

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE DE-AC07-99ID13727	PAGE 1 OF 5 PAGES
2. AMENDMENT/MODIFICATION NO. M056	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. NOPR		5. PROJECT NO. (If applicable)	
6. ISSUED BY U.S. Department of Energy Idaho Operations Office Procurement Services Division 850 Energy Drive, MS 1221 Idaho Falls, ID 83401-1563			7. ADMINISTERED BY (If other than Item 6) CODE Wendy L. Bauer, Contract Specialist, (208) 526-2808 Cheryl A. Thompson, Contracting Officer, (208) 526-5743		
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and Zip Code) Bechtel BWXT Idaho, LLC PO Box 1625, MS 3810 Idaho Falls, ID 83415			9A. AMENDMENT OF SOLICITATION NO.		
CODE			FACILITY CODE		
			9B. DATED (SEE ITEM 11)		
			10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC07-99ID13727		
			10B. DATED (SEE ITEM 13) June 1, 1999		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning ____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

N/A

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS; IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

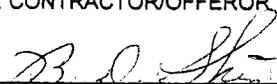
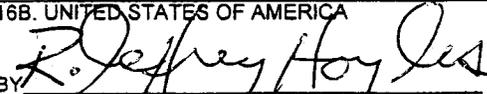
	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE-NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (Such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
X	D. OTHER (Specify type of modification and authority): Mutual Agreement

E. IMPORTANT: Contractor ___ is not, 3 is required to sign this document and return [3] copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)

(See Following Page)

Except as provided herein, all terms and conditions of the document referenced in Items 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) B. D. Shipp, Ph.D. President and Laboratory Director		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) R. Jeffrey Hoyles Contracting Officer	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
BY  (Signature of person authorized to sign)	6/07/02	BY  (Signature of Contracting Officer)	6/10/02

The contract is modified to incorporate the FY02-04 PEMP Performance Based Incentives (PBIs) and the Agreement on Terms and Conditions – DOE-ID/BBWI" dated May 23, 2002. The contract changes are as follows:

(1) Section B, Clause B.3, ESTIMATED COST AND AVAILABLE FEE, is replaced as follows:

- (a) The estimated cost and total available fee pool will be established by the Government in accordance with DEAR 970.15404-4 and set forth in a modification to this provision.
- (b) The estimated cost of the specified contract periods, is set forth below:

<u>CONTRACT PERIOD</u>	<u>ESTIMATED COST</u>
October 1, 2001 through September 30, 2002	\$685,000,000
October 1, 2002 through September 30, 2003	\$710,000,000
October 1, 2003 through September 30, 2004	\$753,000,000

- (c) The EM Base Program New Budget Authority (BA) funding provided to the Contractor for the specified contract periods, is set forth below:

PERIOD	EM BASE PROGRAM FUNDING
October 1, 2001 through September 30, 2002	\$405,000,000
October 1, 2002 through September 30, 2003	\$424,000,000
October 1, 2003 through September 30, 2004	\$401,000,000

- (d) The total available fee for the specified contract periods is set forth in B.4 below.
- (e) Except as required by law or the terms of the contact, the contractor has authority and discretion to transfer available funds among PBSs to complete PEMP stretch measures in addition to DWP approved and funded scope. (The DWP is defined as the performance baseline component and the unfunded stretch component.) Notification of such transfers must be made to DOE by the 15th of each month. Transfers are limited to activities within the individual EM control levels (i.e. defense/non-defense site project completion and post 2006 completion) and must be consistent with the requirements contained in DOE orders (e.g. DOE Order 413.3, construction limitations, etc). Work scope not included in an approved DWP must be submitted for approval to DOE via the BCP process before funds will be authorized. The contractor will provide monthly reports to DOE identifying available funding, costs, outstanding commitments and EACS by EM control level and PBS.

(2) Section B, Clause B.4, TOTAL AVAILABLE FEE, Table B.4.1, and Table B.4.2 are revised as follows:

Fees delineated in Table B.4.1 were established in accordance with DEAR 970.1504-1-1 and in accordance with the Section I.49 clause entitled DEAR 970.5204-54 TOTAL AVAILABLE FEE: BASE FEE AMOUNT AND PERFORMANCE FEE AMOUNT.

In the event the parties fail to agree on the amount of total available fee or any appropriate adjustments thereto under the aforementioned circumstances, the Contracting Officer may make a unilateral decision on the total available fee, subject to appeal under the clause of the contract entitled Disputes.

Total available fee for the contract is as follows:

Table B.4.1

	Fiscal Year(s)	Government Specified Maximum Total Available Fee*	Fee Discount Factor	Total Available Fee $(B) - [(B) \times (C)] = (D)$
	(A)	(B)	(C)	(D)
Basic Contract Period	FY 2000 (Oct-Mar)	\$10,000,000	5.0%	\$9,500,000
	FY 2000 (Apr-Sep)	\$18,055,400	5.0%	\$17,155,400
	FY 2001	\$35,910,000	5.0%	\$34,200,000
	FY 2002 – FY 2004	\$113,684,211	5.0%	\$108,000,000
Option Period	FY 2005	TBD	5.0%	TBD
	FY 2006	TBD	5.0%	TBD
	FY 2007	TBD	5.0%	TBD
	FY 2008	TBD	5.0%	TBD
	FY 2009	TBD	5.0%	TBD

Allocation between award fee and incentive fee shall be separately negotiated (or determined unilaterally by the Contracting Officer if good faith negotiations do not result in an agreement).

Table B.4.2

Line No.	Description	Total FY 2002 - 2004
	Available Fee Calculations:	
A	Maximum Negotiated Total Available Fee	\$113,684,211
B	Less: Fee Discount Reduction	\$5,684,210
C	Total Available Incentive Fee	\$108,000,000
D	Fee Amount For Base Incentives	\$96,490,000
E	Fee Amount Allocated To Stretch Incentives (Ceiling Amount)	\$11,510,000
F	Total Fee Pool	\$108,000,000

(3) Section H, Paragraph H.35 MULTI-YEAR FEE, is replaced as follows:

- (a) In order to employ multi-year Performance Based Incentives (PBIs), a multi-year fee pool has been established. It is the intent of the parties that the entire amount of fee will be allocated and made available for earning by the Contractor during the contract term through assignment of fee to PBIs. An "unallocated" pool of fee will be maintained to account for fee, not assigned to PBIs. The parties agree in good faith to allocate the unallocated fee pool to meaningful work efforts during the term of the contract; two thirds (2/3) of the unallocated fee pool will be allocated by September 30, 2002, and the remaining one third (1/3) will be allocated by September 30, 2003.
- (b) Fee which is unearned by the contractor as a result of cancellation or modification of a PBI will be either allocated to another PBI or placed in the unallocated fee pool for future allocation. Fee that becomes "unallocated" from base fee work must be allocated to other base fee work. Fee that becomes "unallocated" from stretch work may be allocated to other stretch fee work.
- (c) If a PBI is canceled, the fee attached to that PBI will be considered earned by the Contractor commensurate with the percentage of the measure completed. Fee from the PBIs which is unearned due to nonconformance with established PBI measures shall not be returned to the unallocated fee pool but shall be forfeited.
- (d) If there is a change in the scope or complexity of the work requirements, or the new Budget Authority funding varies from the EM Base Program firm funding requirements established for each fiscal year as provided in Contract Clause B.03 (*Estimated Cost and Available Fee*), the fee allocated to the affected PBIs will be negotiated by the Government and the Contractor. If any fee becomes "unallocated" in this process it will be treated in accordance with Section (a) and (b) of this clause. If the variance from the EM Base Program firm funding amounts specified in clause B.03 (*Estimated Cost and Available Fee*) is plus or minus 5% or greater, the Government and the Contractor will conduct negotiations in good faith to adjust the total available fee pool appropriately. The Government's decision on the fee pool adjustment will be final and the parties agree that the decision is subject to the Disputes clause of the contract.
- (e) Effective October 1, 2001, for purposes of clause, 1.66 DEAR 970.5215-3 *Conditional Payment of Fee, Profit, or Incentives (DEC 2000) - Alternate 1 (DEC 2000)* (formerly DEAR 970.5204-86) of this contract, the "evaluation period" shall be deemed to be 6 months in duration, and notwithstanding the terms of clause 1.66, the maximum amount of fee reduction per "evaluation period" shall be 1/6 of the total fee (after fee discount) for the 3-year period.
- (f) Super Stretch Performance Based Incentives (SSPBIs) - The parties may agree to negotiate SSPBIs (including associated fee) from cost savings, redirected funds or Government provided funding to perform unfunded or accelerated activities on a case-by-case basis. Candidate SSPBIs are not incorporated into the Performance Evaluation Management Plan (PEMP) until approved through the PEMP change control process and until funds are provided for the scope of such SSPBIs through approval of Baseline Change Proposals. The parties agree that the Contracting Officer's decision on allocation of funds and fee determination for SSPBIs is final, subject to the contract Disputes clause.
- (g) The fee for SSPBIs will be allocated from a source other than the Multi-Year Fee Pool established in Section (a) and must be allocated and made available for earning by the Contractor within the multi-year fee period. SSPBIs shall include provisions for incremental payment for partial performance; if a SSPBI is canceled the allocated fee will be considered

earned by the Contractor commensurate with the percentage of the SSPBI completed. If the parties fail to agree through good faith negotiations on the available fee or payment for partial performance, the Contracting Officer may make a unilateral determination, subject to the contract Disputes clause.

- (h) Upon completion of each PBI measure/expectation/milestone the contractor will initiate the close-out process with DOE. The Fee Determination Official will approve payment of fee during the close-out process for any measure/expectation/milestone completed as specified in the individual PBI (except that completed milestones will be batched for payment on a quarterly basis). The fee payment for completion of the PBI measure/expectation/milestone will be offset by the portion of the progress/35% fee payments (clause I.27 *DEAR 970.5204-16 Payments and Advances (May 2000) (Modified)*) that are attributable to the PBI measure/expectation/milestone.
- (4) The FY02-04 Performance Based Incentives (PBIs) 1 through 17 dated May 23, 2002, are hereby incorporated by reference (previously approved PBI 14 (TRA/ATR Operations-formerly PBI NE2) and PBI 15 (SMC Production-formerly PBI DOD1) are dated October 1, 2001). Any changes made to the PBIs will be made through the formal change control process.