

**FY-14 AWARD FEE PLAN**

**For**

**Babcock and Wilcox Conversion Services, LLC**

**Acquisition for Operations of Depleted Uranium Hexafluoride  
(DUF<sub>6</sub>) Conversion Facilities at Paducah, Kentucky and  
Portsmouth, Ohio**

**Contract No. DE-AC30-11CC40015**

**Third Period**

**October 1, 2013 through September 30, 2014**

CONCUR:



**John P. Zimmerman P.E., DUF<sub>6</sub> Federal Project Director  
Portsmouth/Paducah Project Office**

CONCUR:



**George Dials, President and Project Manager, Babcock & Wilcox Conversion Services,  
LLC**

APPROVED:



**William E. Murphie, Manager  
Portsmouth/Paducah Project Office**

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## **INTRODUCTION**

The purpose of this award fee plan is to define the methodology and responsibilities associated with determining the fee to be awarded to the contractor. The plan outlines the organization, procedures, evaluation criteria and evaluation periods for implementing the award fee provisions of the contract. The objective of the award fee is to motivate the contractor to substantially exceed standards and to emphasize key areas of performance without jeopardizing minimum acceptable performance in all other areas. The Award Fee period begins after the Contract Transition Period and extends for the contract duration.

## **2. DEFINITION OF TERMS**

- a. **Contracting Officer (CO)**: The individual authorized to commit and obligate the government through the life of the contract. The CO is an advisor to the Performance Evaluation Board (PEB).
- b. **Fee Determining Official (FDO)**: The individual who makes the final determination of the amount of fee to be awarded to the contractor. The FDO is the Manager of the Portsmouth/Paducah Project Office. The authority has been delegated by the Office of Environmental Management Head of Contracting Activity.
- c. **Performance Evaluation Board (PEB)**: The group of individuals who review the contractor's performance and recommend an award fee to the FDO. The PEB chairperson is the DUF<sub>6</sub> Federal project Director. Members of and advisors to the PEB are indicated in Exhibit 1.
- d. **Project Technical Monitor (PTM)**: The individual(s) assigned to monitor and evaluate the contractor's performance on a continuing basis. The PTM's evaluation is the primary point of reference in determining the recommended award fee, especially the technical support area of performance. The PTM are responsible for providing their input, as requested, to the FPD. The PTM is an advisor(s) to the PEB.

## **3. AWARD FEE STRUCTURE**

The award fee structure is consistent with the contract. Because there has not been a disposition path for the uranium oxide, the award fee associated with the transportation and disposition of that oxide has been calculated to be \$5.4M (see Section 6.b.). Therefore the total available fee is \$21.6M. There is only award fee, which has been divided into two sections of award fee, a category of performance section (40% of the available award fee) and a performance -based incentive section (60% of the available award fee.)

- a. The category of performance section is divided into the following general categories of performance: a) quality and effectiveness of Environment, Safety, Health and Quality Assurance (ESH&QA) Program, b) quality and effectiveness of project support, c) quality and effectiveness

of Cylinder Management, and d) quality and effectiveness of project management (**including cost management**), e) quality of nuclear safety and quality culture, f) quality of technical problem solving. Each category will be evaluated separately, and will receive a grade ranging from Unsatisfactory to Excellent. The available fee for the categories of performance section is 40% of the total award fee that is available for the period (see Section 6).

b. The second section consists of specific performance based incentive (PBI) criteria. These criteria are based on achieving plant output for the duration of the contract and completion of Hot Functional Testing. The Hot Functional Testing Incentive is a one-time incentive based on completion of a two week test to demonstrate the highest stable, sustainable conversion rates. This criteria is based on achieving plant output for the duration of the contract. This is a pure incentive which provides a set rate for metric tons produced during the life of the contract. Each evaluation period will total the sum number of tons produced in that period and the unit rate incentive will be earned in that period for those tons produced. At no time will the fee earned be higher than that set in the contract. This rate for tons produced was determined prior to the evaluation period and an estimated award fee amount assigned. The available fee for the PBI section is 60% of the total award fee available for the total contract (see Section 6).

#### **4. ORGANIZATIONAL STRUCTURE**

a. The Manager, Portsmouth Paducah Project Office, is the FDO and establishes a PEB. In the absence of the Manager, Portsmouth Paducah Project Office, the Deputy Manager, Portsmouth Paducah Project Office serves as the FDO. The PEB assists the FDO in the award fee determination by recommending an award fee for the contractor's performance. If a PEB member or advisor is absent, the FDO can approve substitute(s) with similar qualifications. Technical and functional experts, as required, may serve in an advisory (non-voting) capacity to the PEB. Exhibit 1 provides a suggested listing for members and advisors.

b. A copy of the Award Fee Plan will be provided to the contractor 30 days prior to the start of each subsequent evaluation period. The Award Fee Plan includes both categories of performance and specific PBI award fee criteria as described in Section 3. Changes which do not impact the award fee criteria or process, such as editorial or personnel changes may be made and implemented without being provided to the contractor prior to the start of the evaluation period. The Award Fee Plan may be revised unilaterally by the Government at any time during the period of performance. Notification of such changes shall be provided to the Contractor 30 calendar days prior to the start of the evaluation period to which the change will apply.

#### **5. RESPONSIBILITIES**

a. The PTMs will monitor and evaluate the contractor's performance. The PTMs will work closely with the CO, FPD and Deputy FPDs in performing surveillance duties. PTMs will utilize Exhibit 2, Award Fee Rating Table, and Exhibit 5 Rating Criteria, when monitoring and evaluating contractor's performance.

b. The FPD will use the Award Fee Rating Table in Exhibit 2 to determine the adjective ratings for the Exhibit 3 Category of Performance section to be reported to the PEB along with Exhibit 4

for the PBI section. The FPD will be thoroughly familiar with current award fee policy, guidance, regulations, and correspondence pertinent to the award fee process. The FPD will coordinate administrative actions required by the PTM(s), the PEB, and the FDO. Administrative actions include receiving, processing, and distributing performance evaluation inputs, scheduling and assisting with internal milestones, i.e., PEB briefings, and other actions as required for the smooth operation of the award fee process.

c. The PEB members will review the PTM’s evaluation reports and the FPD’s recommended adjectival rating, consider information from other pertinent sources, and develop a fee recommendation. The PEB chairperson will give the fee recommendation to the FDO.

d. The FDO will review the PEB’s recommendations, consider all appropriate data, and notify the CO in writing of the final fee determination. The CO will prepare a letter for FDO signature notifying the contractor of the award fee amount. The CO will modify the contract to reflect the earned award fee for the performance evaluation period.

**6. AWARD FEE AMOUNTS**

a. The total contract award fee available is \$ 27,164,501.

b. **FEE BY CATEGORY FOR CONTRACT PERIOD**

Period	Category of Performance Award Fee	PBI Award Fee (estimated)	Oxide Transportation & Disposal Award Fee*	Hot Functional Testing Fee**	Additional Fee	Total Estimated Available Fee***	Earned Fee
FY 2011/2012	2,208,937	3,313,406	deferred	deferred		5,522,343	4,059,839
FY 2013	2,163,786	2,163,786	deferred	111,922	5,252	4,444,746	
FY 2014	2,095,635	3,143,452	deferred			5,239,087	
FY 2015	2,095,635	3,143,452	5,082,023			10,321,110	
FY 2016 (1 <sup>st</sup> Qtr)	523,909	785,863	327,443			1,637,215	
Total	9,087,902	12,549,959	5,409,465	111,922		27,164,501	

\*Transportation and Disposal of the oxide product (OTD) is deferred for the FY 2011/2012 period ,the FY 2013 period and the FY 2014 period. The Contractor will be informed separately when OTD work is authorized. Fee associated with OTD work is not available to be earned until OTD work is authorized.

\*\*The Hot Functional Testing Fee is available in whichever period it is completed.

\*\*\* This Total reflects the initial contract total fee available including fee associated with exercising options for Hot Functional Testing (HFT) work and fee for additional work scope ( Off Spec HF). HFT option fee is available in any period it is completed. This

Total is estimated based on the incentives earned in each period. The Total Estimated Available Fee will change only by a formal modification to the contract.

Unearned PBI fee for DUF6 conversion from the First Period was \$1,309,353 and is available to be earned in subsequent periods at the rate of \$67/MT.

The first evaluation period is March 29, 2011 to September 30, 2012. The second evaluation period is FY2013 (October 1, 2012-September 30, 2013). The third evaluation period is FY2014 (October 1, 2013-September 30, 2014).

- c. (1) The amount estimated available for the FY 2011/2012 evaluation period was \$5,634,265. The fee for this period reflected estimated fee for the 18 month period plus the award fee specifically available for the Hot Functional Testing option (\$111,922). The listed fee above reflects deferring the fee for Hot Functional Testing into the next period
- (2) The amount available for the FY 2013 evaluation period is \$4,439,494, however first period unearned PBI is available. The listed fee above also reflects the \$5,252 for additional work (Off Spec HF) performed in FY 12.
- d. If a fee reduction in accordance with the Contract Clause B.9 “DEAR 952.223-76 CONDITIONAL PAYMENT OF FEE OR PROFIT–SAFEGUARDING RESTRICTED DATA AND OTHER CLASSIFIED INFORMATION AND PROTECTION OF WORKER SAFETY AND HEALTH (JAN 2004)” is directed, the award fee pool for the evaluation period shall be decreased by the equivalent amount.

## **7. AWARD FEE PROCESS (See Exhibit 7, Award Fee Process Flowchart)**

### **a. PTM Actions**

- (1) PTM(s) will continually monitor and evaluate the contractor’s performance using the criteria contained in Exhibit 5, Rating Criteria. Monitoring and evaluating performance will include but not be limited to the routine interface and oversight of the contractor and the review of the provided services and work products submitted to DOE by the contractor. PTM(s) will also evaluate quarterly input by the contractor.
- (2) The PTM will use the appropriate Category of Performance (CP) rating criteria for the categories of performance section in Exhibit 5 to evaluate the contractor’s performance. The PTM will review and evaluate each evaluation criteria for each CP item to determine the performance level of the contractor. If a weakness appears in any way to negatively impact ES&H performance or the safeguarding of restricted data pursuant to the contract, the PTM shall notify the Deputy FPDs, FPD and the CO. A weakness for any Category of Performance is defined as any failure to meet CP evaluation criteria. The PTM will

maintain all documentation. The PTM will use the documentation to ensure contractor has established adequate procedures to prevent recurrence of weaknesses.

- (3) The designated PTMs will assess the contractor's progress against the PBI in Exhibit 4. The PTM(s) will provide status of the readiness states or production achieved for each of the seven production lines on an interim basis and at the end of the award fee period delineated by this plan to the PEB.
- (4) At the end of each period the PTM will submit to the FPD the rating criteria, Exhibit 5, for all Category of Performance items for that section. Based on the above evaluation results, the PTM will select the appropriate adjective rating with written notes on the strengths and weaknesses of the contractor to report to the FPD.

b. **FPD's Actions**

- (1) The FPD will select an adjective rating for each of the CP items for the categories of performance section based on his/her personal observations of performance and on the adjective rating reported by the PTM along with an assessment of the PBI readiness state of each of the seven production lines as described in Exhibit 4.
- (2) The FPD will use Exhibit 6, Adjective Rating Summary Table, to record the PTM's adjective rating for the period and the FPD's adjective rating. The FPD is not permitted to change the PTM's adjective rating. In addition to reporting the PTM's notes on the strengths and weaknesses of the contractor, the FPD will annotate his/her rationale for selecting a particular adjective rating.
- (3) The FPD will use Exhibit 6, Adjective Rating Summary Table, to compute the adjective rating average for the award fee.
- (4) The FPD will submit a completed Exhibit 6, Adjective Rating Summary Table, for presentation to the PEB along with a summary report on the PBIs.
- (5) The FPD notifies PEB members and any advisors of the date and time of the PEB meeting. Additionally, the FPD notifies the contractor of the date and time of PEB meeting and advises the contractor of when and how (written, oral, or both) he/she will be permitted to address the PEB as determined by the PEB chairperson. Generally, the contractor will be provided the opportunity to provide written materials (limited to no more than 20 pages) and make an oral presentation of up to 30 minutes. The presentation should be provided in advance and should be in the form of a self-assessment measured against each award fee criteria section. Prior to the PEB meeting, the FPD will provide the PEB members with a page-numbered binder to include, at a minimum, the input for the award fee period from the PTM members, the forms required to be filled out during the evaluation meeting, and the contractor's award fee presentation.
- (6) The FPD prepares the draft performance evaluation report in a briefing format as determined by the PEB chairperson. The area report briefing should include a mix of

specific and global evaluation comments so the PEB can get a holistic assessment of the contractor's performance.

c. **PEB Actions**

- (1) FPD will chair the PEB. The FDO will be the approving authority for selection of the PEB members recommended by the chairperson. The PEB chairperson will establish dates, times, and places for the PEB meeting and make appropriate notification to members, advisors, and the contractor. The chairperson will schedule the PEB meeting to ensure the PEB's recommended fee is presented to the FDO within 30 days following the close of the evaluation period.
- (2) PEB members will consider all information from the following sources in determining its award fee recommendation to the FDO:
  - a) Evaluations submitted by the PTMs and FPD. Chairperson may require oral briefings by the functional area personnel.
  - b) Evaluations and status of PBI accomplishments.
  - c) Information submitted by other sources as considered appropriate by the PEB.
  - d) Contractor's written or oral (or both as determined by chairperson) self-assessment of performance.
- (3) Using Exhibit 6, Adjective Rating Summary Table; each PEB member will document their adjective rating from Exhibit 2, Award Fee Rating Table, and provide their rationale by attaching notes to Exhibit 3 for their selection.
- (4) The chairperson will collect members' Adjective Rating Summary Table, Exhibit 6, and review them. If any member's adjective rating is "below satisfactory" and this rating is lower than a PTM(s) adjective rating for that same area, appropriate discussions with that member(s) should be conducted to determine the member's rationale. Lowering the adjective rating requires specific reasons, since the contractor will be aware of all weaknesses from the PTM's evaluation. Once the chairperson is satisfied with the PEB's rating results, the chairperson will pass the individual member's rating sheets to the FPD.
- (5) The chairperson summarizes individual member's adjective ratings for the rating criteria using Exhibit 6, Summary of PEB's Rating and provides a summary of the adjective rating to ensure PEB consensus with the resulting overall rating. The PEB will then strive to gain consensus on a fee/fee range recommendation to the FDO for the categories of performance section award fee.
- (6) The PEB members will evaluate the PBI status of each production line. The FPD will strive to gain consensus of the PBI achievement from the board on a fee recommendation to the FDO based on the Exhibit 4 chart.
- (7) The chairperson will prepare or will have prepared a cover letter to transmit the final Performance Evaluation Report, to include Exhibits 5 and 6, Summary of PEB's Rating,

to the FDO along with a report on the PBI status of processed metric tons of uranium oxide produced/completed.

- (8) The PEB Chair will meet with the contractor's manager each period to discuss PTM and FPD ratings, upon request by the contractor's manager. If issues have not been previously communicated by DOE to the contractor, this gives the contractor an opportunity to make corrective actions prior to future periods.

d. **FDO's Actions**

- (1) The FDO will review the PEB's recommendations, consider all appropriate data, and notify the CO in writing of the final fee determination after receiving Head of Contracting Activity (HCA) coordination.
- (2) The FDO notifies the CO in writing or via electronic correspondence of his/her final determination of award fee

e. **CO's Actions**

- (1) The CO will prepare a letter for the FDO's signature notifying the contractor of the amount of award fee earned for the period. Additionally, the letter will identify any specific areas of strengths and weaknesses in the contractor's performance.
- (2) The CO will unilaterally modify the contract to reflect the FDO's final determination of award fee. This modification will decrease the total value of the contract commensurate with the amount of the fee unearned. The modification will be issued to the contractor within 14 days after the CO receives the FDO's decision. The Contracting Officer will post the Fee Determination Letter, a one-page score card and a Performance Evaluation Report on the local website no later than 30 days after the FDO decision is issued to the contractor.

**8. TERMINATION FOR CONVENIENCE**

In the event that the contract is terminated for the convenience of the government (Clause I.112), the remaining award fee payable for the current period may be available for equitable adjustment in accordance with the termination clause of the contract. The remaining fee for all periods after the termination shall not be considered earned and therefore shall not be paid.

**EXHIBIT 1**  
**PERFORMANCE BOARD EVALUATION**

**Fee Determining Official:**

Manager, PPPO Lexington

William E. Murphie

**PEB members and advisors:**

FPD, (Chairperson)

John "Jack" Zimmerman

Deputy Manager, PPPO Lexington

Robert Edwards

Lead Contracting Officer, PPPO Lexington

Pamela Thompson

\*Contracting Officer

David Senderling

\*Attorney Advisor

Bert Gawthorp

\* Board Advisors

Project Technical Monitors<sup>1</sup>:

Peter Burban, Deputy FPD, Portsmouth

James Johnson, Deputy FPD, Paducah

Cindy Zvonar

Tom Hines

Greg Bazzell

John Saluke

Dick Mayer

\* Advisor to the board, non-voting participants

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<sup>1</sup> The PEB Chair may add, remove or replace additional PTMs throughout the contract period of performance, as appropriate.

**EXHIBIT 2 – AWARD FEE-CATEGORIES OF PERFORMANCE SECTION RATING TABLE AND CONVERSION CHART**

<u>AWARD FEE RATING TABLE</u>		<u>DEFINITION</u>
<u>ADJECTIVE RATING</u>		
<b>EXCELLENT</b>	91%-100%	Contractor has exceeded almost all of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.
<b>VERY GOOD</b>	76%-90%	Contractor has exceeded many of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.
<b>GOOD</b>	51%-75%	Contractor has exceeded some of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.
<b>SATISFACTORY</b>	No Greater Than 50%	Contractor has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee for the award-fee evaluation period.
<b>UNSATISFACTORY</b>	0%	Contractor has failed to meet overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.

**EXHIBIT 3 CATEGORY OF PERFORMANCE FEE**

<b><u>AWARD FEE CONVERSION CHART</u></b>		
<b><u>ADJECTIVE RATING</u></b>	<b><u>EVALUATION POINTS (OVERALL WEIGHTED RESULT)</u></b>	<b><u>PERCENTAGE OF AWARD FEE EARNED</u></b>
EXCELLENT	23-25	91 to 100%
VERY GOOD	19-22	76 to 90%
GOOD	14-18	51 to 75%
SATISFACTORY	8-13	No Greater Than 50%
UNSATISFACTORY	0-7	0%

**CATEGORY OF PERFORMANCE**

**Weightings**

- |   |     |
|---|-----|
| 1. Quality and Effectiveness of Environment, Safety, Health and Quality Assurance (ESH&QA)  | 16% |
| 2. Quality and Effectiveness of Project Support (Reference Section C.5 of the contract)     | 16% |
| 3. Quality and Effectiveness of Cylinder Management (Reference Section C.6 of the contract) | 8%  |
| 4. Quality and Effectiveness of Project Management (including Cost Control)                 | 16% |
| 5. Quality of Nuclear Safety and Quality Culture  | 12% |
| 6. Quality of Technical Problem Solving   | 32% |

**Calculation Methodology:**

1. PTM assigns rating (0-25) for each Category of Performance for this section award fee.
2. Multiply weighting percentage to each CP to arrive at weighted result.
3. Add weighted results together to arrive at overall weighted result.

**FDO Decision**

The earned award-fee amount indicated by the use of a conversion table or graph is a guide to the FDO. Use of the Award Fee Conversion Chart does not remove the element of judgment from the award fee process.

**EXHIBIT4 AWARD FEE –PERFORMANCE BASED INCENTIVE for FY2012**

**PBI 1 COMPLETED FIRST PERIOD**

The following table provides the allocation of fee that can be earned for each line for attaining each Readiness State. This table reflects the performance based incentive fee for the period through September 30, 2011.

Readiness State	Location	Line	Available Fee	%
Operational	Piketon and Paducah	1 <sup>st</sup>	34,890	2
		2 <sup>nd</sup>	34,890	2
		3 <sup>rd</sup>	34,890	2
		4 <sup>th</sup>	34,890	2
		5 <sup>th</sup>	34,890	2
		6 <sup>th</sup>	34,890	2
		7 <sup>th</sup>	34,890	2
Fully Operational	Piketon and Paducah	1 <sup>st</sup>	87,225	5
		2 <sup>nd</sup>	87,225	5
		3 <sup>rd</sup>	139,559	8
		4 <sup>th</sup>	139,559	8
		5 <sup>th</sup>	244,229	14
		6 <sup>th</sup>	348,898	20
		7 <sup>th</sup>	453,565	26
Total Fee Available			<b>\$1,744,490</b>	<b>100</b>

\* Represent % of allocated fee available for the Conversion Process Production Readiness metric.

**Conversion Process Production Readiness**

The available award fee to be earned for conversion process readiness will be allocated to indicate the state of readiness for production operations at the Piketon and Paducah DUF<sub>6</sub> conversion plants on September 30, 2011. For purposes of this plan, a line deemed to have met the fully operational definition will also have met the operational definition. The following definitions of operational and fully operational will be utilized for the two categories of readiness for each of the seven lines:

**Operational** for a line is that both conversion units are operating, and each of the four nozzles for each conversion unit is feeding the process at a minimum flow rate of 50 kg/hr DUF<sub>6</sub> for at least eight hours of steady state operations. During the steady state conversion operation all subsystems are fully functioning, including oxide transfer to the oxide hopper and filling of final disposition cylinders, with transfer of hydrogen fluoride (HF) to the hydrogen fluoride storage (HFS) tanks and heel removal from at least one feed DUF<sub>6</sub> cylinder in the autoclave.

**Fully Operational** for a line is that both conversion units are operating, and each of the four nozzles for each conversion unit is feeding the process at a minimum flow rate of 50 kg/hr DUF<sub>6</sub> during continuous processing of at least three full feed 14 MT DUF<sub>6</sub> cylinders, including a period of continuous operating with all nozzles feeding at 58-68 kg/hr DUF<sub>6</sub> for at least 8 hours of steady state operations. During the steady state conversion operation all subsystems are fully functioning, including oxide transfer to the oxide hopper and filling of final disposition cylinders, transfer of HF to the HFS tanks and heel removal from at least one feed DUF<sub>6</sub> cylinder in the autoclave.

**EXHIBIT4 AWARD FEE –PERFORMANCE BASED INCENTIVE for FY2012**

**PBI 2**

The available award fee for the Hot Functional Test work scope may be earned following completion of the Hot Functional Testing activities outlined in Section C.3.1.3.5 of the subject contract including the demonstration of plant performance outlined below.

As described in Section J of the subject contract, the contractor shall complete the Operations Transition and Start-Up Plan (OTSP) including a demonstration of Nominal Conversion Capacity. The demonstration will include a two week operation at each site with all lines operating with all nozzles feeding to process 14.7 MT every 24 hours per 2 conversion units. Test parameters are further defined in Section J of the contract including Section 5.2.4.5.1, Figures 5-22 and 5-23 and the design value on Section 5, page 41. A detailed report of the demonstration shall be provided including plant operations data. The report shall provide sufficient detail to permit a judgment of award of fee in the event the contractor is unable to demonstrate operations to the specified parameters.

**PBI 3**

The following tables provide the allocation of fee that can be earned for the period October 1, 2011 through September 30, 2014. Activities planned in FY 2013 are completion of Hot Functional Testing (HFT), which ends with completion of the Nominal Conversion Capacity demonstration and ramp-up and sustained operation at contract production rates. The PBI was awarded at a rate of \$80/MT of DUF6 Processed in FY 2012. For example, if 5,900 MT of DUF6 Processed, the award fee equals \$453,300. The planned rate for FY 13 is \$77/MT. The PBI for future years is awarded at a rate of \$67/MT of DUF6 Processed reflecting correction of the rate to exclude PBI 1.

The initial rate for FY 11/12 was \$80/MT. This rate was changed to \$77/MT to allow for the transfer of approximately \$500K from PBI fee to Category of Performance Fee to reflect the impact on production of plant equipment issues. These issues impacted the ability of the Contractor for unrestricted production of approximately 5000MT of oxide. The rate is subsequently changed to reflect the correction above.

**AVAILABLE ESTIMATED FEE BY CATEGORY FOR FIRST PERIOD (Start-FY12)**

<b>ELEMENT</b>	<b>PADUCAH</b>	<b>PORTSMOUTH</b>	<b>TOTAL</b>
<b>Categories of Performance</b>	1,262,250	946,687	2,208,937
<b>PBI (estimated) (PBI 1 and 3)(PBI 1 completed first period)</b>	1,893,375	1,420,031	3,313,406
<b>OTD</b>			deferred
<b>HFT (PBI 2)</b>	54,341	57,581	111,922
<b>Total</b>	3,209,966	2,424,299	5,634,265

**EXHIBIT4 AWARD FEE –PERFORMANCE BASED INCENTIVE for FY2012**

**AVAILABLE ESTIMATED FEE BY CATEGORY FOR SECOND PERIOD (FY13)**

<b>ELEMENT</b>	<b>PADUCAH</b>	<b>PORTSMOUTH</b>	<b>TOTAL</b>
<b>Categories of Performance</b>	1,236,449	927,337	2,163,786
<b>PBI (estimated)</b>	1,236,449	927,337	2,163,786
<b>OTD</b>			deferred
<b>HFT</b>	54,341	57,581	111,922
<b>Sub total</b>	2,527,239	1,912,255	4,439,494
<b>Additional Work</b>			5,252
<b>Total</b>			4,444,746

**AVAILABLE ESTIMATED FEE BY CATEGORY FOR THIRD PERIOD (FY14)**

<b>ELEMENT</b>	<b>PADUCAH</b>	<b>PORTSMOUTH</b>	<b>TOTAL</b>
<b>Categories of Performance</b>	1,194,512	901,123	2,095,635
<b>PBI (estimated)</b>	1,791,768	1,351,684	3,143,452
<b>OTD</b>			deferred
<b>HFT (PBI 2 expected to be complete in second period)</b>			Expected to be earned in second period
<b>Total</b>	2,986,280	2,252,807	5,239,087

Split between sites is based on lines (4/7 at Pad; 3/7 at Ports)

**EXHIBIT4 AWARD FEE –PERFORMANCE BASED INCENTIVE for FY2012**

**FDO Decision**

The earned fee amount indicated by the use of a conversion table or graph is a guide to the FDO. Use of the Award Fee Conversion Chart does not remove the element of judgment from the award fee process.

The Performance Based Incentive fee is calculated by multiplying the number of metric tons of DUF6 Processed in the period by the material processed fee rate. The material processed fee rate is derived from the total PBI fee available for the contract period (see paragraph 6b) divided by the total number of metric tons of DUF6 to be processed during the contract period as stated in Clause H.63 of Contract No. DE-AC30-11CC40015.

**AVAILABLE ESTIMATED FEE FOR FIRST PERIOD**

Fee vs. DUF6 Processed	Maximum PBI fee FY 2011/2012 for DUF6 Processed
\$77/MT; \$12,982,717/162,227= \$80/MT	\$3,313,406 (1,744,490 FY 2011 & 1,568,916 FY 2012)
Fee Equation	Fee= \$80X MT Processed

**AVAILABLE ESTIMATED FEE FOR SECOND PERIOD**

Fee vs. DUF6 Processed	Maximum PBI fee FY 2013
\$77/MT; \$12,549,959/162,227= \$77/MT	\$2,163,786
Fee Equation	Fee= \$77X MT Processed

**AVAILABLE ESTIMATED FEE FOR THIRD PERIOD**

Fee vs. DUF6 Processed	Maximum PBI fee FY 2014
\$67/MT; \$10,805,469/162,227= \$67/MT	\$3,143,452
Fee Equation	Fee= \$67X MT Processed

*The estimate of \$/MT was corrected to exclude the total available PBI fee for FY 11(\$1,744,490), which was for achieving plant operability not converting material. As such, the total available PBI fee over the contract period is \$10,805,469 not \$12,549,959.*

**EXHIBIT 5 AWARD FEE- CATEGORIES OF PERFORMANCE SECTION  
RATING CRITERIA WORKSHEETS**

<b>RATING CRITERIA</b>				
<b>CATEGORY OF PERFORMANCE (EVALUATION WEIGHTING)</b>	<b>RATING (Check Appropriate Box)</b>			
	<b>EXCELLENT</b>	<b>VERY GOOD</b>	<b>GOOD</b>	<b>SATISFACTORY</b>
<b>Quality and Effectiveness of Environment, Safety, Health, and Quality Assurance (ESH&amp;QA) (16%)</b>				
<b>EVALUATION POINTS:</b>	23-25	19-22	14-18	8-13
<b>EVALUATION CRITERIA:</b>	<b>NOTES ON STRENGTHS AND WEAKNESSES</b>			
The contractor must maintain period cumulative Days Away, Restrictions and Transfers (DART) and Total Recordable Cases (TRC) rates at or below the Department of Energy (DOE) Environmental Management (EM) Goal. The Fiscal Year 14 EM Goal is 0.6 for DART and is 1.1 for TRC by the end of each reporting period.				0-7
The Contractor will be evaluated on the adequacy of their policies, plans, and procedures governing ESH&QA programs.				
The Contractor will be evaluated on their application and incorporation of ESH&QA principles and requirements into work scopes and specific programs and efforts, including but not limited to Integrated Safety Management, radiological protection, environmental protection, industrial safety, security (includes Cyber-Security), nuclear safety, waste shipping, emergency management, waste minimization, Conduct of Operations, QA, and work planning initiatives.				
The Contractor will be evaluated on their ability to effectively and timely identify, manage, prevent or correct, report and resolve deficiencies within the ISMS program. Contractor will also be evaluated on the thoroughness of their response to deficiencies to prevent				

**EXHIBIT 5 AWARD FEE- CATEGORIES OF PERFORMANCE SECTION  
RATING CRITERIA WORKSHEETS**

recurrence of the deficiency including the manner and adequacy of tracking, trending, and root cause/lessons learned analyses, reporting, and formal closure processes.	

<b>RATING CRITERIA</b>					
<b>CATEGORY OF PERFORMANCE (EVALUATION WEIGHTING)</b>	<b>EXCELLENT</b>	<b>RATING (Check Appropriate Box)</b>			
		<b>VERY GOOD</b>	<b>GOOD</b>	<b>SATISFACTORY</b>	<b>UNSATISFACTORY</b>
<b>Quality and Effectiveness of Project Support (Reference Section C.5 of the contract) (16%)</b>					
EVALUATION POINTS: EVALUATION CRITERIA:	23-25	19-22	14-18	8-13	0-7
The contractor will be evaluated on the effectiveness, timeliness and adequacy of support provided to DOE as identified in section C.5 of the contract.	NOTES ON STRENGTHS AND WEAKNESSES				
Customer relations given priority consideration					
Provides efficient and effective administrative services, regulatory management, NEPA implementation, records management and property management.					
The contractor will be evaluated on the effectiveness, and adequacy of implementation of its waste and product management programs.					

**EXHIBIT 5 AWARD FEE- CATEGORIES OF PERFORMANCE SECTION  
RATING CRITERIA WORKSHEETS**

<b>RATING CRITERIA</b>				
<b>CATEGORY OF PERFORMANCE (EVALUATION WEIGHTING)</b>	<b>RATING (Check Appropriate Box)</b>			
	<b>EXCELLENT</b>	<b>VERY GOOD</b>	<b>GOOD</b>	<b>SATISFACTORY</b> <b>UNSATISFACTORY</b>
<b>Quality and Effectiveness of Cylinder Management (Reference Section C.6 of the contract) (8%)</b>				
<b>EVALUATION POINTS:</b>	23-25	19-22	14-18	8-13 0-7
<b>EVALUATION CRITERIA:</b>	<b>NOTES ON STRENGTHS AND WEAKNESSES</b>			
The contractor will be evaluated on how the cylinders and cylinder yards are managed in accordance with the Cylinder Surveillance and Maintenance Plan.				
The contractor will be evaluated on maintaining compliance with the applicable regulatory agreements in place at each site.				
The contractor will be evaluated on the timely and effective movement and transfer of cylinders to support other DOE programs.				

**EXHIBIT 5 AWARD FEE- CATEGORIES OF PERFORMANCE SECTION  
RATING CRITERIA WORKSHEETS**

<b>RATING CRITERIA</b>						
<b>CATEGORY OF PERFORMANCE (EVALUATION WEIGHTING)</b>	<b>RATING (Check Appropriate Box)</b>					
	<b>EXCELLENT</b>	<b>VERY GOOD</b>	<b>GOOD</b>	<b>SATISFACTORY</b>	<b>UNSATISFACTORY</b>	
<b>Quality and effectiveness of Project Management to include cost and funds management (16%) (if costs exceed 10% of Annual WP this category can receive no high higher rating than Satisfactory)</b>						
<b>EVALUATION POINTS:</b>	23-25	19-22	14-18	8-13		0-7
<b>EVALUATION CRITERIA:</b>	NOTES ON STRENGTHS AND WEAKNESSES					
<p>The contractor will be evaluated on how the project is managed, costs are tracked and reported. The contractor will be evaluated on the timeliness and accuracy of monthly variance analysis of cost vs. budget, monthly reporting of EACs, and the reconciliation of monthly financial costs. The contractor will be evaluated on the tracking and reporting of financial and project controls information for the current fiscal year. The contractor will be evaluated on communication with DOE regarding status of budget, planned or proposed changes in the current year fiscal year work plan. If the costs for the year exceed the costs estimated in the baseline for the year by more than 10%, this category can receive no higher rating than Satisfactory. The contractor will be evaluated on timely submission of distributed budgets prior beginning of each fiscal year.</p> <p>The contractor will be evaluated on the effectiveness, timeliness and adequacy of its ability to perform tasks in most cost effective manner consistent with approved baselines and DOE</p>						

**EXHIBIT 5 AWARD FEE- CATEGORIES OF PERFORMANCE SECTION  
RATING CRITERIA WORKSHEETS**

<p>concurrency and/or guidance. The contractor will be evaluated on the communication and planning with DOE of any deviation from baseline. The contractor will be evaluated on overall and specific project status, baseline changes, adherence to a formal Baseline Change Proposal (BCP) process, monthly reporting that supports DOE's timely submission of data (IPABS monthly financial and performance measures). Submission of required project monthly data to DOE Headquarters and accurate information for monthly project reviews.</p>	
<p>The contractor will be evaluated on overall and specific project status and the effectiveness of project reporting tools and systems.</p>	
<p>Presents initiatives which result in tangible savings to DOE (cost, schedule or risk)</p>	
<p>The contractor will be evaluated on the effectiveness, timeliness and adequacy of its ability to perform tasks in most cost effective manner consistent with approved baselines</p>	

<b>RATING CRITERIA</b>					
	<b>RATING (Check Appropriate Box)</b>				
<b>CATEGORY OF PERFORMANCE (EVALUATION WEIGHTING)</b>	<b>EXCELLENT</b>	<b>VERY GOOD</b>	<b>GOOD</b>	<b>SATISFACTORY</b>	<b>UNSATISFACTORY</b>
<b>Quality of Nuclear Safety and Quality Culture (12%)</b>					
EVALUATION POINTS:	23-25	19-22	14-18	8-13	0-7
EVALUATION CRITERIA:	NOTES ON STRENGTHS AND WEAKNESSES				
BWCS must ensure programs are in place and					

**EXHIBIT 5 AWARD FEE- CATEGORIES OF PERFORMANCE SECTION  
RATING CRITERIA WORKSHEETS**

	<p>emphasize expectations which will promote a robust Nuclear Safety Culture and Safety Conscious Work Environment.</p>
	<p>BWCS leverages ongoing Safety Conscious Work Environment (SCWE) and related program efforts to enhance development of a strong Nuclear Safety Culture consistent with the DOE and Energy Facility Contractor Group Expectations. Evidence of meeting this objective include: 1) maintaining and implementing an approved SCWE action plan; 2) improving trends in Corrective Action Program condition report (CR) corrective action effectiveness, and self- identification; 3) absence of substantiated employee concerns alleging harassment, intimidation, retaliation or discrimination and/or chilling effect; and 4) mitigating employee concerns and implementing actions to prevent recurrence.</p>
	<p>The Contractor shall establish and maintain a Differing Professional Opinion process (for technical issues) consistent with DOE standards.</p>
	<p>The Contractor shall establish and maintain a Safety Conscious Work Environment consistent with DOE and Energy Facility Contractor Group (EFCOG) (<a href="http://www.efcog.org/wg/ism_sctt/index.htm">http://www.efcog.org/wg/ism_sctt/index.htm</a>) expectations. The Contractor shall demonstrate responsibility and accountability to these expectations. The Contractor shall ensure that all employees are afforded a workplace free from harassment, intimidation, retaliation and/or discrimination. The Contractor shall take prompt action to adequately and effectively mitigate issues that may prevent the Contractor and subcontractor</p>

**EXHIBIT 5 AWARD FEE- CATEGORIES OF PERFORMANCE SECTION  
RATING CRITERIA WORKSHEETS**

<p>employees from raising concerns to the Contractor or DOE.</p> <p>BWCS shall conduct an annual assessment of its Nuclear Safety Culture and Safety Conscious Work Environment practices and provide detailed results to the PPPO.</p>	
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<b>RATING CRITERIA</b>					
<b>CATEGORY OF PERFORMANCE (EVALUATION WEIGHTING)</b>	<b>EXCELLENT</b>	<b>VERY GOOD</b>	<b>GOOD</b>	<b>RATING (Check Appropriate Box)</b>	
				<b>SATISFACTORY</b>	<b>UNSATISFACTORY</b>
<b>Quality of Technical Problem Solving (32%)</b>					
<b>EVALUATION POINTS:</b>	23-25	19-22	14-18	8-13	0-7
<b>EVALUATION CRITERIA:</b>	<b>NOTES ON STRENGTHS AND WEAKNESSES</b>				
The Contractor shall develop and implement solutions to emergent problems which affect achieving operating at nominal conversion capacity.					

**EXHIBIT 6 AWARD FEE-BASE SECTION  
SUMMARY RATING CRITERIA WORKSHEETS**

**Adjective Rating Summary Table**

<b>CATEGORY OF PERFORMANCE</b>	<b>ADJECTIVERATING</b>
1. Quality and Effectiveness of Environment, Safety, Health and Quality Assurance (ESH&QA) (16%)	
2. Quality and Effectiveness of Project Support (16%)	
3. Quality and Effectiveness of Cylinder Management (8%)	
4. Quality and Effectiveness of Project Management (to include cost and funds management) (16%)	
5. Quality of Nuclear Safety and Quality Culture (12%)	
6. Quality of Technical Problem Solving (32%)	

<b>SUMMARY OF PEB'S RATING</b>				
<b>Member</b>	<b>Environment, Safety, Health &amp; Quality (ESH&amp;Q)</b>	<b>Project Support</b>	<b>Cylinder Management</b>	<b>Project Management</b>
<i>Insert Name of Voter</i>				
<i>Insert Name of Voter</i>				
<i>Insert Name of Voter</i>				
<i>Insert Name of Voter</i>				
<i>Insert Name of Voter</i>				
<b>TOTALS</b>				

## EXHIBIT 7 AWARD FEE PROCESS

