions will be negotiated at the time the work is withdrawn consistent with ICP baseline costs and target fee percentages, and the contract modified accordingly.

B.5 ITEMS NOT INCLUDED IN TARGET COST

The following items are not included in the Target Cost of this contract. These activities are not included in the EM Funding Profile in Section B.2 (as listed in Section C.11). Separate funding will be provided if DOE authorizes such activities.

Please contact your contracting staff for the most current B.5 activities.

B.6 FEE PAYMENT SCHEDULE AND ADJUSTMENTS

- (a) Scheduled Provisional Fee Payments will be made quarterly and will be calculated as follows:

$$\text{Provisional Fee Payment} = \frac{\text{Target Fee} \times 0.75}{29.67}$$

The first two provisional fee payments, covering the period May 1, 2005 through September 30, 2005, will not be adjusted. Subsequent quarterly fee payments may be adjusted based on the evaluation criteria identified below.

- (b) Provisional Quarterly Fee Payment Adjustments and Reductions

The Contracting Officer (CO) may adjust the provisional quarterly fee payment based on the validated cost and schedule variance and the status of the major milestones described in Section H.1(b)(4), and information contained in the Semi-Annual Critical Analysis described in Section H.1(c)(2). In determining the appropriate adjustments to the provisional fee payment, the CO will use the following earned value definitions:

- (1) Cost Variance (%) is equal to the [(Budgeted Cost of Work Performed minus the Actual Cost of Work Performed) divided by Budgeted Cost of Work Performed] times 100.
- (2) Schedule Variance (%) is equal to the [(Budgeted Cost of Work Performed minus the Budgeted Cost of Work Scheduled) divided by Budgeted Cost of Work Scheduled] times 100.

Based on the evaluation factors above, if it is determined the contractor will earn less than Target Fee, the CO may adjust the provisional quarterly fee payment downward proportionally, to a minimum of zero. If it is determined the contractor will earn above Target Fee, the CO may adjust the provisional quarterly fee payment upward proportionally, to the (Maximum Fee x 0.75)/29.67.

- (c) Earned Fee

Earned Fee is a conversion from Provisional Fee to Earned Fee and will be included in the final fee determination. Earned Fee will be recognized for physical completion of the Statement of Work (SOW) elements identified in the table below, less any adjustments stemming from Conditional Payment of Fee B.6(d). The total of all Earned Fee payments will not exceed 35% of the total Target Fee established at the time of contract award.

Activity	% Target Fee
Completion of TAN scope (C.4)	2.5
Completion of TRA scope (C.5)	2.0
Completion of PBF scope (C.6)	1.5
Completion of stored RH-TRU scope (C.3.5.1)	2.0
Completion of nuclear materials scope (C.2.6, C.5.4)	1.5
Completion of EM owned SNF transfers (C.2.7.1, C.5.6)	1.5
Completion of SBW Scope (C.2.4.3)	1.0
Completion of WAG 7 Retrieval Area #1 (C.3.4)	2.9
Completion of WAG 7 Retrieval Area #2 (C.3.4)	2.9
Completion of WAG 7 Retrieval Area #3 (C.3.4)	2.9
Completion of WAG 7 Retrieval Area #4 (C.3.4)	2.9
Completion of WAG 7 Retrieval Area #5 (C.3.4)	2.9
Completion of WAG 7 Retrieval Area #6 (C.3.4)	2.9
Closure of seven (300,000 gal capacity) HLW tanks and vaults (C.2.8.1)	3.0
Completion of contract end states for CPP-601, CPP-640, CPP-603 (basins), and CPP-648 (sludge tanks and control house) (C.2.1.2)	2.5
Potential Earned Fee Total (Percentage of Target Fee)	35.0

(d) Conditional Payment of Fee

Based on the importance DOE places on the contractor’s or contractor employees’ compliance with the terms and conditions of this contract relating to environment, safety and health (ES&H) (which includes worker safety and health and performance under an approved Integrated Safety Management System (ISMS)) and the safeguarding of restricted data and other classified information, fee determinations are subject to unilateral reductions. See DEAR 952.223-76 *Conditional Payment of Fee or Profit – Safeguarding Restricted Data and Other Classified Information and Protection of Worker Safety and Health* included as Section I.141.

(e) Termination

If this contract is terminated in its entirety, fee shall be payable to the contractor consistent with the FAR clauses 52.249-6 “Termination-Cost Reimbursement” and 52.216-10 “Incentive Fee” incorporated in Section I of this contract. Nothing in this paragraph shall limit or restrict the application of the clause entitled “Termination-Cost Reimbursement.”

B.7 FINAL FEE DETERMINATION

- (a) The final fee determination will be calculated by the CO. The final fee determination will be based on the total actual cost and the schedule variance described in B.4(c) on the completion date of September 30, 2012, excluding any

additional work scope added to the contract per Section C.8. The final fee payment will be the difference between the final fee determination amount minus the provisional and earned fee payments made during the contract period as adjusted by conditional payment of fee provisions per Section B.6(d) of the contract.

- (b) When calculating the total actual cost for the final fee determination, the total allowable costs will exclude the actual costs of the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees and the costs for transition activities.
- (c) If the sum of quarterly provisional fee payments and earned fee payments made during the period of the contract is greater than the overall fee that is calculated by the CO in his/her final fee determination, the contractor shall reimburse the amount of fee already paid that is greater than that earned and shall pay interest to DOE in accordance with the prevailing Treasury rate(s) in effect at the time the payments were made.

B.8 STATEMENT OF COMMITMENT

The DOE and the contractor recognize the accelerated cleanup is a cooperative undertaking that requires both parties to seek innovative approaches to achieve the end objective. Streamlining processes and eliminating non-value-added requirements are critical to accomplishing accelerated cleanup. Both parties agree through the term of this contract to use their best efforts and to cooperate in seeking the reduction of non-value-added requirements and processes that impede progress.

B.9 OBLIGATION OF FUNDS

Total funds in the amount of \$(see current Detailed Funding Profile) are obligated herewith and made available for payment of allowable costs and fee earned from the effective date of this contract through contract completion pursuant to the FAR Clause 52.232-22, entitled "Limitation of Funds."

B.10 SITE INVESTIGATION AND CONDITIONS AFFECTING THE WORK (CHANGES TO TARGET COST AND TARGET FEE)

Changes that may affect the Target Cost will be as follows:

- (a) **Changes Beyond Contractor Control:** When work under this contract is changed that is not directly attributable to contractor actions or inactions, equitable adjustments to Section B, Target Cost, and corresponding Target and Maximum Fees, may be made, in accordance with the changes clause. Examples of these actions/events are provided in Table B.1. These examples are not meant to be a complete listing of all possible events, but represent major types of events in each category.

The contractor shall have a one-time opportunity to identify any material differences in the actual status of completed work compared to the projected status established in the RFP, and notify the Contracting Officer of such differences within 30 days after contract takeover. The DOE will independently evaluate this status. The contractor/DOE evaluations may result in changes to the Statement of Work (increases or decreases) and a Request for Equitable Adjustment that would adjust Target Cost and Target and Maximum Fees commensurately for status of completed work.

- (b) Changes for which the Contractor is Accountable: When work under this contact is changed as a direct result of contractor actions or inactions, or as a result of the contractor’s failure to adequately manage project or technical risks, the Government will not negotiate changes, and the contractor agrees that these changes shall not constitute a change to the Section B Target Cost and corresponding Target and Maximum Fees. Such changes will be maintained as a variance to the ICP Project Baseline, as defined in Section H.1 (the costs may be allowable, but the Target Cost and corresponding Target and Maximum Fees will not change). Examples of these actions/events are provided in Table B.2. These examples are not meant to be a complete listing of all possible events or all categories of events, but represent types of events in each category.

Any changes to (a) and (b) above, will not result in a change to the contract completion date.

Table B.1 – Changes Beyond Contractor Control

DOE directed new work (within the general scope of the contract) or new regulatory requirements
DOE or regulator-initiated changes to an approved Record of Decision (ROD) resulting in a 20% or more increase to the contractor’s original baseline estimate for the ROD’s implementation.
Reduced funding by the Government below the levels identified in Section B.2 and/or B.12.
Contaminated soil requiring excavation exceeds 453,000 cubic yards (excluding WAG 7 retrievals)
Litigation costs in excess of \$5 Million per year for existing lawsuits and other litigation matters assigned to the contractor by DOE under Section H.11
DOE direction to treat SBW as HLW versus TRU

Table B.2 – Changes for which the Contractor is Accountable

ES&H Violations or accidents by the contractor or subcontractor, including work stoppage, consequential investigations and impacts
Fines and penalties imposed by DOE, or any other regulatory agency, if the behavior for which the contractor is being penalized occurred during the course of the contract, including ongoing harm resulting from the contractor’s inaction regarding known pre-existing conditions identified according to DEAR 970.5231-4.
Changes in mandatory or Other Site Services costs renegotiated by the contractor

Increased cost and/or schedule for regulatory agency approved end states that differ from the contractor-proposed end states for high risk facilities disposition and for CERCLA remediations (without currently approved RODs)
Failure to eliminate, avoid, or mitigate risks as required in Section H.2 through use of cost or schedule contingency in its target cost. This includes inadequate or poorly developed basis of estimates for all work scope
All other pension and welfare benefits costs pertaining to incumbent (grandfathered) employees, non-incumbent employees (new hires after contract takeover) and retirees, including costs of the defined contribution (investment) plan, post-retirement medical benefits, and other pensions and benefits costs (including contractor administrative costs), except for the actual costs of the current INL Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees
Litigation arising during the contract term for matters within the contractor's control
Employee severance cost

B.11 AMERICAN RECOVERY AND REINVESTMENT ACT (Recovery Act)

The contractor shall, in accordance with the terms of this contract, provide the personnel, materials, supplies, and services and do all things necessary for, or incident to, providing its best efforts to perform the Recovery Act work. This work is generally described as follows:

The Recovery Act work will enable current contract requirements to be met, accelerate existing EM out-year scope, complete deactivation and decommissioning (D&D) of additional facilities, consolidate spent nuclear fuel (SNF), and accelerate the disposition of legacy materials.

This work is distinctly identifiable Recovery Act work and separate from the all other work descriptions with separate deliverables, schedules, performance reporting and incentives as applicable.

For the performance of Recovery Act work through September 30, 2011, the contractor is authorized to incur costs not to exceed the following:

\$102,750,000	PBS 13
\$92,250,000	PBS 30
<u>\$155,906,250</u>	PBS 40
\$350,906,250	

Refer to previous definitized Recovery Act modifications for the detailed description of the work.

Section B is replaced in its entirety by the following for the Extension Period of Performance October 1, 2012 through September 30, 2015.

B.12 EXTENSION - TYPE OF CONTRACT - ITEMS BEING ACQUIRED

This is a Cost-Plus-Incentive-Fee (CPIF) contract that includes cost and schedule performance incentives. The contractor shall be responsible for planning, managing, integrating, and executing the work as described in Section C.8, Statement of Work (SOW) beginning October 1, 2012. The contractor shall furnish all personnel, facilities, equipment, supplies, and services (except as furnished by DOE) and otherwise do all the things necessary for performing in a safe, efficient, and effective manner.

B.13 EXTENSION - CONTRACT FUNDING PROFILE

Subject to the availability of funds, the contract will be funded through September 30, 2015. Such funds shall provide for all allowable and allocable costs incurred and fee for the indicated fiscal year. Funds obligated to the contract are available until expended. Contract funding will be provided incrementally.

(\$M)	FY13	FY14	FY15	Total
Cleanup Funding	\$207.1	\$208	\$213.4	\$628.5
Defined Benefit Pension Plan Funding	\$27.9	\$39	\$45.6	\$112.5
Total Contract Funding	\$235	\$247	\$259	\$741

Defined Benefit Pension Plan Funding is not included in target cost and fee. Estimated pension funding is \$112.5M through September 30, 2015.

B.14 EXTENSION - TOTAL CONTRACT TARGET COST, FEE, AND COMPLETION DATE

- (a) **CLIN A – Sodium Bearing Waste Operations:** The total contract target cost and target fee are based on a period of performance from October 1, 2012, through September 30, 2015.

The target cost is \$46,340,947.
The target fee is \$0.

- (b) **CLIN B – Post Sodium Bearing Waste:** The total contract target cost and milestone fee are based on a period of performance from October 1, 2012, through September 30, 2015.

The target cost is \$48,420,349.
The milestone fee is \$3,750,000.

- (c) **CLIN C – Balance of ICP:** The total contract target cost and target fee are based on a period of performance from October 1, 2012, through September 30, 2015.

The target cost is SEE CO FOR CURRENT TARGET COST.

The target fee is SEE CO FOR CURRENT TARGET FEE.

See CO

- (d) **EXTENSION – GENERAL AND ADMINISTRATIVE (G&A) ALLOCATION TO CLIN A and B** is incorporated as follows:

Assumptions:

The general and administrative (G&A) threshold for CLIN A and B is 3% consistent with Section B.16. The CLIN A and B base G&A values, as established with contract modification 231, are \$24.6M plus any G&A adjustment that may be necessary as a result of the B.16 calculation (Refer to B.16(D)). If a CLIN A and B adjustment is necessary, it will be calculated after the B.16 adjustment.

If the total incurred combined G&A amount for CLIN A and B for the period of October 1, 2012, through September 30, 2015, exceed the G&A threshold above, a one-time Target Cost and Target Fee adjustment will be made to CLIN C. The calculation of this adjustment will be made by taking the CLIN A & B final G&A incurred costs and subtracting from them the CLIN A & B adjusted base G&A value (See Table A). This delta will be deducted from the CLIN C Target Cost with a corresponding Target Fee deduction of 7.36% (of the target cost adjustment). Final G&A amounts will come from the CWI PeopleSoft system and represent costs found in Project Cost and Reporting system (PCRS).

The B.14(d) clause outlines a specific calculation defined in contract Modification 283. This results in an ICP-II CLIN C Target Cost decrease of \$10,406,309 and a Target Fee decrease of \$765,904.

No other changes to B.14(d).

Mod 283
9/15/14

Mod 315

[Table A below provides three examples of how the adjustment will be calculated.](#)

Table A		
G&A Allocation to CLIN A and B Adjustment (Example)		
Example #1	CLIN A & B Final G&A incurred costs	25,276,500
	B.16(D) Adjustment (Table C (j))	638,378
	CLIN A & B Base G&A Value	24,600,000
	Adjusted CLIN A & B Base G&A Value	25,238,378
	Delta over Adjusted Base	38,122
	% over Base	0.15%
	Target Cost Adjustment	0
	Target Fee Adjustment	0
Example #2	CLIN A & B Final G&A incurred costs	28,000,000
	B.16(D) Adjustment (Table C (j))	638,378
	CLIN A & B Base G&A Value	24,600,000
	Adjusted CLIN A & B Base G&A Value	25,238,378
	Delta over Base	2,761,622
	% over Base	10.94%
	Target Cost Adjustment	(2,761,622)
	Target Fee Adjustment	(203,255)
Example #3	CLIN A & B Final G&A incurred costs	30,000,000
	B.16(D) Adjustment (Table C (j))	638,378
	CLIN A & B Base G&A Value	24,600,000
	Adjusted CLIN A & B Base G&A Value	25,238,378
	Delta over Base	4,761,622
	% over Base	18.87%
	Target Cost Adjustment	(4,761,622)
	Target Fee Adjustment	(350,455)

B.15 EXTENSION INCENTIVE FEE

- (a) **CLIN A - Sodium Bearing Waste Operations:** If the Contractor fails to complete all sodium bearing waste processing by April 30, 2014, final earned fee will be reduced by \$4,000,000. The SBW subject to this provision is the same

waste described in the December 31, 2012, milestone in the Idaho Settlement Agreement.

No fee can be earned on the SBW processing operations. If the work exceeds the target cost of \$46,340,947 (start up and operations) by $\geq 10\%$, there will be another \$1,000,000 penalty.

Target Cost: \$46,340,947

Maximum Fee: \$0

Minimum Fee: \$(5,000,000)

- (b) **CLIN B - Post Sodium Bearing Waste:** The following cost incentive structure is established in association with the extension work scope but specifically the final rinsing, cleaning and RCRA closure of the tank farm from October 1, 2012, through September 30, 2015.

Cost Incentive:

Target Cost: \$48,420,349

Milestone Fee: \$3,750,000

Maximum Fee: \$3,750,000

Fee on this activity will be earned at milestone completion as follows:

1. After draining all 4 tanks to the point that suction is lost (cease use), CWI shall initiate heel removal from a SBW tank by February 28, 2014 \$2,000,000
2. Complete RCRA Closure of SBW Tanks by September 30, 2015 \$ 250,000
3. Place IWTU in safe shutdown condition awaiting future decommissioning by July 30, 2015 \$1,500,000

- (c) **CLIN C** – For the **balance of the ICP work scope**, the following cost incentive structure is established for a period of performance from October 1, 2012 through September 30, 2015.

Cost Incentive

Target Cost: \$487,134,929 SEE CO FOR CURRENT TARGET COST

Target Fee: \$35,853,130 SEE CO FOR CURRENT TARGET FEE
(7.36% of target cost)

See CO

Maximum Fee: ~~\$73,070,239~~ **SEE CO FOR CURRENT MAX FEE**
 (Maximum Fee must not exceed 15% of target cost)

Minimum Fee: \$0.00

Fee Calculation: The fee payable under this contract shall be the target fee increased by **thirty (30)** cents for every dollar that the total allowable cost is less than the target cost or decreased by **thirty (30)** cents for every dollar that the total allowable cost exceeds the target cost as specified in FAR 52.216-10 and subject to the maximum fee limitation above for work performed under Section C.8. If there is a fee reduction as a result of failure to meet identified milestones in CLIN A (Refer to B.15(a) above), it will be accomplished by fee reduction in this CLIN C.

(d) Fee Limitation

The total fee, allowable to the prime contractor and all of its members in a joint venture or limited liability company and/or subcontractors proposed and considered a part of this contract selection, shall not exceed the maximum fee specified in B.15(c).

(e) Schedule Incentive

Any fee earned pursuant to the cost incentive structure set forth in B.15 (c) above, shall be reduced by \$2.0 Million for every 1.0% negative schedule variance realized against the target cost (total Budgeted Cost of Work Scheduled (BCWS) through September 30, 2015, down to zero dollars. For variances less than a full percentage point, the amount of fee lost will be determined using straight-line interpolation. (CLINS A and B are exempt from this clause.)

The following exemptions apply:

1. RH TRU Suspect Waste: If by September 30, 2015, the Contractor has not completed repackaging of the Suspect RH-TRU containers and the Contractor has demonstrated an ongoing effort to open and repackage the Suspect RH-TRU inventory throughout the Contract period of performance, DOE will provide relief for the schedule penalty associated with the remainder of this work if all of the following conditions are met;
 - At least 34 of the 44 containers have been opened.
 - The Contractor will process 1 additional container for each of the initial 34 containers that do not require processing through a hot cell up to a total of 44.

- The Contractor must provide documentation to DOE to demonstrate that hot cell processing is required for each container and item from this inventory that is taken into the hot cell; this documentation must describe the specific hazard that requires hot cell processing.
- Non-RH components and/or packages should be overpacked into drums or standard waste boxes as appropriate without further characterization and returned to the AMWTP contractor.
- The initial opening and inspection of the 13 ANL-E Bins must be completed outside of the hot cell and may not be deferred to the end of the schedule. If >80% of the volume of debris and/or drums stored inside of the bins requires processing through the hot cell, the entire bin will be counted as requiring processing through a hot cell. The Contractor must provide documentation to DOE to demonstrate the initial waste volume in each bin and the volume of any material requiring hot cell processing.

2. Lot 2a rework: Once repackaging of the Suspect RH-TRU is complete, the Contractor will use remaining hot cell availability in CPP-659 and CPP-666 to proceed with repackaging the Lot 2a Rework. The Lot 2a rework will not be subject to a schedule penalty.

2.3. Contact Handled Transuranic (CH-TRU): Contractor is granted schedule relief on the requirement to have all ARP CH-TRU certified by September 30, 2015, due to the AMWTP contractor's schedule for characterization and certification of the ARP waste.

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4. MFC D&D - Contractor is granted schedule relief on the requirement defined solely in Item 4 below. However, a deductive change to the target cost and target fee will be incorporated for any work that is not completed by the end of the current contract period of performance.

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- (f) The Government reserves the right to require the contractor to perform additional work scope defined in Section C.11. If the cleanup scope of work defined in Section C.8 is accomplished earlier than September 30, 2015, and additional funding is available (either the target cost has not been reached or new funds are made available), DOE will add work scope to be completed by September 30, 2015. The additional work to be performed, the estimated costs, and the associated fee will be negotiated and the contract will be modified prior to the contractor commencing any such work.

DOE recognizes that the Statement of Work includes specific projects, such as tank farm closure, subsurface disposal area and remote handled transuranic waste, which may extend beyond September 30, 2015, if schedule contingencies are consumed by other activities during the performance period. DOE may elect to extend specific projects based on project completion dates beyond September 30, 2015, in order to successfully complete those projects in support of the EM mission. DOE's decision to complete these projects beyond September 30, 2015,

will be based on funding availability and on the Contractor’s performance and diligence to complete the work prior to September 30, 2015.

- (g) The Government reserves the right to have any of the work contemplated by Section C.8, Statement of Work, of this contract performed by another contractor or to have the work performed by Government employees. If the Contracting Officer withdraws the work, the contractor agrees to fully cooperate with the new performing entity and to provide transition support as required. Notwithstanding the clause entitled “Obligation of Funds” in Section B.20, the Contracting Officer may unilaterally deobligate funding associated with any such withdrawal of work. Target Cost and Target Fee reductions will be negotiated at the time the work is withdrawn consistent with ICP baseline costs and target fee percentages, and the contract modified accordingly

B.16 EXTENSION - ITEMS NOT INCLUDED IN TARGET COST (Referred to as B.5)

~~The items described in Section C.11 (except the EEOICPA administrative activity) are not included in the current Target Cost of this contract as defined in Section B.14. If DOE authorizes activities which, by year, exceed (plus or minus) 3% of the table below, then an adjustment to the Target Cost and Target Fee may be requested by either party, and separate funding will be provided for the task.~~

~~The following non Target Costs are anticipated in the contract and provide, along with the target cost in Section B.14, the basis for the total cost of items described in Section C:~~

(\$M)	FY13	FY14	FY15	Total
Non-Target Scopes (Fully Burdened with pension)	\$34.0	\$35.7	\$49.5	\$119.2

~~Please contact your contracting staff for the most current B.5 activities.~~

The items described in Section C.11 (except the EEOICPA administrative activity) are not included in the current Target Cost (CLIN C – Balance of ICP) of this contract as defined in Section B.14(c). If DOE authorizes a new activity (B.16 work and/or other non-target non-B.16 work) which, by September 30, 2015, exceeds (plus or minus) 3% of the total Non-Target Scope provided in Table A below, then an adjustment to the Target Cost and Target Fee may be made using the following assumptions, calculations, and document sources (defined in Table B below). Separate funding will be provided for each new activity.

Assumptions:

- A. B.16 negotiated values will be used.
- B. Non-target non-B.16 actual costs will be used.

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- C. If the threshold of plus or minus 3% (of \$119.2M) is triggered, the adjustment will occur on September 30, 2015, covering the period of performance of October 1, 2012, through September 30, 2015.
- D. The one-time adjustment will apply to CLIN C on a proration basis of 83.8%; CLIN A - B at 16.2%.
- E. Negotiated values that will be used for each year are the values for the proposed year they are to be incurred not the year awarded.

Table A below includes the anticipated Total Non-Target Scope in the contract. The values included in Table A were negotiated and definitized with Contract Modification 231.

Table A - Total Non-Target Scope				
(\$M)	FY13	FY14	FY15	Total
<u>Non-Target Scope (Fully Burdened with pension)</u>	<u>\$34.0</u>	<u>\$35.7</u>	<u>\$49.5</u>	<u>\$119.2</u>
<u>Initial Planned G&A Amounts</u>	<u>\$8.1</u>	<u>\$7.9</u>	<u>\$9.6</u>	<u>\$25.6</u>
<u>Initial G&A Rates</u>	<u>36.49%</u>	<u>34.96%</u>	<u>29.72%</u>	

Table B - Calculations, Formulas and Source		
	<u>Item</u>	<u>Source or Formula (attached to this modification)</u>
<u>a</u>	<u>Direct B.16 Negotiated Costs</u>	<u>The final negotiated and memorialized B.16 ICP II Table and CWI's table that spreads the B.16 ICP II Table amounts to the period they were proposed to be incurred. (Attachment A Line 19 and Attachment A.1 {upon CO concurrence})</u>
<u>b</u>	<u>Direct Non-Target Non-B.16 Actual Costs</u>	<u>Sum of PeopleSoft cost report filtered on non-target work less indirect and fee cost elements. (Attachment B)</u>
<u>c</u>	<u>Total Non-Target Direct Costs</u>	<u>a + b above = c</u>
<u>d</u>	<u>Modified G&A Annual Value</u>	<u>c x annual Initial G&A rate identified in Table A listed above.</u>
<u>e</u>	<u>Annual Delta Values</u>	<u>Initial Planned G&A Amounts (listed in Table A above) - d</u>
<u>f</u>	<u>Contract Delta</u>	<u>Sum of each annual e (by fiscal year)</u>
<u>g</u>	<u>Target Cost Adjustment</u>	<u>f x 83.8% (CLIN C's ratio: \$24.6M / \$151.4M)</u>
<u>i</u>	<u>Target Fee Adjustment</u>	<u>g x 7.36% (CLIN C)</u>

[Table C below provides an example of how the adjustment will be calculated.](#)

Table C					
B.16 Extension - Items Not Included in Target Cost (Example)					
Item	Item Name	FY 2013	FY 2014	FY 2015	Final Adj.
a	B.16 Direct Negotiated Costs	18,021,816	19,320,781	16,677,236	
b	Other Non-Target Direct Costs	4,307,281	2,727,305	2,850,000	
c	Total Non-Target Direct Costs	22,329,097	22,048,086	19,527,236	
	Annual Initial G&A Rate (from Table A)	36.49%	34.96%	29.72%	
	Initial Planned G&A Amount (from Table A)	8,100,000	7,900,000	9,600,000	
d	Modified G&A Annual Value	8,147,887	7,708,011	5,803,495	
e	Annual Delta Value	(47,887)	191,989	3,796,505	
f	Contract Delta (sum of annual deltas)	(47,887)	191,989	3,796,505	
g	Target Cost Adjustment (Contract delta x 83.8%)	(40,130)	160,887	3,181,472	3,302,229
i	Target Fee Adjustment (Target Cost Adj. x 7.36%)	(2,954)	11,841	234,156	243,044
j	CLIN A&B Adjustment	(7,758)	31,102	615,034	638,378

[The B.16 clause outlines a specific calculation defined in contract Modification 283. This results in an ICP-II CLIN C Target Cost decrease of \\$3,088,426 and a Target Fee decrease of \\$227,308.](#)

[No other changes to Section B.16.](#)

B.17 EXTENSION - FEE PAYMENT SCHEDULE AND ADJUSTMENTS

(a) Fee Payment Schedule

Scheduled Provisional Fee Payments will be made quarterly and will be calculated as follows:

$$\text{Provisional Fee Payment} = \frac{\text{Target Fee} \times 0.80}{12}$$

Quarterly fee payments may be adjusted based on the evaluation criteria identified below.

(b) Provisional Quarterly Fee Payment Adjustments and Reductions

The Contracting Officer (CO) may adjust the provisional quarterly fee payment based on the validated cost and schedule variance. In determining the appropriate adjustments to the provisional fee payment, the CO will use the following earned value definitions:

- (1) Cost Variance (%) is equal to the [(Budgeted Cost of Work Performed minus the Actual Cost of Work Performed) divided by Budgeted Cost of Work Performed] times 100.
- (2) Schedule Variance (%) is equal to the [(Budgeted Cost of Work Performed minus the Budgeted Cost of Work Scheduled) divided by Budgeted Cost of Work Scheduled] times 100.

Based on the evaluation factors above, if it is determined the contractor will earn less than Target Fee, the CO may adjust the provisional quarterly fee payment downward proportionally, to a minimum of zero. If it is determined the contractor will earn above Target Fee, the CO may adjust the provisional quarterly fee payment upward proportionally, to the (Maximum Fee Amount x 0.90)/12.

B.18 EXTENSION - FINAL FEE DETERMINATION

- (a) The final fee determination for the extension work scope with a period of performance from October 1, 2012, through September 30, 2015, will be calculated separately by the CO. The final fee determination will be based on the total actual cost and the schedule variance described in B.15(e) on the completion date of September 30, 2015, excluding any additional work scope added to the contract per Section C.11. The final fee payment will be the difference between the final fee determination amount minus the provisional fee payments made during the contract period as adjusted by conditional payment of fee provisions per Section I.141 of the contract.
- (b) When calculating the total actual cost for the final fee determination, the total allowable costs will exclude the actual costs of the current INL Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees.
- (c) If the sum of quarterly provisional fee payments made during the period of the contract is greater than the overall fee that is calculated by the CO in his/her final fee determination, the contractor shall reimburse the amount of fee already paid that is greater than the fee earned and shall pay interest to DOE in accordance with the prevailing Treasury rate(s) in effect at the time the payments were made.

B.19 EXTENSION - STATEMENT OF COMMITMENT

The DOE and the contractor recognize the accelerated cleanup is a cooperative undertaking that requires both parties to seek innovative approaches to achieve the end objective. Streamlining processes and eliminating non-value-added requirements are critical to accomplishing accelerated cleanup. Both parties agree through the term of this contract to use their best efforts and to cooperate in seeking the reduction of non-value-added requirements and processes that impede progress.

B.20 EXTENSION - OBLIGATION OF FUNDS

Total funds in the amount of \$(see current Detailed Funding Profile) are obligated herewith and made available for payment of allowable costs and fee earned from the effective date of this contract through contract completion pursuant to the FAR Clause 52.232-22, entitled "Limitation of Funds."

B.21 EXTENSION - SITE INVESTIGATION AND CONDITIONS AFFECTING THE WORK (CHANGES TO TARGET COST AND TARGET FEE)

Changes that may affect the Target Cost will be as follows:

- (a) Changes Beyond Contractor Control: When work under this contract is changed that is not directly attributable to contractor actions or inactions, equitable adjustments to Section B, Target Cost, and corresponding Target and Maximum Fees, may be made, in accordance with the changes clause. Examples of these actions/events are provided below in Table B.1.1. These examples are not meant to be a complete listing of all possible events, but represent major types of events in each category.

Requests for equitable adjustment shall be in compliance with all applicable Cost Accounting Standard (CAS) and in accordance with the Contractor's Disclosure Statement.

- (b) Changes for which the Contractor is Accountable: When work under this contract is changed as a direct result of contractor actions or inactions, or as a result of the contractor's failure to adequately manage project or technical risks, the Government will not negotiate changes, and the contractor agrees that these changes shall not constitute a change to the Section B Target Cost and corresponding Target and Maximum Fees. Such changes will be maintained as a variance to the extension ICP Project Baseline, as defined in Section H.1 (the costs may be allowable, but the Target Cost and corresponding Target and Maximum Fees will not change). Examples of these actions/events are provided in Table B.2. These examples are not meant to be a complete listing of all possible events or all categories of events, but represent types of events in each category.

Any changes to (a) and (b) above, will not result in a change to the contract completion date.

Table B.1.1 – Changes Beyond Contractor Control

BEA changes in services	INL contractor (BEA) charges for services which in FY12 were at no cost to CWI (for example Safeguards and Security).
BEA shared Service costs	INL contractor (BEA) services' costs increase beyond escalation. (This does not include cost increases resulting from allocation changes.) These services are limited to the fire department, emergency operations, wireless design and support, and power management.
CWI Insurance Increase	CWI Insurance carrier is no longer willing to provide insurance ie; Workman’s comp, car, liability. CWI is actively pursuing coverage. Cost will be significantly higher for insurance.
Work Force Reduction Costs	Work Force reduction costs associated with voluntary or involuntary reduction in work force.
Cyber security Implementation	Implementation of DOE N Directive 205.1B DOE Cyber Security Program
Departmental Sustainability	Implementation of DOE Order 436.1 DOE Departmental Sustainability
Navy Facility Cost Sharing	Navy fuel work decreases below \$11M or above \$16M (burdened) annually in EM facility costs.
State Milestones and Tank Farm Closure	Sodium Bearing Waste processing as a new technology may impact closure of Tank Farm and key State milestones
TAN Landfill Vegetation	C.8.4.3 TAN Groundwater - Vegetation at the TAN landfills will never be established until the area is irrigated. Based on the soil type irrigation alone would not fix the problem. Topsoil would have to be imported and the cover reconstructed and irrigation established.
Funding Descopes	Descoping/ Demobilization due to funding constraints
RCRA Closure Requirements of IWTU	IWTU RCRA closure and related DEQ requirements for early closure
Affirmative Procurement	Implementation of FAR 52.223-2 Affirmative Procurement of Biobased Products Under Service and Construction Contracts
Energy Efficiency	Implementation of FAR 52.223-15 Energy Efficiency in Energy-Consuming Products
Environmental Assessments	Implementation of FAR 52.223-16 IEEE 1680 Standard for the Environmental Assessment of Personal Computer Products
Affirmative Procurements	Implementation of FAR 52.223-17 Affirmative Procurement of EPA-designated Items in Service and Construction Contracts
Sustainable Acquisition Program	Implementation of DEAR 952.223-78 Sustainable Acquisition Program

New DOE Orders	DOE O 243.1A Records Management Program, DOE O 551.1D Official Foreign Travel, DOE O 580.1A Department of Energy Personal Property Management Program
IWTU ORR	DOE makes a decision that an ORR will be required to restart the IWTU Operations
Sludge RBDA	Environmental Protection Agency does not approve handling of Sludge Drums as defined in the Risk Based Disposal Approval

Table B.2.1 – Changes for which the Contractor is Accountable

ES&H Violations or accidents by the contractor or subcontractor, including work stoppage, consequential investigations and impacts
Fines and penalties imposed by DOE, or any other regulatory agency, if the behavior for which the contractor is being penalized occurred during the course of the contract, including ongoing harm resulting from the contractor’s inaction regarding known pre-existing conditions identified according to DEAR 970.5231-4.
Changes in mandatory or Other Site Services costs renegotiated by the contractor
Increased cost and/or schedule for regulatory agency approved end states that differ from the contractor-proposed end states for high risk facilities disposition and for CERCLA remediations (without currently approved RODs)
Failure to eliminate, avoid, or mitigate risks as required in Section H.2 through use of cost or schedule contingency in its target cost. This includes inadequate or poorly developed basis of estimates for all work scope
All other pension and welfare benefits costs pertaining to incumbent (grandfathered) employees, non-incumbent employees (new hires after contract takeover) and retirees, including costs of the defined contribution (investment) plan, post-retirement medical benefits, and other pensions and benefits costs (including contractor administrative costs), except for the actual costs of the current INL Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees
Litigation arising during the contract term for matters within the contractor’s control
Employee severance cost
Self-insurance option for FY14-15

B.22 EXTENSION – FRINGE BENEFITS is incorporated as follows:

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Fringe costs, based upon the current approved provisional rate, will be considered a direct cost for pricing scope additions and scope deletions and the costs will be included in the fee calculation for such contract change actions.

STATEMENT OF AGREEMENT: In consideration of the modification agreed to herein for the change to the B.16 clause, the G&A allocation adjustment to the CLINs, and application of Fringe to new work, the Contractor and DOE mutually agree that the adjustment methodology

described herein is binding on both parties in resolution of this matter. This modification and the methodology described herein may not be amended except by written mutual agreement of the parties.

The parties expressly agree that this modification of ICP II, relating to the treatment of General & Administrative costs and associated incentive and other fees, will not be offered, used, or relied on by either party, regardless of the context (i.e., negotiations, mediation, trial, or appeal), to prove any matter relating to the G&A and incentive and other fee issues that exist under ICP I. Instead, the parties agree that this modification makes an adjustment to ICP II that is retroactive to October 1, 2012, and is irrelevant to the proper interpretation of ICP I. The parties further expressly reserve any and all rights and defenses relating to the pending issues in CWI's appeal filed in the Civilian Board of Contract Appeals, CBCA No. 3876, regarding the proper treatment of G&A for purposes of final fee determination under ICP I.