



**Department of Energy**  
Savannah River Operations Office  
P.O. Box A  
Aiken, South Carolina 29802

JUN 06 2000

Mr. J. J. Buggy, President  
Westinghouse Savannah River Company  
Aiken, SC 29808

Dear Mr. Buggy:

SUBJECT: Award Fee Determination for October 1, 1999 through March 31, 2000, Award Fee Period 7 of Contract Number DE-AC09-96SR18500

I have completed my evaluation of the Westinghouse Savannah River Company (WSRC) contract performance and determined your award fee based on:

1. Assessment of performance of work in accordance with the Annual Operating Plan (AOP) for each of the six business areas of High Level Waste, Nuclear Materials Management and Nonproliferation, Solid Waste, Environmental Restoration, Tritium, and Operational Support Programs;
2. Integrated evaluation of the performance of all work relative to the five Savannah River Site (SRS) Focus Areas of safety and security; technical capability and performance; community, state, and regulator relationships; cost-effectiveness; and corporate perspective; and
3. The fact that WSRC met the minimum requirements for payment of fee pursuant to Contract Clause H.8.

As the Fee Determination Official for the Savannah River Operations Office (SR), I am writing to inform you that WSRC earned \$11,404,075 of the available fee of \$14,382,500.

Overall, the fee determination is driven by generally strong, improving performance in the six business areas, tempered by substantial concerns in some of the key Operational Support areas.

The enclosed table delineates available fee and fee earned for each program element addressed below.

**HIGH LEVEL WASTE**

The High Level Waste (HLW) Program was very well managed and effectively dealt with numerous challenges. Production and support continued with no major safety or environmental events, despite the fact that this period was characterized by multiple system upsets.

During this period the HLW system was severely impacted by the discovery of an accumulation of solids in the 2H evaporator, a leak in the inter-area transfer line, and the Replacement High Level Waste Evaporator (RHLWE) equipment problems and corrective actions during integrated hot functional testing. Investigation into these problems with appropriate management emphasis is ongoing.

In response to the HLW system challenges this period, WSRC focused significant management, technical, and operational resources into ensuring that adequate Tank Space was available to support ongoing site missions. WSRC effectively integrated fieldwork and managed schedule

priorities among six operating facilities. A significant reduction in Defense Waste Processing Facility (DWPF) waste water generation was successfully implemented well ahead of previous schedules, a waste transfer was rapidly planned and safely executed to provide capacity for continued canyon waste receipts, and the entire year's transfer planning was restructured. These actions were significant in that they minimized the program impacts and precluded future major disruptions to numerous site activities.

Relative to the concerns outlined for HLW in last period's letter, increased management attention has been focused on these areas to improve performance. While sludge batch 2 is still behind schedule, the risk of a feed break has been reduced through schedule improvements, progress on Tank 40 readiness, and contingency planning. The RHLWE successfully completed its readiness reviews and achieved radioactive operations authorization.

The productivity and performance of key HLW system activities are being evaluated separately through Performance Based Incentives (PBI).

### **NUCLEAR MATERIALS MANAGEMENT AND NONPROLIFERATION**

Performance in Nuclear Materials Management and Nonproliferation has significantly improved since last period.

The fundamental errors experienced by WSRC last period in quality and radiation control were not observed. In fact, WSRC achieved zero personnel contamination cases while performing a number of jobs with high potential for such contamination. However, much WSRC attention and resources were expended in recovering from the FB-Line incident. The vault decontamination effort took much of the entire period and detracted from other material stabilization activities.

WSRC developed a resource loaded Canyon Strategy and Schedule to complete Defense Nuclear Facilities Safety Board (DNFSB) 94-1 commitments within a flat funding profile. This plan formed the foundation for the accelerated stabilization program being proposed in the revised Implementation Plan to the DNFSB.

WSRC coordinated an extensive assessment trip to Argentina in October - November 1999 to document the condition of 207 spent fuel assemblies at the research reactor RA-3 that are destined for SRS. This challenging effort was critical to maintaining momentum in the international nonproliferation program.

WSRC successfully completed extensive, unanticipated work to establish a new transfer route from HB-Line to H-Canyon to allow HB-Line processing to continue. This involved an excellent investigation and response to difficulties experienced due to the inevitable aging of this facility.

The Process Vessel Vent Fan #2 was turned over from the Projects group to F-Canyon Operations more than five months ahead of schedule and \$1.5 million under budget, effectively incorporating lessons learned from the successful first fan installation. WSRC self-initiated, prepared, and submitted a high quality proposal to modify L-Basin to provide for the receipt and unloading of the TN-7/2 cask directly at L-Basin. This will complete the capability to unload all casks directly into L-Basin in support of Receiving Basin for Offsite Fuel (RBOF) deinventory.

Management attention is needed to complete all recovery activities relative to the FB-Line incident and restart the bagless transfer system with appropriate quality, safety and radiological controls. The need for improved integration of radiological controls in particular is addressed later in this letter.

## **SOLID WASTE**

In the Solid Waste Program, WSRC continued strong performance in most areas while continuing to experience challenges in the Ship to Waste Isolation Pilot Plant (WIPP) Program.

In the overall Transuranic (TRU) Waste Program, WSRC and key partners completed venting and purging of all remaining TRU Waste Drums two years ahead of schedule and receipt of 33 TRU waste drums from Allied General Nuclear Services (AGNS) without incident.

Solid Waste has demonstrated cost-effective approaches to utilizing the governing regulations affecting their work activities. For example, the disposal of radioactive Polychlorinated Biphenyls (PCB) in the Low Level Waste vaults utilizing the newly issued PCB Mega Rule. The PCB Mega Rule allows the site to dispose of this debris type waste which had no disposal option prior to the Rule. Another example of the cost-effective use of regulations is in the removal of a solvent trailer from mixed waste inventory since it was proven to be an empty container under the Resource Conservation and Recovery Act (RCRA) rules and thus exited RCRA regulations allowing it to be handled as a low level waste saving on treatment and disposal costs for the trailer.

Receipt of two DOE National Pollution Prevention awards as well as the Southeast Environmental Management Association Award, continues to provide external validation of strong performance in this area.

Management attention is needed on the Ship to WIPP Program as well as Low Level Waste storage reduction, both of which are being evaluated separately under PBIs.

## **ENVIRONMENTAL RESTORATION**

In the Environmental Restoration Program, significant improvement in performance was made over last period by negotiating innovative and cost-effective approaches to remediation with the regulators. Implementing these new approaches and revising projected remedies allowed for dramatic cost reductions to the ER baseline. Operations at F and H Groundwater Treatment Units exceeded expected availability rates, and significant progress was made on many field remediation projects.

In particular, major cost savings were realized at the Mixed Waste Management Facility (MWMF) by replacing a pump and treating with phytoremediation and at the C-Reactor Seepage Basin and Georgia Fields by streamlining efforts in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) process.

For the longer range, major strides were made in reducing projected cost of remediation by targeting large cost areas and revising outyear remedies (e.g., reduced grout from 20' to 6' in Reactor Seepage Basins, reduced F and H operations by 50%, and use of passive remediation systems at waste units such as Old R-Area Discharge Canal).

Successful technology performance continued in the period, with seven of fourteen innovative technologies deployed and others underway (mobilization at 321-M Solvent Tanks for Dynamic Underground Stripping, Phytoremediation at MWMF, and Multi Level Sampling at Southern Sector).

Significant regulatory success (approval of plug-in ROD and increased acceptance of Monitored Natural Attenuation at several units), bodes well for continued improvement in this area.

Management attention is needed to address schedule performance on some subcontractor activities to ensure that milestones and commitments are met.

### **TRITIUM**

Overall performance in Tritium Operations improved in the period, reversing a negative trend that had developed in the conduct of operations during Period 6. In addition to performance in conduct of operations, other areas of exceptional performance included radiological performance, authorization basis documents, engineering, and strategic initiatives. All AOP milestones have been met while being slightly under budget. The Consolidated Safety Analysis Report (SAR) with its associated technical safety requirements was implemented with essentially no problems. After establishing the new capability for function testing of reservoirs, WSRC successfully completed the first test in the defense complex of the B-83 in six years. A major facility outage, which included removing the Building 233H hatch to stage equipment, was completed in support of the Tritium Consolidation Project. This outage was well planned and coordinated and was completed ahead of schedule. The engineering group started a breakthrough re-engineering effort for the Reservoir Finishing Line.

The overall performance of the Accelerator Production of Tritium (APT) remains strong. All participants have recognized WSRC as a major asset to the accelerator team. All AOP milestones were completed on or ahead of schedule, and numerous achievements were noted including: comprehensive and timely reviews, safety in operations, a record for operation of the Low Energy Demonstration Accelerator (LEDA), and excellent cost-effectiveness.

Performance in Tritium Projects was well managed. The Tritium Extraction Facility Project is on schedule and within budget with site preparation underway. This has been validated by feedback from many independent reviews. The Tritium Consolidation Project is very close to 100% design complete (currently two months ahead of baseline schedule) with construction underway in room 44 of Building 233H.

### **OPERATIONAL SUPPORT PROGRAMS**

Operational Support Programs cover a wide range of WSRC activities needed to assure sound management and integration of the Site's operating activities. These programs include: Scientific and Laboratory Programs; Technical Services including Security; Environment, Safety and Health Programs; Administration and Infrastructure including Property Management; Engineering and Construction; Human Resources, EEO, Diversity, Employee Concerns and Alternative Dispute Resolution Activities; Financial Programs/Planning and Program Implementation; Legal functions; Public Affairs; Business and Community Programs; and Facility Disposition functions.

Significant achievements during this period included:

- Y2K Program requirements and actions were completed in an outstanding manner. The Y2K year-end turnover was managed in a successful manner with very minor incidents reported.
- Strong management of financial programs was demonstrated, as exemplified by an unqualified opinion on the SRS FY 1999 Financial Statement Audit, which met a key Secretarial commitment.
- Strong support was provided in the development and issuance of the SRS Strategic Plan and the draft SRS Comprehensive Plan. These documents establish the mission and vision for management of SRS into the 21<sup>st</sup> Century.
- Strong research support was demonstrated for several programs including reservoir surveillance, salt disposition, and plutonium immobilization.

- Leadership in Integrated Safety Management System (ISMS) was acknowledged across the DOE complex. WSRC did an excellent job in implementing ISMS at SRS nine months ahead of the DOE complex target date of September 30, 2000.
- Sustained excellent construction safety record continued during this period resulting in construction personnel approaching 4 million man-hours without a lost workday case.

However, as described below, there are areas that need continued management attention and improvement.

In the area of Scientific and Laboratory programs, laboratory performance was tempered somewhat by failure to diagnose root causes, evaluate engineering controls, and promote reduction in personnel contamination cases in the Savannah River Technology Center (SRTC).

In the area of Technical Services, while WSRC management validated training program deficiencies (duplicative training, lack of central training accountability, etc.) and has developed a comprehensive plan to address them, the actual elimination of the identified deficiencies has yet to occur.

In the area of Environment, Safety and Health Programs, the FB-Line incident revealed a number of deficiencies relative to the performance and training of radiological control inspectors (RCI). These deficiencies pertained to the ability of RCIs to understand and analyze hazards and to respond properly during radiological events. The deficiencies observed, coupled with those seen during the 1997 F-Canyon crane operator intake, suggest an overall weakness in the training of RCIs. You have a corrective action plan underway and timely and sustained improvement is expected and will continue to be evaluated in future award fee periods.

SRTC and Nuclear Materials Stabilization and Storage collectively failed to establish and integrate a framework of acceptable rigor for controlling the design, testing criteria and test procedure associated with the 9975 material shipping packages. The successful design, fabrication and testing of the 9975 package is essential to satisfying DOE commitments associated with DNFSB recommendation 94-1. This goes beyond SRS and included the key DOE-wide objective of the early cleanout and closure of Rocky Flats. This also lies at the heart of the credibility of the SRS design authority capability. Maintaining this credibility is essential for success in future project and program activities at SRS.

Security remains an area of particular concern where additional attention is warranted. I am not satisfied with your overall performance in executing some of the security responsibilities of your contract. A main concern in this regard is information security. WSRC has a principal responsibility for the protection of information - both sensitive unclassified and classified. In the area of sensitive unclassified information and property protection, weaknesses were found in the coordination between groups responsible when computers were transferred between departments. I am concerned that after the failure of the security process was noted, there was a lack of timely action in comprehensive change and communication on property protection to ensure no recurrence. While late in this period, WSRC undertook a number of improvement actions to strengthen this area, I am evaluating your overall ability to protect all types of information during this period. Finally, your level of performance in the survey of Safeguards and Security in the General Site Areas was also disappointing. Increased management attention is warranted.

The significance of these concerns, in particular those described in the three preceding paragraphs taken together, is sufficient to overshadow the achievements noted above. This has resulted in a specific reduction of the fee awarded on this area for this period, in the amount of \$1 million. Strong improvements are expected during period 8. Finally, I want to draw attention to a particularly noteworthy effort, and that is the Y2K Program. As externally validated by the

DOE Chief Information Officer, SRS confronted unique challenges and was extremely successful in meeting those challenges.

### **FOCUS AREAS**

In addition to evaluating WSRC performance in the six business areas noted above, I have also examined this performance in light of the five Focus Areas. We have agreed that these Focus Areas are critical to our success as a Site, and an evaluation from the perspective of these crosscutting areas further informs the fee determination.

In the focus area of **safety and security**, WSRC demonstrated a strong dedication to improving workplace safety through implementation of Behavior Based Safety in F-Tank Farm, the burial grounds, and Central Services Works Engineering. However, continuing emphasis on the identified improvements to industrial hygiene program implementation is warranted.

The quality and timeliness of authorization basis documents remains mixed. Several high quality documents were submitted on time, but others contained quality or timeliness issues. Specifically, a white paper supporting the JCO for H-Canyon/HB-Line alternate transfer path was not of high quality and was late; a criticality concern for leak detection boxes in H-Outside Facilities was not addressed in the DCA; and a criticality issue was not included in the F-Canyon 2<sup>nd</sup> cycle DCA.

In the focus area of **technical capability and performance**, WSRC demonstrated strong technical focus on emerging problems and devoted appropriate technical and management resources to minimize the impacts to site missions.

While actions to improve overall site conduct of operations have been noted, the trends to date do not show a conclusive change as the result of the short-term actions, and it is too early to judge the impacts of the longer term corrective actions. This item remains a management issue, especially in the areas of procedural compliance related to hazardous energy control, criticality safety, and contamination control.

In the area of **community, state and regulator relationships**, WSRC continued a very effective Public Participation Program during the period. This has been particularly so with respect to the Citizen's Advisory Board (CAB). The support provided to the CAB during a complex period of change was excellent. Communication and outreach with the public in outlying areas continue to improve. Support to Citizens for Environmental Justice community information meetings on new missions has been good, including quick turnaround support on several occasions.

With respect to managing the regulatory program, several successes are evident, such as the closure of the November 1999 RCRA Notice of Violation without fines or penalties. However, senior management attention is needed in taking a more proactive and strategic view of the potential impacts of environmental regulatory issues on facilities. For example, this is particularly true with respect to the lingering toxicity issues as well as the emerging mercury discharge limits.

WSRC continues to demonstrate a strong commitment to **cost-effective** operations. The continued emphasis on and strength of the Productivity and Cost-Effectiveness (PACE) program has resulted in meaningful cost savings. WSRC will have additional opportunities to demonstrate initiative in this area through implementation of recommendations made in the recent site benchmark report. WSRC is expected to fully support SR's efforts in the coming months to implement key recommendations from that report, and to continue to benchmark and improve program cost performance.

Also of note are WSRC's efforts in developing a workforce restructuring plan to effectively implement re-engineering results in areas such as maintenance and training. This restructuring will help to achieve efficiency improvements critical to supporting upcoming mission changes as well as meeting added workscope challenges for FY 2001.

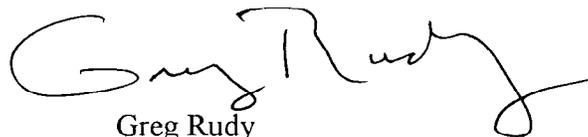
WSRC continues to demonstrate success in its implementation of the project management improvement plan. Phase I of the K-Area Material Storage (KAMS) project was completed on schedule and within budget. Tritium projects continue to meet or beat cost and schedule baselines. The Upgrade Canyon Exhaust project continued within all defined cost and schedule baselines. Continued strong performance is essential as these projects move from design to construction and operation and will be an area of continued focus in the next period.

WSRC continued to display good **corporate perspective** through continued integration of activities across the Site such as the SRS Strategic Plan, the FY01 and FY02 budget restructuring initiative, and completion of the annual ISO 14001 conformance surveillance. However, improvement in the management of training is needed. Further, WSRC continued support for a range of national and DOE-wide programs and initiatives such as the National Spent Nuclear Fuel Program, and the DOE nuclear materials integration effort. Support for other sites continues to include development of the Hanford Bagless Transfer System, incorporating the lessons learned from the FB-Line incident and high level waste vitrification work for Hanford.

Having completed this review of performance in the context of the five crosscutting focus areas, I conclude no further adjustments are indicated.

DOE lead evaluators will be discussing their evaluations in detail with their respective WSRC counterparts. Thank you for your efforts and commitment to safety, security and continuous improvement of SRS.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Rudy". The signature is fluid and cursive, with a long horizontal stroke at the end.

Greg Rudy  
Manager

SB00-0047

Enclosure:  
Table of Available vs. Earned  
Fee by Major Area

cc w/encl:  
R. A. Pedde, WSRC

Enclosure: Letter, Rudy to Buggy, "Award Fee Determination for October 1, 1999 through March 31, 2000, Award Fee Period 7 of Contract Number DE-AC09-96SR18500", dated June 6, 2000

**TABLE OF AVAILABLE vs. EARNED FEE BY MAJOR AREA  
Period 7 (October 1, 1999 - March 31, 2000)**

PERFORMANCE AREAS	Fee Available	Period 7 Fee Earned
WSRC High Level Waste	\$2,876,500	\$2,574,470
WSRC Nuclear Materials Management and Nonproliferation	\$3,595,625	\$2,853,130
WSRC Solid Waste	\$719,125	\$647,210
WSRC Environmental Restoration	\$1,438,250	\$1,351,955
WSRC Tritium	\$1,438,250	\$1,379,240
WSRC Operational Support Programs	\$4,314,750	\$2,598,070
<b>Period 7 Overall WSRC Available/Earned</b>	<b>\$14,382,500</b>	<b>\$11,404,075</b>