

**Department of Energy
Acquisition Regulation**

**No. AL-2015-02
Date November 24, 2014**



ACQUISITION LETTER

This Acquisition Letter is issued under the authority of the Senior Procurement Executive of DOE. It is intended for use by procurement professions of DOE, primarily Contracting Officers, and other officials of DOE that are involved in the acquisition process. Other parties are welcome to its information, but definitive interpretations of its effect on contracts, and related procedures, if any, may only be made by DOE Contracting Officers.

Subject: Revision of Department of Energy (DOE) Order 350.1 and Special H Clause

References:

DOE Order 350.1, "Contractor Human Resource Management Programs"
Public Law 83.703, Atomic Energy Act of 1954, as amended
FAR 28.3, Insurance
Department of Energy Acquisition Regulations (DEAR) 928.3, Insurance
FAR Part 30, Cost Accounting Standards Administration
FAR 31.205-19, Insurance and Indemnification
DEAR 931.205-19, Insurance and Indemnification
Cost Accounting Standards (CAS) 416, Accounting for Insurance Costs
DEAR 950, Extraordinary Contractual Actions and Safety Act
DEAR 950.70, Nuclear Indemnification of DOE Contractors
DEAR 950.71, General Contract Authority Indemnity
DEAR 952.231.71, Insurance-Litigation and Claims
DEAR 970.28, Bonds of Insurance
DEAR 970.5070, Indemnification
DEAR 970.5228-1, Insurance-Litigation and Claims

When Is this Acquisition Letter (AL) Effective?

This Acquisition Letter (AL) is effective immediately upon issuance.

When Does this AL Expire?

This AL remains in effect until superseded or canceled.

Who Is the Intended Audience For this AL?

Heads of Contracting Activity (HCAs) and Contracting Officers responsible for administering and managing Department of Energy (DOE) management and operating (M&O) contracts, non-M&O major site and facility contracts, and contracts that include DOE Order 350.1.

For the National Nuclear Security Administration (NNSA), the HCA will provide direction in a forthcoming memorandum regarding the impact of the revised Chapter VII, DOE Order 350.1 on existing contracts that include DOE O 350.1.

Who Is the Point of Contact?

DOE Contact: Robert M. Myers, Director, Contractor Human Resources Policy Division (MA-612) at (202) 287-1584 or robert.myers@hq.doe.gov.

For additional information on ALs and other issues, visit our website at <http://energy.gov/management/office-management/operational-management/procurement-and-acquisition>.

What is the Purpose of this AL?

The purpose of this AL is to communicate the revisions to Chapter VII, Risk Management and Insurance Programs of DOE Order 350.1, Contractor Human Resource Management Programs (approved on September 30, 2014), and require Contracting Officers to modify applicable contracts no later than January 31, 2015, to include the new STRIPES Special H clause (attached) which contains requirements formerly included in the Contractor Requirements Document (CRD) of Chapter VII. The DOE 350.1 Chapter VII revisions reflect (1) deletion of requirements and references to the DOE Retrospective Rating Insurance Plan (DOERRIP) since it is no longer available for purchase in the insurance market, (2) the deletion of the CRD contractual requirements since such requirements will now be incorporated directly into the contracts, and (3) administrative changes to reflect existing DOE organizations assigned with areas of responsibilities in Chapter VII.

Modifications to the attached Special H clause, for site specific conditions, are permitted with advance approval by the HCA and concurrence from the Office of Acquisition and Project Management.

What Types of Contracts Are Affected by this AL?

This AL applies to all M&O contracts, non-M&O major site and facility contracts, and other contracts that include DOE Order 350.1.

What Is the Background Information?

DOE Order 350.1 establishes the responsibilities, requirements, and cost allowability criteria for the management and oversight of contractor human resource programs. The Order establishes oversight responsibilities to ensure that DOE contractors manage their human resource programs to support the DOE mission, promote work force excellence, champion work force diversity,

achieve effective cost management performance, and comply with applicable laws and regulations. Chapter VII of this Order establishes oversight responsibilities to ensure that contractors develop and administer risk management and insurance programs that promote compliance with insurance laws and regulations and cost effective placement and management of third party liability insurance.

On May 16, 2012, Liberty Mutual Insurance (LMI) officially notified DOE of its decision to cease underwriting the DOERRIP, an insurance package initially negotiated by the Atomic Energy Commission (AEC) to address the limited market of insurance companies willing to provide coverage for high risk and classified activities performed by DOE contractors. With the departure of LMI, DOE contractors were required to obtain insurance coverage on the open market. The revision to Chapter VII deletes all references to the DOERRIP, which is no longer available for purchase.

Consistent with the removal of CRDs in DOE Order 350.1 Chapter IV, Compensation; Chapter V, Benefits; and Chapter VI, DOE Contractor Pension Plans, which became effective on October 1, 2013, contractual requirements previously contained in the CRD of Chapter VII are to be incorporated into Section H, Special Contract Requirements, of the contract.

What Is the Guidance Contained in this AL?

Contracting Officers will have to take appropriate actions, including modifying existing contracts, as appropriate, to incorporate the attached STRIPES Special H clause and to update the referenced Order in the applicable section of the Contract no later than January 31, 2015. As part of this action, the Contracting Officer should review the contract to ensure that these revisions do not conflict with other provisions of the contract. If the site seeks to deviate from the changes in the attached Special H clause because of site specific conditions, the Contracting Officer may make modifications to the attached Special H clause with advance approval by the HCA and concurrence from the Office of Acquisition and Project Management.