

memorandum

Savannah River Operations Office (SR)

DATE: DEC 20 2012

REPLY TO
ATTN OF: AMMS (Hintze, 803-952-8422)

SUBJECT: SRR Award Fee Determination for Evaluation Period October 1, 2011 to September 30, 2012

TO: Charlene Smith, Contracting Officer, Contract DE-AC09-09SR22505

SRR FY 2012 PEMP, Rev. 2 (Mod 194) - For the Evaluation Period October 1, 2011 to September 31, 2012, the Fee Board recommended that SRR earn \$30,975,347.36 of the maximum available fee of \$31,775,347.36.

Savannah River Remediation (SRR) completed a highly successful year in fiscal year (FY) 2012. Their success is attributed to superior contract management and a keen technical acumen resulting in a clearly focused approach capable of handling demanding performance to maintain progress toward regulatory milestones, ever-changing and often declining budget availability, and multiple emerging issues all while maintaining focus on the safety of the public, environment, and the SRS workforce.

SRR's achievements for FY 2012 are documented herein. Notable achievements for the year include:

- Operational closure of two high level liquid waste tanks, tanks 18 and 19 (the first in 15 years)
- Acceleration of closure activities for tanks 5 & 6, next in line for closure
- Record annual canister production at Defense Waste Processing Facility (DWPF)
- Record year of salt processing at Modular Caustic Side Solvent Extraction Unit (MCU) in spite of a lengthy outage for refurbishment to support extended out-year operations
- Enhanced Low Activity Waste Disposal (ELAWD) enhancements at Saltstone to address past operating issues and in preparation for anticipated significant future increase in processing rates
- Excellent Saltstone production for the year, notable due to ELAWD outage to install upgrades
- Completion and startup of newly designed Saltstone Disposal Units (SDU)
- Significant progress on SDUs 3, 5, and 6
- Maintained and strengthened relationships with state and federal regulatory agencies
- Superior contract and financial management

Despite the notable achievements, SRR has had several challenges, which include:

- **Conduct of Operations:** A series of events occurred, which individually did not constitute significant safety concerns, however, in aggregate were sufficient to warrant further action. DOE intervention was necessary for SRR to fully embrace the significance of the events and initiate a proper response to renew their focus on conduct of operations.

- **Conduct of Engineering:** Several concerns were raised by DOE and presented to SRR in a formal letter requesting a review of the issues and a proposed path forward. Similar to the Conduct of Operations challenge, the individual incidents within Conduct of Engineering did not pose a significant concern, however, collectively the circumstances revealed a need for systematic improvement.
- **Project Management:** SRR's approach to the alternative analysis for the mega-vault concept was less than desirable, resulting in an acceptable, but perhaps not optimal solution. The outcome may lead to the need for additional work prior to the initiation of the next SDU construction. Improvement in communication and forward-thinking analysis in future alternative analyses is expected.

Additional challenges were presented during the completion of planned Basic Ordering Agreement (BOA) activities in Tank 12. The Tank 12 Project Team expectation was to complete acidic cleaning by the end of FY12. However, as more information associated with the corrosion issue became apparent, emergent and unplanned work relevant to chemical cleaning preparation activities dominated the schedule causing the actual cleaning of the tank with oxalic acid to be delayed past the end of FY12. SRR completed the preparation activities and much of the emergent and unplanned work. The cleaning and post cleaning work activities were not performed. Since two of the three phases were not completed, available fee was unearned. SRR management has initiated actions to address each of DOE's concerns.


In accordance with Contract DE-AC09-09SR22505, Section B.2 (h), my determination of the amount of performance fee to be awarded to Savannah River Remediation (SRR) LLC for the Evaluation Period October 1, 2011 to September 30, 2012 is \$30,975,347.36 of the available \$31,775,347.36.

SRR SSI PEMP, Rev. 1 (Mod 199) - During the past fiscal year, the Fee Board recommended that SRR earn \$1,096,252.72 of the maximum available fee of \$1,096,252.72 for the four (4) contract output milestones completed. There was \$0.00 in unearned fee for these milestones. There is no evaluation period specified for Rev. 1 of the SSI PEMP. It is a multi-year PEMP addendum.

You are authorized to make fee payment to the contractor for the amount of \$32,071,600.08 in accordance with Section G.7 of the contract. Unearned fee in the amount of \$800,000.00 is considered uncosted carryover. As such these funds are available for the contractor to apply to Fiscal Year 2012 workscope.

If you have any questions, please contact me or have your staff contact Mr. Douglas E. Hintze at (803) 952-8422.

Sincerely,



David C. Moody
Manager

AMMS:JEC:nwp

AMMS-13-004

2 Attachments

(1) SRR PEMP Award Fee Payment Process

(2) SRR FY 2012 PEMP and SSI PEMP Invoice Summary

cc: H. Nielson

J. Hart