



Department of Energy
Idaho Operations Office
850 Energy Drive
Idaho Falls, Idaho 83401-1563

May 29, 2002

Dr. B. D. Shipp
President and Laboratory Director
Bechtel BWXT Idaho, LLC
P.O. Box 1625, MS 3898
Idaho Falls, ID 83415

SUBJECT: Performance Based Incentives for FY2002-04, Contract No. DE-AC07-99ID13727 (CF&AO-M&O-02-059)

Dear Dr. Shipp:

I am forwarding the Performance Based Incentives (PBIs) for FY02-04 which will constitute the Performance Evaluation Management Plan for the next three years. The PBIs focus on the critical needs of the INEEL in key programs and R&D areas as well as a single comprehensive PBI to represent the Operational Excellence, Leadership and Revitalization activities.

DOE and BBWI mutually agreed to the following:

1. Placeholder PBIs provided to BBWI on October 9, 2001, are deleted and replaced by the FY 2002-2004 PBIs dated May 23, 2002, which includes PBI nos. 1-13, 16 and 17. Agreement was previously reached on PBI 14 (TRA/ATR Operations-formerly PBI NE2) and PBI 15 (SMC Production-formerly PBI DOD1), dated October 1, 2001. (Attachment 1)
2. Contract Modification No. M056 (copy Attached) incorporates by reference the PBIs and agreements reached between DOE and BBWI as indicated in the document titled *Agreement on Terms and Conditions-DOE-ID / BBWI FY 2002-2004 Performance Evaluation Measurement Plan*, dated May 23, 2002. Upon receipt of approval from DOE-HQ, Management of Resources - Workforce Restructuring will be incorporated into the contract.
3. *Terms and Conditions-DOE-ID / BBWI FY 2002-2004 Performance Evaluation Measurement Plan* (Attachment 3) established agreements between the parties that are not included in Modification No. M056.
4. The parties agree in good faith to establish and utilize an Alternate Dispute Resolution (ADR) process to effectively and cooperatively resolve issues of disagreement regarding contract performance or interpretation prior to either party invoking the provisions of FAR, 52.233-1, *Disputes*.
5. The following Section 5 Previous Year's Gateway requirements were deleted from PBI-10 and PBI-11 and will be provided as Program Execution Guidance.

PBI-10, Expectation 1.5:

- The cost basis for FY03 is \$106,250,000. The cost basis for FY04 is \$96,500,000.
- By May 31, 2002, deliver a BCP to the DWP of the Surveillance and Maintenance (S&M) of existing (approx. 167) inactive facilities and structure.

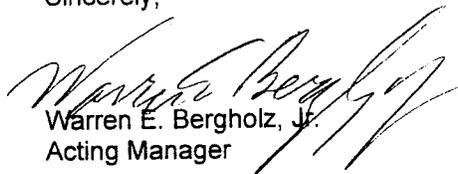
- By April 30, 2002, provide an analysis and recommendation for the minimum necessary S&M work scope, associated schedule and cost basis for each of the currently existing inactive INEEL facilities.
- Annually, provide DOE-ID a maintenance status report in lieu of, but conforming to, a site maintenance action plan per ID O 433.A by November 30.
- By November 30 of each year provide an annual report (with an executive summary) on the progress made toward achieving more effective (reduced cost while maintaining a safe and compliant posture) surveillance and maintenance of INEEL Active and Inactive Assets (facilities, major structures, etc).

PBI 11, Measure 1 and Expectation 3.2:

- By April 30, 2002, complete an analysis of D&D&D priorities and recommend a schedule (assuming the 2012 funding profile) of specific facilities to be inactivated (vacated and placed in minimum/optimum S&M mode), deactivated, and D&D'd by end of FY2012 and the associated cost estimate for each. Recommend funding sources (direct/indirect) to achieve the inactivation work scope and show relative ES&H risk reduction and mortgage reduction (cost saved/avoided) to be achieved for each activity. This analysis is to be updated annually by December 31.
- Provide a report by Nov. 30 each year (with an executive summary) of the footprint reduction results achieved (e.g., facilities/structures inactivated/deactivated/D&D'd, actual square foot reduction achieved, land returned to green or brown field, savings achieved, etc.).

The PEMP represents a significant effort between DOE and BBWI to establish objective based performance measures for the INEEL. Your cooperation in this effort is to be commended.

Sincerely,



Warren E. Bergholz, Jr.
Acting Manager

Attachments 3