

# Award Fee Evaluation Period 6 Determination Scorecard

Contractor: BWXT Conversion Services, LLC  
Contract: DE-AC30-11CC40015

**Award Fee Evaluation Period:** Period 6 (October 1, 2016 – January 31, 2017)

**Basis of Evaluation:** Award Fee Plans for BWXT Conversion Services, LLC

**Categories of Performance:** Subjective- \$473,580.00

PBI- \$1,894,320.00

Stretch- \$0

**Award Fee Available:** \$ 2,367,900.00

**Award Fee Earned:** **\$1,864,401.00 (~79%)**

## Categories of Performance Award Fee

### Award Fee Area Adjectival Ratings

Base Fee Available: \_\_\_\_\_ **\$473,580.00**

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|--|----------------------------------|
| 1. Quality (15%):                      | ● Good (55% – \$39,070.00)       |
| 2. Schedule (15%):                     | ● Good (65% – \$46,174.00)       |
| 3. Cost Control (30%):                 | ● Very Good (85% – \$120,763.00) |
| 4. Management (20%):                   | ● Good (55% – \$52,094.00)       |
| 5. Utilization of Small Business (5%): | ● Very Good (90% – \$21,311.00)  |
| 6. Regulatory Compliance (15%):        | ● Good (75% – \$53,278.00)       |

The overall fee awarded based on these grades is: \_\_\_\_\_ **\$332,690.00**

**Quality:** In general, policies, plans, and procedures have been adequate. During this period of performance, BWXT Conversion Services, LLC (BWCS) completed its internal & external verification & validation of readiness to restart lines, including management certification of readiness, a management self-assessment and a Contractor Readiness Assessment utilizing an assessment team with extensive experience. Although (and as expected), each step of the readiness verification process resulted in a number of findings/observations, each was closed in a timely manner and properly documented, none were at the level suggesting a programmatic failure. During the last rating period, while completing their due diligence for installation of new hydrogen generators, BWCS discovered an inadequate safety evaluation in the existing Authorization Basis and determined it to be an Unreview Safety Question. The resulting safety analyses and necessary safety basis changes were completed in this rating period in a timely and thorough manner with little U.S. Department of Energy (DOE) intervention necessary. As reported last rating period, it appears that the BWCS Quality Assurance (QA) program is not fully integrated into the BWCS process like it should be to ensure proper rigor and control of nuclear and safety related operations at the two plants; however, DOE has seen continued improvement and responsiveness from BWCS. This improvement is reflected in the responsiveness of the QA organization to work with DOE to address comments on the Quality Assurance Program Plan (QAPP); the development, planning and mobilization of auditors/certified inspectors to perform off-site vendor inspections; and a well-executed and communicated contract transition.

**Schedule:** Conversion operations resumed in December 2016 at Paducah. BWCS has processed 833 metric tons of Depleted Uranium Hexafluoride. Efforts continued toward restore conversion operations at Portsmouth. The Contractor failed to submit on time several contract deliverables. The Baseline Needs Assessments (BNA) were not completed (the Paducah Fluor BNA will be credited by BWCS so that no additional analysis will be required; but the Portsmouth Fluor BNA did not bound BWCS so BWCS could not take credit for it) as required by the contract. BWCS did not complete the replacement of any of the Hunt valves as required by the contract modification in November. Off-site shipment of uranium cylinders to Fluor and Honeywell was coordinated well and progress was made with minimum disruption to existing operations.

**Cost Control:** The Contractor's actual costs did not exceed the cumulative Contract Budget Base through the end of the contract. Based on the approved Earned Value Management System (EVMS) protocol and baseline, with an overall CPI=0.99, the Contractor's performance against the baseline is excellent. It should be noted that had the EVMS performance criteria been set up to reflect production instead of level of effort, overall performance would be much lower. The actual cost of work performed (ACWP) is \$484,857 compared to the negotiated Contract Value (budgeted cost of work scheduled (BCWS)) of \$485,676 (December Data). As a result, BCWS still retains approximately \$1M in positive cost variance. The cumulative BCWS for January 2017 is \$494,094 with Management Reserve (MR) of \$5.681M. Given this information, BWCS's actual costs will remain below the negotiated contract value. Monthly accrual reports and periodic pension updates are provided in a timely manner and exceed the performance criteria of the contract. BWCS continued to take advantage of cost savings initiatives started last rating period.

**Management:** The Contractor was largely successful in managing a significant culture change in project maintenance and operations. Once BWCS identified the need to replace the remaining condensers at both Paducah and Portsmouth, BWCS negotiated aggressively with its vendor to reduce historical production times from 30-35 weeks down to 15-20 weeks for production of all seven required condensers. BWCS management successfully completed contract transition to Mid-America Conversion Services, LLC (MCS) in a safe, compliant, and professional manner. BWCS personnel continued to work up to the very end of contract transition and MCS feedback to DOE was that BWCS was being very supportive of their needs. Contract transition occurred on time and without incident. Senior Management in Lexington and the sites appear to be in line with regard to safety and cultural performance. BWCS management continued to re-enforce that they are driving a culture where work is to be performed correctly and that it is OK to stop/pause work when personnel are unsure if the procedure is correct or if they feel uncomfortable performing the work. Additionally, BWCS' responses to off-normal events/injuries continues to reflect a shift where the workers are calling for E-squad support and notifying Facility Managers in lieu of not trying to make an issue. However, at Portsmouth, there were still several instances where there were significant process breakdowns. This was documented in a letter to BWCS in September (last rating period) and again in December 2016. If not for BWCS' inability to resolve the continued cultural issues at Portsmouth, BWCS would have scored significantly higher in this evaluation category. During this period of performance at Paducah BWCS completed its internal and external verification and validation of readiness to restart lines, including management certification of readiness, a management self-assessment, and a Contractor Readiness Assessment utilizing an assessment team with extensive experience. BWCS was able to manage the readiness process in conjunction with identification of expanded condenser failures and the resolution of the USQ for the hydrogen generators. Throughout this period, the Contractor also had no DART and TRC cases.

**Utilization of Small Business:** Data were reviewed from the DOE Summary Subcontract Report provided by the Contracting Officer. Although one of the five of the Socio-Economic Categories goals was not met, overall BWCS significantly exceeded the total Small Business Goal and two of the socio-economic categories. As such, a rating Very Good is appropriate.

**Regulatory Compliance:** There were no Notices of Violations (NOV) associated with work performed this rating period. The BWCS accounting system has been approved by DOE for this contract. DOE is not aware of any issues associated with the accounting systems. BWCS invoices appear to be accurate. BWCS also completed more than the required minimum number of annual cylinder inspections. BWCS did not complete the required corrective action necessary to address an audit finding from the Nevada National Security Site Waste Disposal Program. As a result, BWCS cannot ship waste from Portsmouth and MCS will now need to implement the corrective actions. The Contractor did not come into compliance with requirements in DOE Order 205.1B and NIST cyber security requirements; however, the Contractor took both mitigative and corrective actions to remedy this situation.

### Performance Based Incentives Fee

Performance Based Incentive Fee Available: \_\_\_\_\_ **\$1,894,320.00**

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|--|--------------------------------------|
| 1. PBI-1 Extension/Line 1-3 Restart (50%): | ● Partially Met (91% – \$864,473.00) |
| 2. PBI-2 Line 4-5 Restart (25%):           | ● Partially Met (71% – \$336,005.00) |
| 3. PBI-3 Line 6-7 restart (25%):           | ● Partially Met (70% – \$331,233.00) |

Performance Based Incentive Fee Earned: \_\_\_\_\_ **\$1,531,711.00**

The overall fee awarded is based on completion of the PBI activities.