



Department of Energy
National Nuclear Security Administration
Pantex Site Office
P. O. Box 30030
Amarillo, TX 79120



DEC - 9 2008

J. G. Meyer
General Manager
Babcock and Wilcox Technical Services Pantex LLC
P.O. Box 30020
Amarillo, TX 79120-0020

SUBJECT: Contract No. DE-AC04-00AL66620, Fiscal Year 2008 (FY08) Performance Evaluation Report (PER)

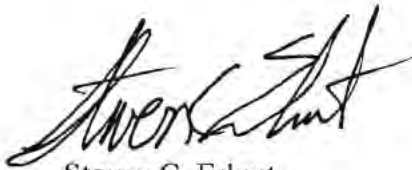
Enclosed is the FY08 PER, which provides the results of the National Nuclear Security Administration's (NNSA) assessment of Babcock and Wilcox Technical Services Pantex, (B&W Pantex) performance from October 1, 2007 through September 30, 2008.

B&W Pantex's overall performance substantially exceeded the Pantex Site Office (PXSO) expectations. Based on PXSO's assessment of B&W Pantex LLC's FY2008 performance B&W Pantex received an overall adjective rating of "Outstanding" and a score of 94%. For the Base portion of the FY08 Performance Evaluation Plan (PEP), B&W Pantex achieved a rating of 92% and earned a Total Fee of \$23,733,087. For the Stretch portion of the FY08 PEP, B&W Pantex achieved a rating of 97% and earned \$6,601,639 of the fee available. For the Multi-Site Incentive portion of the FY08 PEP, B&W Pantex achieved a rating of 100% and earned \$3,611,400 of the available fee.

	Fee Available	Fee Earned	%
TOTAL BASE	\$25,677,054	\$23,733,087	92%
TOTAL STRETCH	\$6,825,546	\$6,601,639	97%
TOTAL MULTI-SITE	\$3,611,400	\$3,611,400	100%
TOTAL	\$36,114,000	\$33,946,126	94%

You may withdraw funds not to exceed the amount of \$21,306, 236 from your Special Bank Account for the remaining un-invoiced FY08 total earned fee. This amount represents the difference between the total earned fee of \$33,946,126 and the provisional fee of \$12,639,900 which has already been drawn down from B&W's Special Bank Account.

I am available to meet with you to discuss B&W Pantex's FY08 performance assessment. Should you desire a meeting, please contact me at 3180



Steven C. Erhart
Manager
Pantex Site Office



Seb M. Klein
Contracting Officer
Pantex Site Office

Enclosure

cc w/enclosure:

M. Padilla, PXSO, 12-36A
B. Bidwell, B&W, 12-138D

cc w/o enclosure:

G. Beausoleil, PXSO, 12-36A
K. Waltzer, PXSO 12-36A
J. Guelker, PXSO, 12-36A
S. Dolezal, PXSO, 12-36A
G. Wisdom, PXSO, 12-36A
C. Alvarado, PXSO, 12-36A
D. Nester, PXSO, 12-36A

**B&W Pantex
Performance Assessment**

Pantex Plant Performance Evaluation Report

Fiscal Year 2008
 October 1, 2007 through September 30, 2008
 Summary of Performance Areas/Fee Availability

Performance Area	Award Fee Allocation/Weight	PBI Allocation/Weight	Total Allocation/Weight
Mission	\$11,375,910 / 44.30%	\$0 / 0.00%	\$11,375,910 / 44.30%
Operations	\$ 8,848,230 / 34.46%	\$0 / 0.00%	\$ 8,848,230 / 34.46%
Business/Management	\$ 5,453,214 / 21.24%	\$0 / 0.00%	\$ 5,453,214 / 21.24%
<i>Total</i>	<i>\$25,677,354 / 100%</i>	<i>\$0 / 0.00%</i>	<i>\$25,677,354 / 100%</i>

Performance Area	Award Fee Allocation/Weight	PBI Allocation/Weight	Total Allocation/Weight
Mission	\$ 2,672,436 / 39.15%	\$ 505,596 / 7.41%	\$ 3,178,032 / 46.56%
Operations	\$ 1,516,788 / 22.22%	\$ 2,130,726 / 31.22%	\$ 3,647,514 / 53.44%
<i>Total</i>	<i>\$ 4,189,224 / 61.38%</i>	<i>\$ 2,636,322 / 38.62%</i>	<i>\$ 6,825,546 / 100%</i>

Performance Area	Award Fee Allocation/Weight	PBI Allocation/Weight	Total Allocation/Weight
Multi-Site	\$0 / 0.00%	\$ 3,611,400 / 100%	\$ 3,611,400 / 100%

Break-down by Incentives

	Base	Stretch	Total
Mission	\$11,375,910	\$ 3,178,032	\$14,553,942
Operations	\$ 8,847,930	\$ 3,647,514	\$12,495,744
Business/Management	\$ 5,453,214	\$ 0	\$ 5,453,214
<i>Subtotal</i>	<i>\$25,677,054</i>	<i>\$ 6,825,546</i>	<i>\$32,502,600</i>
Multi-Site	\$ 3,611,400	\$ 0	\$ 3,611,400
<i>Total</i>	<i>\$29,288,454</i>	<i>\$ 6,825,546</i>	<i>\$36,114,000</i>

B&W Pantex Fee breakdown:

	Available Fee	Earned Fee	Earned Fee %
Mission	\$14,553,942	\$13,886,270	95%
Operations	12,495,444	11,334,851	91%
Business/Management	5,453,214	5,133,605	94%
<i>Subtotal</i>	<i>\$32,502,900</i>	<i>\$30,354,726</i>	
Multi-Site	3,611,400	3,611,400	100%
<i>Total</i>	<i>\$36,114,000</i>	<i>\$33,946,156</i>	<i>94%</i>

MISSION

Fiscal Year 2008
October 1, 2007 through September 30, 2008

		PO/PBI # and TITLE	PO/PBI Fee
PO #1	BASE	Delivery of DSW Products to the DoD	\$ 7,583,940
PO #2	BASE	Meet Established Campaign Milestones	\$ 505,596
PO #3	BASE	Manage Component and Tooling Disposition	\$ 505,596
PO #4	BASE	Closure of Nuclear Explosive Safety Study (NESS) Findings	\$ 252,798
PO #5	BASE	Improvements to the USQ Program and New Information Process	\$ 252,798
PO #6	BASE	Update and Maintain Configuration Control of the Pantex DSA	\$ 758,394
PO #7	BASE	Continue to Improve and Maintain a Robust Quality Assurance Program	\$ 505,596
PO #8	BASE	Safely and Effectively Manage Nuclear Materials (NM) and Critical NM Support Programs	\$ 758,394
PO #9	BASE	Incorporation of High Quality Trainer into Weapons Training Programs	\$ 252,798
BASE TOTAL			\$11,375,910
PO #10	STRETCH	DP Getting the Job Done in FY2008 (Pantex Enabler)	\$ 1,300,104
PO #11	STRETCH	Optimum Efficiency of Nuclear Explosive Operations	\$ 505,596
PO #12	STRETCH	Incorporation of High Quality Trainer into Weapons Training Programs	\$ 650,052
PBI #13	STRETCH	Disposition Additional Components from All Categories	\$ 505,596
PO #14	STRETCH	Update and Maintain Configuration Control of the Pantex DSAs	\$ 216,684
STRETCH TOTAL			\$ 3,178,032
TOTAL			\$14,553,942

Performance Area: Mission
Award Fee Adjectival Rating: Outstanding
Numerical Rating: 95.3%

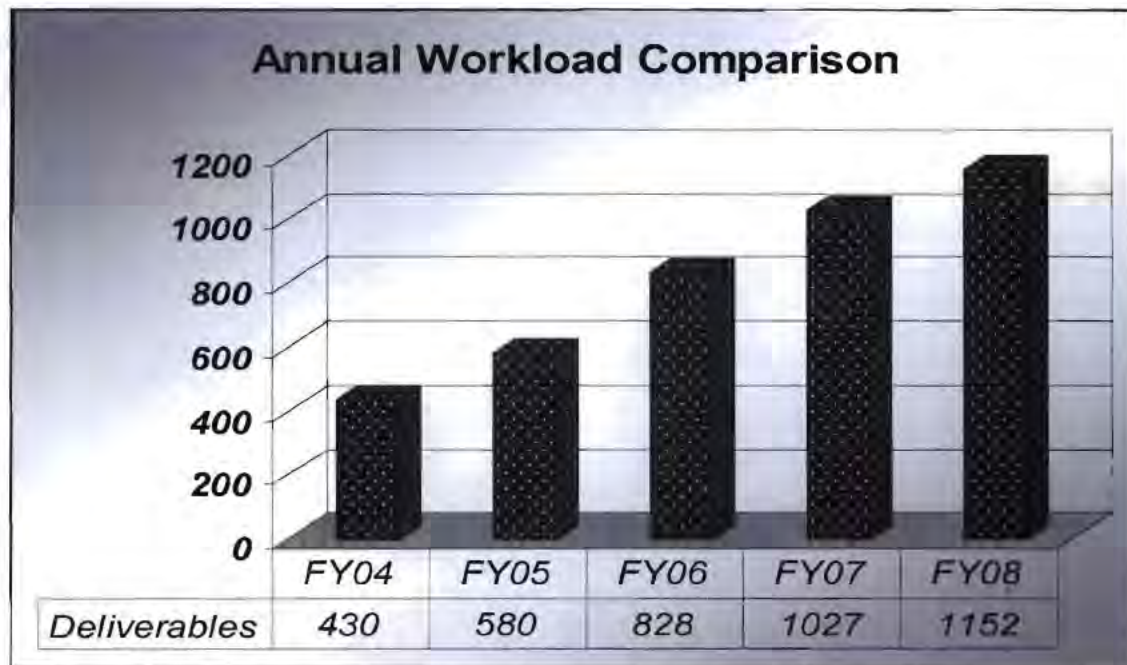
Performance Objective #1: Continued delivery of DSX products to the Department of Defense (DoD)

B&W PX performance substantially exceeded levels of performance against Performance Objectives identified in this PEP.

Performance Assessment:

Performance Target #1:

B&W performance substantially exceeded expectations in achieving delivery of DSX products to the DoD by exceeding the approved FY08 Pantex Baseline Production Plan Commitments 105%. B&W production was extraordinarily successful in overcoming unforeseen obstacles while maintaining production commitments.



Performance Target #2:

B&W exceeded expectations by not only completing 46 out of 46 Level 2 milestones identified in the Stockpile Management Implementation Plan, but also achieving many of the deliveries prior to the due date.

Performance Target #3:

B&W completed required Mod 0 LEP disassembly deliverables, Mod 1 Assemblies for use in REST Program, and completed the W76-1 First Production Unit.

Performance Target #4:

B&W completed two W88 Rebuild deliverables using the LANL and SRS provided components, the first unit was completed on February 18, 2008 and the second unit was completed on March

OFFICIAL USE ONLY

28, 2008. W88 Bay operations were authorized by NNSA/PXSO on February 27, 2008 – prior to the expiration of the NESS. Prior to the end of January 2008, B&W successfully completed the required steps to procure the needed W88 SS-21 production tooling.

Performance Target 1.4.c required the W88 Cell SS-21 HAR to be submitted to PXSO by August 31, 2008 for approval. The W88 HAR was received by PXSO on August 1, 2008 – substantially ahead of schedule. The quality of the HAR is such that very little comments are expected in the Safety Evaluation Report.

Performance Target #5:

The Project Execution Plan for the W84 Seamless Safety for the 21st Century (SS-21) was published June 20, 2008; prior to the June 30 target identified in PT 1.5.a. PT 1.5.b required that B&W support NNSA in the possible transfer of W84 JTA D&I work to the Nevada Device Assembly Facility. The project team included NTS/DAF members; these members participated in the conceptual walk-downs for the SS-21 process in addition to the known state process. They were also active participants in the weekly video teleconferences. Various departments within the Engineering Division shared information with DAF personnel to demonstrate the requirements needed to be in place to perform operations. DAF personnel also attended tours at Pantex to observe similarities and differences of the operating facilities. Further, the W87 program also shared information such as Nuclear Explosive Operating procedures, Tooling drawings, etc. with personnel from DAF.

Performance Target #6:

The Baseline W87 JTA4 First Production Unit completed on August 6, 2008, well before the August 31, 2008 completion required by PT1.6.a as amended by Change Control Request 08-5865. The CCR was required as a result of numerous electrical test failures; these test failures were the result of hardware failures in the reference unit provided by KCP, failure of a shock sensor undetected by SNL passive mode testing, and a WES isolation test failure. These failures resulted in more than 3 weeks delay in the JTA4 FPU build.

Performance Target #7:

Fabrication of B53 SS-21 prototype tooling was commenced on June 17, 2008. This is attributable to the substantially early completion of PT 1.7.a that required the designs to be completed by July 2008. This enabled the prototype tooling to be completed well before the end of FY08 as required by PT 1.7.b. The first group of tools were delivered July 29, 2008 and all tools in production quality by September 15, 2008.

Performance Target #8:

The B61 Mod 11 SLT Rebuild FPU was completed ahead of schedule in May, 2008

Performance Target #9:

The B83 JTA-1A (S/N 110) was completed ahead of schedule and was successfully flown in July, 2008. The project was completed nine months sooner than anticipated.

Performance Target #10:

The Code Management System Nuclear Explosive Safety Study was conducted January 22-24, 2008 as required by PT 1.10.a. The final NESS report was received on April 23, 2008 and CMS operations were authorized for the B61, B83, and W80 on May 13, 2008. The authorizations of these operations were achieved well before the 30 days required by PT 1.10.b.

Performance Objective #2 Meet established Campaigns milestones as defined and funded in the Implementation Plans for Readiness (ADAPT and HEWO) and Enhanced Surveillance.

Performance Assessment

B&W exceed expectations. B&W completed established Campaign Milestones as defined and funded in Readiness and Engineering Campaign documentation as set forth by NA-123.

PT 2.1 -Support National Laboratories HE initiatives and complete outstanding and FY 08 Integrated Contract Orders (ICOs) issued to B&W in the HE areas.

All ICOs issued to B&W were completed in FY 08. Over \$1,00,000 in work for others was performed by the contractor. Collaboration with the United Kingdom weapon establishment was initiated to enhance collaboration between both countries.

PT 2.2 – Readiness Campaigns – Meet approved ADAPT and HEWO program milestones.

B&W met all five level 2 milestones by the end of FY 08. Some examples are:

- DICONDE Information Transfer System across the NWC
- W88 JTA2 test works system to cut down cycle times and costs
- Non-destructive Density Determination to evaluate the density of pressed and machined explosive parts.

2.3 – Engineering Campaign – Meet approved ESC milestones.

B&W Pantex completed key deliveries in support of the FY08 and FY09 Level 2 milestones identified in the Enhanced Surveillance Implementation Plan. The efforts of B&W will ensure the life extension programs for nuclear and high explosives components in the stockpile will remain viable for the future.

B&W met established Campaign Milestones as defined and funded in Readiness and Engineering Campaign documentation as set forth by NA-123.

Performance Objective #3, Manage component and tooling disposition resulting from dismantlement operations

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Performance Target 3.1:

B&W substantially exceeded PXSO expectations by accomplishing all FY08 milestones contained in the approved plan ahead of the scheduled dates.

Performance Target 3.2:

B&W substantially exceeded the expectations by completing the sanitization activities and disposition of over 80,000 components outlined several months early. B&W used several process innovations to accomplish this activity.

Performance Objective #4, Closures of Nuclear Explosive Safety Study (NESS) Findings

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives in this PEP.

Performance Assessment

Performance Target 4.1:

B&W exceeded the performance target for new NES findings.

Performance Target 4.2:

B&W coordinated closure packages with the NES chair prior to submittal to PXSO in accordance with the performance target. In some cases consensus was not reached however, the coordination work was completed. Some NES post-start findings open at the beginning of FY08 still remain open due to the complexity of the issue or as a result of difficulty in reaching agreement with NES on the need for actions.

[B&W Pantex exceeded expected levels of performance against Performance Objectives in this PEP. Thirty six closure packages/plans were submitted and 21 findings identified in FY 2008 have been approved for closure.]

Performance Objective #5, Improvements to the Unreviewed Safety Question (USQ) Program and New Information Process.

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives in this PEP.

Performance Assessment

Performance Target 5.1:

The USQ procedure was successfully revised to significantly improve the process however, substantial PXSO involvement was required and the original completion date was missed.

Performance Target 5.2:

Disagree with B&W self-assessment of "exceeded expectations". The preparation of approvable Categorical Exclusions was delayed several times during the year. B&W submitted two exclusions for approval. The target was met but not exceeded.

Performance Target 5.3:

B&W exceeded expectations for this PT. The revised new information process was developed and executed early in the FY and B&W did an outstanding job of managing the new information using the revised process during the FY.

[B&W Pantex exceeded expected levels of performance with respected establishing and implementing a new information process to include collection, tracking, and closing of new

information and how it is used in the USQ program. B&W Pantex met the target of submitting two Categorical Exclusions; however, the preparation in getting approved Categorical Exclusions was delayed several times during the year.]

Performance Objective #6, Update and Maintain Configuration Control of the Pantex Documented Safety Analysis.

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Performance Target 6.1.1:

The DSA update schedule was provided to PXSO and approved ahead of schedule.

Performance Target 6.1.2:

All annual updates were submitted to meet the schedule.

Performance Target 6.2.1:

B&W validated the implementation of TSR controls prior to DSA submittals and institutionalized the PXSO expectations in the form of the IVR process.

Performance Target 6.2.2:

B&W exceeded the performance target requirements in that all DSA changes were posted on time or per an approved plan. B&W institutionalized processes needed to assure this level of configuration management is maintained.

Performance Target 6.2.3:

B&W completed the activities needed to make the unimplemented and unposted portions of the DSA effective (with the exception of one change). This was a significant achievement accomplished through the concerted effort of a dedicated team.

Performance Target 6.2.4:

Three DSAs (the 12-116 SAR and TSRs and the Analytical Bases Document) remained active at the end of the FY. All others were archived.

Performance Target 6.3:

B&W made significant progress and met the performance target in regard to the closure of TRCs and COAs.

Performance Target 6.4:

B&W made significant progress in addressing/closing operational safety improvements from the DSA.

Performance Objective #07: Continue to Improve and Maintain a Robust Quality Assurance Program

Performance Assessment

Overall, B&W PX exceeded expectations for improving and maintaining a robust Quality Assurance (QA) program.

Performance Target 7.1:

Publish an annual Quality Assurance Program Description (QAPD).

B&W exceeded expectations, however, the quality of the QAPD needed to be improved.

Performance Target 7.2:

Conduct a QC-1 Type assessment of the Pantex Welding Program and initiate necessary improvements.

B&W exceeded expectation by completing these QC-1 type assessments. B&W also had an outside contractor perform a programmatic assessment of the PX welding program.

Performance Target 7.3:

Ensure that no Unsatisfactory Reports (URs) that affect unit reliability and functionality or Significant Finding Investigations (SFIs) are chargeable to B&W Pantex on shipments performed by B&W Pantex during the 2008 fiscal year. If applicable, track and address root cause of the URs that affect unit reliability and functionality or SFIs.

B&W exceeded expectation in that there were no Unsatisfactory Results (UR's) or Significant Finding Investigations (SFI's) that were directly chargeable to the M&O Contractor.

Performance Target 7.4:

Conduct a drawing review of all active Pantex Testbed programs, ensuring proper flow-down of design requirements and initiate necessary improvements.

B&W exceeded expectations by completing these reviews for all Testbed programs.

Performance Target 7.5:

Update CAS to address conducting a QC-1 type assessment of Applied Technology HE firing site surveillance test activities, provide the results to PXSO, and initiate necessary improvements.

B&W exceeded expectations by revising the CAS schedule and completing the QC-1 assessment for the HE operations. This required significant coordination to reorganize the CAS schedule.

Performance Target 7.6:

Demonstrate improvements on QC-1 Assessments of weapon programs by conducting QC-1 assessments of actual weapon assembly and disassembly activities and conduction CAS assessment that focus on the adequacy of the assessments above.

B&W significantly exceeded expectations by completing 39 QC-1 Assessments. These QC-1 Surveys were performed, and took hard looks at PX programs. Many minor issues were discovered and closure was tracked in PERS system.

Performance Target 7.7:

Improve material identification and control within Production Stores, implement improvements identified as a result of URs associated with B61 Alt 356 kits, and provide PXSO with a Plan and schedule for warehouse operations improvements.

An implementation plan was approved in January 2008 and B&W has exceeded expectations by making excellent progress on the implementation of the plan. B&W also established a new Non-conform area to better control nonconforming parts.

Performance Target 7.8:

Develop and implement a program that provides PXSO WQS adequate advance notice from the appropriate B&W Pantex personnel for conduction acceptance activities and performing NNVs.

B&W exceeded expectations by effectively establishing a notification program that provides PXSO with advance notice for conducting product acceptance and NNV activities.

Performance Objective #08: Safely & Effectively Manage Nuclear Material and Critical NM Support Programs

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W exceeded expectations in this Performance area:

Performance Target 8.1:

Provide the updated program and project plans that support nuclear material objectives by November 20, 2007.

B & W Pantex met PXSO expectations for this Performance Target. Although the updated program and project plans in this performance target were submitted to the site office by the November 20, 2007 due date, B & W Pantex did not consistently provide the necessary monthly status updates as required throughout the year. In particular was regards to the Laser Gas Sampling project plan. A number of perturbations occurred which impacted both the schedule and the deliverables. These perturbations were not communicated to PXSO SMEs in a timely manner. A number of "after the fact" meetings between PXSO and B & W Pantex personnel occurred to communicate and discuss issues and concerns which involved Design Agency as well as NA 121 changing requirements. These changes resulted in a de-scoping of the original deliverables.

Performance Target 8.2:

Effectively manage the Laser Gas Sampling project to complete September 30, 2008. Commence processing and complete 27 identified backlog D&I Samples requiring laser gas sampling.

B & W Pantex met the PXSO expectations for the revised Performance Target. During this period, the Laser Gas Sampling project had slipped substantially without timely and adequate notification to PXSO of the challenges which were occurring. Additionally, there were changing requirements imposed by the Design Agency. As such, the initial number of Backlog D & I sample number, 95 samples could not be achieved. However, once P.T. was re-negotiated to a

lower surveillance deliverable (27 Backlog D & I samples), B & W Pantex did achieve that deliverable.

Performance Target 8.3:

Establish Laboratory Radioisotopic Thermal Generator (RTG) items selection to be shipped by December 2007. Package requested RTGs into a 9977 containers and ship to the Design Agency (DA) for evaluation.

B & W Pantex substantially exceeded PXS expectations for this Performance Target. The coordinated effort between the Design Agency and B & W Pantex enabled this PT to be accomplished well ahead of schedule. B & W are to be commended for their success in this area. Additional shipments were also accomplished using the 9977 container during this evaluation period.

Performance Target 8.4:

Deleted.

Performance Target 8.5:

Manage Building 12-116 Project Plans to include, but not limited to:

- a) Ventilation ducting modifications in storage vaults
- b) RTG relocation
- c) Deleted
- d) SI Surveillance/FL operations relocation

B & W Pantex met PXS expectations for this Performance Target. Two of the listed projects were managed to completion ahead of schedule. The third project, SI Surveillance/FL Operations Relocation (also called Pit and Container Processes Relocation project) is scheduled to be completed in FY 09. The completed projects were managed to the projected original cost, scope and schedule for the respective projects. The last project is being re-scoped and will be presented to the site office during early FY 09.

Performance Target 8.6:

Accomplish nuclear material container surveillance and pit surveillance objectives. Examples include DT containers, FL containers, AT-400A visual inspections, AL-RI/SI 2030 surveillance, and pit sample surveillances

B & W Pantex met PXS expectations for this Performance Target. All activities could not be accomplished due to funding shortfalls. Particularly for the pit storage sample surveillance activity, which was funded through the Material Disposition budget, funding shortfalls precluded B & W from accomplishing this activity. At the beginning of FY 08, B & W was notified that MD funds would be "zeroed out" for the year.

Performance Target 8.7:

Effectively manage Pantex thermal monitoring activities essential to maintaining storage/staging quality requirements.

B & W Pantex exceeded PXS expectations for this Performance Target. Throughout the year, B & W Pantex continued to monitor pit storage locations to ensure no temperature limits were exceeded. During the summer when temperature increases were noted in a Zone 4 magazine, B & W Pantex exercised the application of external cooling to the effected pit staging magazine to maintain a magazine temperature below the maximum allowed temperature. This effort proved

successful because of a well executed contingency plan which developed and demonstrated in FY07 along with an appropriate pre-planning effort on the part of the Nuclear Materials program office.

Performance Objective #9, Incorporation of High Quality Trainer into Weapons Training Programs

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W significantly exceeded expectations for this performance objective. A plan with a realistic schedule and measurable milestones was received by PXSO on January 7, 2008. Rather than just identify and replace worn out parts, B&W conducted a complete trainer drawing set review which resulted in Design Agency changes to drawings that ensures the trainer accurately reflects the war reserve (WR) unit configuration. B&W worked closely with the other production agencies and the Federal Program Manager at HQ, NNSA NA-122 to identify parts that needed to be replaced. Funding issues were worked out as necessary. The results are a W78 TYPE 5B trainer that reflects the WR unit configuration and will last the training life of the program.

As a result of this process, B&W recognized the need to formalize trainer spares provisioning for all weapon TYPE trainers and is working with the Kansas City Plant to develop a formal provisioning process.

Performance Objective #10, DP Getting the Job Done in FY08 (Pantex Enabler)

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W substantially exceeded expectations for this Performance Objective. Through their participation on multiple Business Case Analyses teams, B&W developed transition logic, transition plans, risk assessment matrices, workforce staffing scenarios, detailed cost estimates, and presentation of analyses. To support the multiple data calls, resources were utilized from Program Management, Safeguards & Security, Environmental Safety & Health, Integrated Planning & Budget, Nuclear Materials, and Transportation. Many of the data calls provided a very short deadline, and B&W delivered high quality products every time. B&W provided necessary support personnel during Red Team Reviews to ensure questions asked by the Red Team were accurate and timely.

In addition to participating on these teams, B&W provided technical review of the Supplemental Programmatic Environment Impact Statement (SPEIS). This is a massive document with copious detail; reviews provided by B&W contributed to the final high quality of the SPEIS.

Performance Target 10.2:

Deliver between October 1, 2007 and September 30, 2008, all B61 LEP quantities to the DOD on time, per the approved PCDs.

B&W substantially exceeded expectations for this Performance Objective. By completing 108% of the FY08 scheduled deliverables and 23.5% of FY09 deliverables in FY08, the B61 LEP will complete one month sooner than scheduled.

Performance Target 10.3:

Submit the W88 SS-21 HAR for final approval by August 31, 2008.

B&W exceeded expectations for this Performance Objective by delivering the HAR to PXSO on August 1, 2008, 30 days ahead of schedule.

Performance Target 10.4:

Complete site input and reviews to support the completion of the Final Complex Transformation Supplemental Programmatic Environmental Impact Statement (SPEIS) by August 31, 2008.

B&W substantially exceeded expectations for this Performance Objective. Through their participation on multiple Business Case Analyses teams, B&W developed transition logic, transition plans, risk assessment matrices, workforce staffing scenarios, detailed cost estimates, and presentation of analyses. To support the multiple data calls, resources were utilized from Program Management, Safeguards & Security, Environmental Safety & Health, Integrated Planning & Budget, Nuclear Materials, and Transportation. Many of the data calls provided a very short deadline, and B&W delivered high quality products every time. B&W provided necessary support personnel during Red Team Reviews to ensure questions asked by the Red Team were accurate and timely.

In addition to participating on these teams, B&W provided technical review of the Supplemental Programmatic Environment Impact Statement (SPEIS). This is a massive document with copious detail; reviews provided by B&W contributed to the final high quality of the SPEIS.

Performance Target 10.5:

Continue to dismantle weapons at the Pantex Plant and secondaries at the Y-12 Plant at the 2007 rates.

B&W substantially exceeded expectations for this Performance Objective by dismantling 109% of the FY08 dismantlement deliverables which exceeded the 2007 dismantlements by 20%.

Performance Target 10.6:

Deliver all Limited Life Components (LLCs) and alteration kits to the DOD on time per authorized program management documents, ie. PCDs and LLC Volume III.

B&W exceeded expectations for this Performance Objective by completing 100% of the LLC deliveries, 108% of the Alteration Kits and 108% of the Retrofit Kits to the DOD.

Performance Target 10.7:

Implementation of PPM with frost point measurement capability on the B61 stockpile system by September 30, 2008.

B&W substantially exceeded expectations for this Performance Objective. PPM with frost point capability was achieved almost 120 days ahead of schedule. This is a significant capability as it

eliminates the use of AC powered Phoenix cart and cuts four hours of process time from each unit.

Performance Objective #11, Optimum Efficiency of Nuclear Explosive Operations

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Performance Objective #11 (Stretch)

Optimum Efficiency of Nuclear Explosive Operations

Performance Target 1:

Substantially exceed expectations. In addition to the completion of multiple activities identified as ROTs, B&W demonstrated, more than once, superb ability to plan and execute major projects on virtually no notice and within a short timeframe for completion. In late May, during W76 operations walk-downs, the labs identified what they believed was an unanalyzed scenario; the resolution for which required the installation of Electrostatic Discharge Flooring in mechanical assembly bays and at least one cell in order to accomplish the FPU of the W76 by the end of the FY. Additionally, the authorization basis needed to be modified, and further procedure changes and training were required.

Furthermore, the catastrophic failure of a wooden pole supporting a lightning arrestor necessitated the immediate suspension of transportation of materials along vulnerable routes and an identification of a path forward to ensure no injuries resulted from any further failures of wooden poles. The wooden poles were tested to determine their susceptibility to imminent failure, modifications were completed to restore strength to the weakest poles, a compensatory measure was implemented to only transport material when wind speeds were below 25 mph, and a project was commenced to replace the poles of concern. These actions were all accomplished without additional funding, and without impact to delivery schedules.

Performance Target 2:

Met expectations. Numerous components for multiple weapon programs required from other facilities across the Nuclear Weapons Complex were not received within the required lead time. In spite of these late deliveries, all activities and weapon deliverables were completed on schedule.

Performance Target 3:

B&W exceeded expectations for the Performance Target. Multiple process improvement tools were used to analyze the W80 Dismantlement process. When the improvements were implemented, a 30% reduction in throughput time per unit was realized. A Kaizen Event was conducted for the B61; results from this analysis were implemented in the Disassembly and Inspection process and realized a 70% reduction in throughput time per unit. A Six Sigma Black Belt project was conducted on "Cutters for Explosives Manufacturing". A 52% increase in throughput per month with associated \$125,000 cost avoidance was realized when actions were implemented. Furthermore, a Kaizen event has been conducted on the B83 Disassembly and Inspection Process. Thirty five actions have been identified to reduce cycle time by 25%.

Performance Target 4:

Substantially Exceeded expectations. B&W completed the FY08 B&W Pantex Baseline Production dismantlements on August 22, 2008; this was well before the end of the FY. Although the Baseline Production goal was met, B&W continued dismantling units with alacrity and ended the FY at 109% of the planned deliverables.

Performance Objective #12, Incorporation of High Quality Trainer Unit into Weapons Training Programs

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W exceeded expectations for this performance objective. A plan with a realistic schedule and measurable milestones was received by PXS0 on January 8, 2008. Rather than just identify and replace worn out parts, B&W conducted a complete trainer drawing set review which resulted in Design Agency changes to drawings that ensures the trainer accurately reflects the war reserve (WR) unit configuration. B&W worked closely with the other production agencies and the Federal Program Manager at HQ, NNSA NA-122 to identify parts that needed to be replaced. Funding issues were worked out as necessary. The results are a W87 TYPE 5B trainer that reflects the WR unit configuration and will last the training life of the program.

As a result of this process, B&W recognized the need to formalize trainer spares provisioning for all weapon TYPE trainers and is working with the Kansas City Plant to develop a formal provisioning process.

Performance Based Incentive #13, Disposition Additional Components from All Categories

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Stretch from Performance Objective #3.

B&W substantially exceeded the expectations by completing the sanitization activities and disposition of over 100,000 components outlined several months early.

Performance Objective #14, Develop New Security SAR, Update DSA & Evaluate Impact of New NPH Requirements

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W exceeded expectations for this performance objective.

PT 14.1:

The security SAR was submitted to PXS0 for approval by the end of the FY.

Performance Target 14.2:

An updated aircraft analysis was submitted by the end of the FY.

Performance Target 14.3:

An updated NPH analysis was submitted by the end of the FY.

OPERATIONS

Fiscal Year 2008
October 1, 2007 through September 30, 2008

		PO/PBI # and TITLE	PO/PBI Fee
PO #15	BASE	Effectively Perform Program and Project Management Activities	\$ 758,394
PO #16	BASE	Convert the Central Fire Receiving Station to One Monitoring System	\$ 252,798
PO #17	BASE	Effectively Manage and Safely Conduct Maintenance Operations	\$ 252,798
PO #18	BASE	Effectively Manage a Deactivation & Decommissioning Program	\$ 252,798
PO #19	BASE	Complete Line Item (LI) Project Critical Decisions	\$ 505,596
PO #20	BASE	FIRP General Performance and Deferred Maintenance Reduction	\$ 252,798
PO #21	BASE	Execute the Environmental Restoration Program	\$ 505,596
PO #22	BASE	Meet the Specific Environmental and Energy Objectives	\$ 252,798
PO #25	BASE	Implement/Maintain a Comprehensive Emergency Management System	\$ 252,798
PO #26	BASE	Maintain Nuclear Incident Response Program (NIRP) Capabilities	\$ 252,798
PO #27	BASE	Plan and Resource an Effective and Efficient Safeguards and Security Program (DNS Goal 1)	\$ 505,596
PO #28	BASE	Operate an Effective and Efficient Safeguards and Security Program (DNS Goal 1)	\$ 1,263,990
PO #29	BASE	Implement the 2005 DBT Policy (DNS Goal 2)	\$ 1,011,192
PO #32	BASE	Environmental Laws, Regulations, Commitments and DOE Orders	\$ 758,394
PO #33	BASE	Maintain and Enhance the Environmental Management System (EMS)	\$ 252,798
PO #34	BASE	Effective Counterintelligence Program	\$ 252,798
PO #35	BASE	Maintain an Effective, Efficient & Compliant Integrated Safety Management (ISM) Program	\$ 505,596
PO #36	BASE	Maintain an Integrated Contractor Assurance System (CAS)	\$ 758,394
		Base Total	\$ 8,847,930

		PO/PBI # and TITLE	PO/PBI Fee
PBI #23	STRETCH	Convert Additional Panels of the Central Fire Receiving Station to One Monitoring System	\$ 72,228
PBI #24	STRETCH	Effectively Manage D&D to Achieve Additional Reduction of the Pantex Footprint	\$ 72,228
PO #30	STRETCH	Implement a Security Infrastructure Modernization Program (DNS Goal 2)	\$ 505,596
PO #31	STRETCH	Plan for a Site Security "Footprint" and Capacity Requirements to Meet Complex 2030 Goals (DNS Goal 3)	\$ 1,011,192
PBI #37	STRETCH	Upgrade Safety Systems	\$ 505,596
PBI #38	STRETCH	NUM-1 Hoists	\$ 722,280
PBI #39	STRETCH	Disposition of Moratorium Metals	\$ 397,254
PBI #40	STRETCH	Complete Milestones Identified to Support the Pantex HE Center of Excellence	\$ 144,456
PBI #41	STRETCH	Complete Line Item (LI) Project Critical Decision (CD) – 0 for Zone 4 Replacement	\$ 216,684
		Stretch Total	\$ 3,647,514
		TOTAL	\$12,495,744

Performance Area: Operations
Award Fee Adjectival Rating: Outstanding
Numerical Rating: 90.7%

Performance Objective #15, Effectively Perform Program and Project Management Activities

B&W exceeded PXSO expectations for program and project management activities. Substantial strides were made during the year to correct past PXSO concerns.

Performance Assessment

Performance Target 15.1.a:

B&W exceeded PXSO expectations by establishing achievable program/project baselines.

Performance Target 15.1.b:

B&W exceeded PXSO expectations in maintaining a monthly reporting system. Numerous improvements were made to the systems to consolidate and streamline the data requirements.

Performance Target 15.1.c:

B&W exceeded PXSO expectations by maintaining less than 10% schedule growth and less than 5% cost growth for awarded projects.

Performance Target 15.1.d:

B&W exceeded PXSO expectations by managing at least 90% of its projects in green status.

Performance Target 15.2:

B&W exceeded PXSO expectations by managing CPI and SPI of >.90 for the project within their control. HEPF and HEFL were placed on hold during the year, therefore allowing performance on this element to be expectable.

Performance Target 15.3:

B&W was slow in providing adequate support in ESPC contract. Continuous improvement was evident throughout the year allowing project completion by the end of the FY.

Performance Objective #16, Convert the Central Fire Receiving Station to One Monitoring System

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W substantially exceeded PXSO expectations by completing the required twenty fire alarm panel replacements ahead of schedule and completing seven additional panel replacements.

Performance Objective #17, Effectively Manage and Safely Conduct Maintenance Operations

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Performance Target 17.1:

B&W exceeded PXSO expectations by reducing safety related maintenance backlog.

Performance Target 17.2:

B&W substantially exceeded PXSO expectations by maintaining facility and utility availability above 99% while operating on a minimal budget.

Performance Target 17.3:

B&W exceeded PXSO expectations in reducing fire protection backlog below 70 work orders.

Performance Objective #18, Effectively Manage a Deactivation & Decommissioning Program

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W substantially exceeded PXSO expectations by removing adequate plant footprint to meet the 18,300 gross SF reductions.

Performance Objective #19, Complete Line Item Project Critical Decisions

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Performance Target 19.1:

B&W exceeded PXSO expectations for WSF since the PRD for this project is still in development by NNSA, HQ. However, B&W did support the Business Case Development to justify the project need.

Performance Target 19.2:

B&W exceeded PXSO expectations by obtaining the HEPF CD-3 on May 15, 2008.

Performance Target 19.3:

B&W exceeded PXSO expectations for the HEPF with the exception of circumstances that were beyond their control since the funding profile didn't support project award this Fiscal Year. Therefore, CD-3 was delayed.

Performance Target 19.4:

B&W exceeded PXSO expectations for HPFL lead-ins, however funding issues and project sponsor at NNSA HQ caused delays in starting the CD-0 process, but documentation was submitted in support of CD-0 by the end of the FY.

Performance Target 19.5:

B&W met PXSO expectations for the Administrative Support Complex, however excessive reviews and concerns over funding outside B&W's control delayed submittal and completion of the CD-0 process. However, the documentation was submitted late in FY08 in support of a CD-0 ESAAB in early FY09.

Performance Objective #20, FIRP General Performance and Deferred Maintenance Reduction

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Performance Target 20.2:

B&W exceeded PXSO expectations for the execution of FY2008 recapitalization and facility disposition programs. All projects were executed to minimize carryover with the exception of LIs outside B&W's control.

Performance Target 20.3:

B&W exceeded PXSO expectations by committing 50% of all FY2008 recapitalization & excess facilities funding within 180 days of funding receipt. This is evident by B&W's ability to meet the deferred maintenance goal during the FY.

Performance Target 20.4:

B&W substantially exceeded PXSO expectations by reducing deferred maintenance by \$12M. Using all available sources, B&W was able to accomplish this goal during times of reduced budget.

Performance Objective #21, Execute the Environmental Restoration Program

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W substantially exceeded PXSO expectations in execution of the Environmental Restoration program during FY08. B&W met several significant milestones during the year in support of the Federal Facilities Agreement with EPA, region 6 and Texas Commission for Environmental Quality. They were able to get the Site wide Record of Decision (ROD) signed in less than six months during the Fiscal Year recognizing that all site remediation efforts are completed.

Performance Target 21.1:

B&W substantially exceeded PXSO expectations in accomplishing IPABS deliverables that were within their control to achieve.

Performance Targets 21.1.1, 21.1.2, 21.1.3:

B&W exceeded PXSO expectations related to these three program deliverables. The above-mentioned ROD deliverable satisfied these requirements by rolling all three into one comprehensive document.

Performance Objective #22, Meet Specific Environmental and Energy Objectives

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Performance Target 22.1:

Demonstrate progress in FY08 towards achieving the energy use goal of 30% (from FY03 baseline) by 2015.

B&W met expectations. Total reductions, to date, from the FY03 baseline (not counting steam) is a -10.53% which keeps Pantex in line to achieve the required 30% reduction by 2015.

Performance Target 22.2:

Demonstrate progress in FY08 towards achieving the potable water use reduction goal of 16% (from FY07 baseline) by 2015.

B&W met expectations. Total reductions, to date, from the FY07 baseline is -2.49% which meets the objective of demonstrating progress toward a 16% reduction by 2015.

Performance Target 22.3:

Purchase 100% electronic products that meet EPEAT bronze to silver level criteria.

B&W Pantex met expectations by purchasing 100% of the new computers and monitors classified at the Silver and Gold level.

Performance Target 22.4:

For all new building designs and major building renovations in FY08, meet Federal Memorandum of Understanding guiding principles.

B&W met this expectation by addressing the guiding principles during the design and construction of buildings 12-142 and 12-143.

Performance Target 22.5

B&W was slow in providing adequate support in ESPC contract.

Performance Based Incentive #23, Convert Additional Panels of Central Fire Receiving Station to One System

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W substantially exceeded PXS0 expectations by completing seven additional panels above the base. B&W converted a total of 27 fire alarm panels in FY08.

Performance Based Incentive #24, Effectively Manage D&D to Achieve Additional Reduction of Pantex Footprint

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W substantially exceeded expectations by removing an additional 4,558 gross square feet from the Plant footprint. Building 10-2 was demolished and reported as eliminated. The base expectation was satisfied by the demolition of Building 12-9, which reduced plant footprint by 18,382 gross square feet.

Performance Objective #25, Implement/Maintain a Comprehensive Emergency Management System

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W exceeded expectations in this Performance area:

PT 25.1: Exceeded, Although DOE Order 150.1 was not part of the M&O Contract CRD for most of the 2008, B&W EMD attended all Headquarter VTCs, attended all PXSO planning meetings, and made significant progress in finding solutions to Pantex related COOP issues.

PT 25.2: Exceeded, Implemented DOE Order 243.2 CRD, Vital Records for Emergency operations. EMD worked closely with PXSO Vital Records POC to coordinate and plan vital records contingencies for COOP.

PT 25.3: Exceeded, EMD continues to make great efforts to assure B&W ERO members are adequately trained and qualified for duty during the first month of the new Fiscal Year. This effort is in keeping with the DOE Order 151.1C and Guidance, and HS-63 expectations.

PT 25.4: Exceeded, EMD conducted more than the minimum number of site-level ERO drills. One full participating table-top drill was well attended by local State and Federal agencies. It also conducted an annual full participation exercise according to schedule. EMD was able to adjust exercise parameters due to changing schedules and conditions as a result of weather related safety consideration beyond the contractor's control. These accomplishments were achieved due to the hard work of the EMD staff during a staffing shortage and key position change-overs.

PT 25.5: Exceeded, EMD continues to invest in a strong Readiness Assurance program. PXSO Line Oversight consistently identifies "strengths" associated with this program. The EMD self-assessment process is well implemented and meaningful in terms of program self improvement.

PT 25.6: Exceeded, EMD conducted in-cycle and out-of-cycle document reviews. Some of the plans and procedures underwent major rewrite. In all cases, these plans were submitted on time and were of good quality. Other plans were created for the first time and published. One important plan was the Mass Casualty Plan. This plan was designed to provide a more integrated approach to the Site's response to a catastrophic event. Several table-top reviews and a mass casualty drill involving the primary response organizations were conducted to validate the Plan.

PT 25.7: Exceeded, In addition to the Annual Full Participation Exercise, EMD planned and conducted a multi-agency tabletop exercise that focused on a radiological release. This tabletop was attended by 75 responders from the State of Texas, and other local jurisdictions.

PT 25.8: Substantially Exceeded, It should be reemphasized that Pantex performed exceptionally well in the HS-63 Inspection. In a five-year comparison with other Sites in the Complex, Pantex achieved the highest percentage in the number of "Effective Performance" ratings during an OIO Inspection.

PT 25.9: Substantially Exceeded, REAC/TS peer evaluators gave exceptional performance reviews of the ERTF Team (both B&W Rad Support Team and the VA "Black" Team) at the critique.

Performance Objective #26, Maintain Nuclear Incident Response Program (NIRP) Capabilities

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W exceeded expectations in this Performance area:

PT 26.1: Exceeded, The NIRP met all of its "Ready to Deploy" obligations during planned and no-notice NA-42 drills and exercises. Feedback from the DOE customer indicates that their expectations were met and were often exceeded in terms of punctuality and capability.

PT 26.2: Exceeded, Exceeded the goal of maintaining deployable equipment at a 90% availability/operability level. NIRP achieved a 100% availability/operability level.

PT 26.3: Exceeded, The NIRP Team received a Letter of Appreciation from Adm. Krol for their outstanding efforts in the planning and execution of the Diablo Bravo national level exercise. This was the first such exercise designed to test response capabilities for a terrorist scenario where items of interest were in DOE custody under the National Response Framework Plan.

PT 26.4: Exceeded, The NIRP Team has received very high marks from its customers in the WFO programs. Much of this is due to a "Customer Care" attitude and innovative thinking in the area of hands-on training aids that provide an extra measure of realism to the trainee. This innovative training enhancement has been observed in all three NIRP programs (RAP, ARG, and JTOT).

PT 26.5: Exceeded, NIRP made every effort to keep PXSO management informed of NIRP activities (scheduled and non-scheduled activities). The use of the OC, communicator, and pager system were exercised regularly to assure connectivity.

Performance Objective #27, Plan/Resource Effective/Efficient Safeguards/Security Program (DNS Goal 1)

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment:

In general, B&W has planned and exceeded the expectations of integrating requirements, resources and capabilities necessary across the various safeguards and security topical areas. Site planning activities have supported DOE and NNSA planning, programming and budgeting requirements. However, additional management attention is required to ensure all programmatic elements perform in accordance with DOE/NNSA policy and requirements.

Performance Targets:

27.1.1 Requirements traceability is incorporated across all security planning documentation.

During the performance period B&W exceeded expectations and worked in a number of topical areas to address traceability of requirements. B&W continues to work toward full implementation of the TRF and tactical doctrine concepts. Post and patrols were evaluated and resources allocated addressing the 2005 Design Basis Threat (DBT). B&W recognized differences in requirements interpretation and began the process of evaluating implementation.

Issues were identified with the settings used in the modeling programs. The lack of documented performance testing justifying the modification to those defaults was identified by an independent oversight inspection. B&W has taken the necessary corrective actions. As part of the corrective action process, a working group was established comprised of vulnerability analysis, systems, Protective Force (PF), and performance assurance personnel. The new process increases the amount of formal quantitative analysis which results in less reliance on professional judgment and experience. Another enhancement in requirements traceability implemented in the second half of the FY was the establishment of a linking system within the VA database ensuring values, analysis and/or conclusions have supporting evidence. It is recognized that B&W has begun to review data associated with their analyses and is validating assumptions and information used in those analyses to ensure that it remains current and accurate.

In order to assure programs and processes put into place remain effective and the integration remains intact, a change control process, owned by the Systems Integration Department has been implemented. This process enhancement was put in place to ensure post/patrol orders, supervisor guidelines, security procedure, etc. receive formal review and change control. Although B&W continues to be challenged with the implementation of the process, this enhancement should ensure continued viability and validity of requirements traceability in this area. As evidenced by an incident late in the performance period, and addressed in the next section of the PER, B&W S&S management clearly has additional work to ensure written plans, post orders, general orders and procedures covering PF routine, emergency, and administrative duties are followed and that a culture of discipline exists in every aspect of the overall security program.

27.1.2 Prepare a zero-baseline SSSP that will reflect the fundamental changes in vulnerability assessment methodology, protective force configuration/terminology and new DOE directives.

B&W exceeded expectations in vulnerability assessment and SSSP areas. They completed the SSSP revision process as scheduled. As a result of a significant change in DOE policy a new design basis threat was issued that changed the way in which the SSSP was to be developed. Even with this significant change, B&W appropriately updated, revised and submitted the SSSP to the PXSO. Additional efforts to re-baseline the SSSP to address the new GSP will be a part of the FY09 GSP implementation plan.

27.2.1 FY09 Site AOP is developed, approved by the Site Office and provided to DNS in time to support PPBE timelines.

B&W significantly exceeded expectations through the development of an AOP that addressed the major elements of the overall Safeguards and Security Program. B&W subject matter experts tracked the AOP deliverables in their respective areas. The majority of the changes to the AOP were coordinated with PXSO prior to execution. There were, however, some milestones missed and several extensions required. Formal change control was lagging through the established

process. While there were some task description milestones in the program management topical area that were not met, adequate rationale for these was provided.

27.2.2 Site FS-20 Budget Submission is performance-based and clearly links resources as outcomes.

B&W significantly exceeded expectations through the development and submission of the FY09 budget request. It was submitted to PXSO and subsequently to NA-70 prior to the requested dates and contained the information desired. Questions by the PXSO and NA-70 were answered quickly and considered in sufficient detail. During the NA-70 directed baseline program review, B&W developed and presented the baseline program in a thorough and well understood manner. B&W discussed expectations with both the Site Office and NA-70 as well as obtained briefing slides from other sites that had already experienced the review in order to ensure the information desired was included and consistent.

27.2.3 Manage the cumulative monthly S&S baseline operating costs and commitments to no more than a 5% variance from the budgeted cost and achieve less than 5% uncosted/uncommitted carryover for operational funds.

B&W significantly exceeded expectations. During the performance period the FY09 funding shortfalls were identified and clearly articulated by B&W. B&W acted quickly to address the impacts of these shortfalls by maximizing the carryover of FY08 funds, began the process that would enable minimization of FY09 expenditures, critically examined and took actions to enhance the control of labor and other costs, and established a planning target for the end of FY09 equal to the revised NNSA target for FY10. While this maximization, approved by the PXSO, caused a greater than 5% variance, B&W successfully avoided the need for a workforce restructuring plan within the security program. This is considered a very significant achievement.

27.2.4 Manage the cumulative monthly S&S capital project costs to no more than a 25 percent variance from the budgeted cost for each project and achieve less than a 50% carryover for capital funds.

B&W exceeded expectations by addressing cost issues associated with capital projects and managing variances to less than 25%. Funds associated with the completion of two additional capital projects have been appropriately carried over. One of these projects was canceled by B&W to ensure the Plant did not have to execute a work force restructuring affecting the safeguards and security program.

27.2.5 Develop a plan that will generate a definitive cost avoidance/savings to be applied to ROTs while meeting all S&S program requirements.

B&W significantly exceeded expectations by using an enhanced firearms training facility to conduct a portion of the required basic and advanced firearms training generating cost avoidances concerning the expenditure of ammunition. Use of the simulator facility has enhanced protective force skills on various weapons systems improving weapons and tactical skills as well as weapons manipulation.

Performance Objective #28, Operate an Effective & Efficient Safeguards & Security Program (DNS Goal 1)

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

While B&W has generally exceeded performance expectations, at the end of the performance period the PXSO conveyed two very serious concerns with B&W Pantex performance: 1) the inability to adequately control Protective Force ammunition; and 2) Management's lack of performance in the recognition of the seriousness, timely reporting, effective communication, and investigation of the incident.

B&W acted aggressively to correct management problems. Senior B&W personnel from within the company and outside the security organization were mobilized to address the problem. While it is too early to determine the adequacy of these actions, it is expected that the aggressive way in which B&W is approaching the problem should prove beneficial in bringing about the necessary cultural changes and restore PXSO confidence in the leadership of the security program.

Performance Targets:

28.1 Program Management and Support sub-topical areas are rated satisfactory.

B&W exceeded expectations although rated "needs improvement" in the independent oversight inspection earlier in the year, some progress has been made in correcting identified concerns. It is noted that B&W has demonstrated their willingness and ability to overcome significant, non-routine issues and has moved aggressively to address identified management and leadership problems. B&W is investing heavily in identifying and developing the personnel and capital resources necessary for a fully effective program. Clearly B&W has the infrastructure necessary to overcome the weaknesses identified in this reporting period, and if the planning program enhancements are appropriately implemented, the likely result will be fully effective performance. Oversight activities and interactions with B&W management in the later part of the performance period indicate an appropriate recognition of the issues facing the security organization. Early indications are the actions taken by B&W should provide a good foundation for the continued growth of the program.

28.2 Protective Force management sub-topical areas are rated satisfactory.

B&W generally exceeded expectations in many areas of PF. During this performance period there have been a number of management changes in the protective force. A key position within the PF has remained vacant for much of the period and various managers have been reassigned. As a result, PF management has not had effective and consistent leadership throughout the period. There is currently an interim manager in place until B&W can find a suitable candidate to fill this position. On the positive side of the changes, the new Chief of the Protective Force is making very positive progress in addressing various leadership issues. However, insufficient time has passed to be able to evaluate the overall effectiveness of the changes being made.

PF management has focused on several issues and made progress towards addressing those issues, but adequate attention has not been given to the open findings or the performance assurance program. While the performance assurance program is well detailed and documented,

the activities lack a consistency of further testing the systems to find the weaknesses and vulnerabilities. Self assessments have improved but can be more in-depth. The day-to-day management and operation of the Protective Force with respect to all sub-topical areas, management, training, duties, and facilities and equipment, should be a focus area for both B&W self assessments and PXSO FY09 Survey Program. Management is still working through issues concerning basic requirements and the effective implementation of the new tactical doctrine. B&W has put forth a tremendous amount of effort in this area.

Multiple enhanced force-on-force exercises were observed during this evaluation period. The PF completed their mission demonstrating their knowledge of basic mission plans as well as their ability to perform their assigned task however, performance criteria were not met in all exercises. Although the FY08 survey rated PF management as marginal rather than satisfactory the overall PF exceeds expectations and B&W has taken significant time and effort to correct the identified issues.

28.3 Physical Security program sub-topical areas are rated satisfactory.

B&W significantly exceeded expectations in all sub-topical areas of physical security. B&W Pantex issues badges and retrieves badges per prescribed policy, terminated badges are effectively destroyed by running them through a cross-cut shredder, and lost and stolen badges are reported in a timely manner.

PXSO conducted a top-down assessment of B&W Pantex's processes for determining that a new sensor is needed, selecting candidate sensors from among all available sensors, and other topics including installation, performance testing, life cycle support and feedback into the vulnerability assessment system. The appraisal concludes with a recommendation that these gains be institutionalized by the development of one or more procedures to ensure that the best possible decisions will be made as future sensor needs are identified.

B&W Pantex placed significant emphasis on vault type room assessments this year. B&W has made notable improvements in identifying potential deficiencies and is actively implementing a process to better assess, test, maintain, and performance test interior intrusion detection security systems.

Maintenance activities are identified in the Security Intrusion Management System database, and responsible technicians have immediate access to the information. The activities are appropriately prioritized using a graded approach to ensure proper alignment of maintenance priority with potential impact to the Plant. The process is effective to ensure system operability and functionality.

The radio communication system serves the protective force well for primary communication needs. B&W management has continued to refine and review the system for additional expansion opportunities.

28.4 Information Protection sub-topical areas are rated satisfactory.

B&W exceeded expectations in many areas of information protection. The Pantex Plant OPSEC Program has a high degree of visibility and credibility. However, in reviewing records for the FY 08 PXSO Survey, some OPSEC reviews were not performed as required.

B&W's Classification and Information Control program complies with DOE requirements and is effectively managed. B&W's Classification Office has been able to keep up with changing requirements and maintain a program that properly identifies and protects classified matter. Additional emphasis is needed in the area of coverage and ensuring the classification and information control program is adequately staffed to provide assistance to the plant population.

The Pantex Plant Classified Matter Protection and Control Program meet its objectives and is well documented. Classified matter protection and control was found to provide adequate assurance that applicable requirements for controlling and protecting classified assets are being met.

28.5 Cyber Security sub-topical areas are rated satisfactory.

B&W significantly exceeded expectations. The cyber security management structure and responsibilities are well understood within B&W Pantex. Roles and responsibilities as defined within NAP 14.1C are executed.

B&W Pantex has a cyber security manager responsible for the cyber security budget, personnel issues, overall management of the organization, and conflict resolution between B&W Pantex organizations. The cyber security manager has aggressively pursued filling vacancies as well as working to ensure B&W's ability to meet programmatic challenges.

B&W has established a well thought out process for certification of systems for accreditation and authority to operate. Security plans and test plans cover the requirements baseline as well as graded controls. Certification testing is conducted by ISSOs and respective system administrators. This process allows B&W to clearly define residual risk, develop deviation requests and mitigation strategies for identified problems.

Overall, B&W has demonstrated adequate implementation of the cyber security program. It is complying with the site requirements for cyber security on both the classified and unclassified networks.

28.6 Personnel Security Program sub-topical areas are rated satisfactory.

B&W significantly exceeded expectations in the personnel security program. As a result of independent oversight and to address future issues, B&W has implemented a process in which the Labor Relations department notifies the HRP Management Official as well as the department responsible for reporting incidents of personnel security concern to the Service Center about pending and completed discipline activities. As a result of implementing these actions, the HRP Management Official and the department responsible for reporting personnel security concerns are better informed and equipped to carry out their responsibilities. Additionally, B&W Pantex has developed a decision tree related to incident analysis which will lead to a more consistent method of determining post incident drug and alcohol testing.

The B&W Pantex classified and unclassified visitor control functions are administered by the access control. B&W Pantex has procedures in place to ensure incoming visitors have appropriate

access authorization for the classification level required by the visit. B&W Pantex deems any nonresident of the Pantex Plant to be a visitor.

The safeguards and security awareness program is administered for B&W Pantex employees and subcontractors by a properly appointed and trained security awareness coordinator in the Safeguards & Security Division (SSD). The program is administered in accordance with DOE M 470.4-1.

28.7 Unclassified Visits and Assignments by Foreign Nationals sub-topical areas are rated satisfactory.

B&W significantly exceeded expectations and has implemented and follows DOE Order 142.3 Change 1; Unclassified Foreign Visits and Assignments Program was approved on June 18, 2004. The responsibility for processing BWXT Pantex unclassified FV&A requests resides with the Point of Contact, Foreign National Visit Coordinator in the BWXT Pantex Safeguards and Security Division. The Point of Contact has received appropriate training on the Foreign Access Central Tracking System (FACTS) database and is backed-up by an Access Control employee familiar with the Program.

28.8 Nuclear Materials Control and Accountability sub-topical areas are rated satisfactory.

B&W significantly exceeded expectations and the implementation of the Pantex Plant MC&A program is documented in the MC&A Plan. PXSO approved the latest version in April 2008. MC&A activities are appropriately documented in procedures and work instructions.

The Local Area Network Material Accounting Software (LANMAS) is the nuclear material accounting system for the Pantex Plant. LANMAS with all of the Pantex Plant specific modules is TexMAS. The 2008 IO inspection report identified an opportunity for improvement that recommended B&W Pantex should consider improvements to TexMAS security by: 1) Periodically review the TexMAS/LANMAS access logs for unauthorized access attempts and 2) Reporting results of the reviews in the Safeguards and Security Performance Assurance Program report.

In July 2008 B&W conducted a cyber security test of TexMAS/LANMAS. Results were favorable. Reviews indicate that B&W is reporting the special nuclear material holdings as required and resolving all discrepancies in a timely manner. A significant number of discrepancies for material moves have occurred in FY2008. Some of the incidents have had a potential impact on the effectiveness of the MC&A program. Various discrepancies have been discovered by the checks and balances put in place in the MC&A program. It is recognized that B&W is working to eliminate or reduce occurrences through causal analysis on each incident as well as a quality assurance review of the process.

An incident occurred in January, 2008 involving a violation of the two-person concept of operations when technicians did not provide the required coverage. The two-person concept for operations is detailed in a Safety Requirements document, which the B&W MC&A plan cites as a key component of the material surveillance program. B&W actions to address MC&A concerns have been effective.

The B&W Pantex methodology for material control has been demonstrated to various organizations reviewing the DOE sites' method for control and accountability of nuclear weapons and nuclear weapons components as well as classified and sensitive weapon components. B&W

prepared a 54-step block diagram that details its rigorous control system. To date, the B&W methodology has been very favorably received by all of these organizations.

Performance Objective #29, Implement the 2005 DBT Policy (DNS Goal 2)

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Overall, B&W has effectively implemented the 2005 DBT policy.

Performance Targets:

29.1 Quarterly reports are submitted on time and with the appropriate quality and fidelity.

B&W exceeded expectations by preparing a high quality 05 DBT implementation plan and has taken the appropriate actions associated with accomplishment of that plan. The 05 DBT was put into abeyance contingent on the issuance of the new 08 Graded Safeguards Protection (GSP) document. Up to that time, all DBT implementation status reports were submitted on time with the appropriate quality and fidelity.

29.2 Weapons upgrades and armored vehicles completed in accordance with the planned schedule.

B&W exceeded expectations and continues to implement new weapons systems and technologies to address the DBT and GSP. Protective Force training objectives for the deployment of new technologies and weapons were effectively met allowing deployment of various pieces of security equipment.

The PF vehicle fleet is provided through a General Services Administration (GSA) contract. All patrol vehicles inspected were of recent production, and were suitable in both type and condition to effectively support PF patrol and response duties. During this period, B&W security management was able to acquire a number of lightly armored vehicles from another DOE site, soft vehicles and other special purpose vehicles to support mission requirements.

General equipment and systems have been tailored to effectively address threats identified in the DBT/GSP and site-specific threat guidance. It was determined that equipment was available in sufficient quantities and properly maintained to support the PF mission.

29.3 Protective force staffing plan executed.

B&W exceeded expectations and as stated earlier, B&W continues to implement new weapons systems and technologies. These new systems and technology have allowed B&W to identify and maintain a significant cost avoidance in terms of protective force manpower.

Performance Objective #30, Implement a Security Infrastructure Modernization Program (DNS Goal 2)

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W has effectively implemented an infrastructure modernization program.

Performance Targets:

30.1 Development of a modernization selection criteria and completion of a modernization plan.

B&W exceeds expectations. A separate modernization plan was not required for this period. B&W ensured that various projects and plans were put in place to address security infrastructure modernization. These projects were typically addressed through the DBT implementation plan. Various projects were developed to support the increasing security requirements and allow for the modernization of existing facilities and the demolition of other facilities. Two projects have been completed. A third project was initiated during this performance period. Additionally, access controls at specific locations are being upgraded to ensure planning expectation are met and modernization objectives are achieved.

30.2 Revision of the TYSP to ensure incorporation of all modernization projects.

B&W exceeded expectations and ensured that all security infrastructure modernization projects were included in the TYSP and that these projects, as appropriate, were also addressed in the FY10 budget submittal.

30.3 Incorporation of fiscal needs into the 2010 annual budget process.

B&W exceeded expectations and ensured the FY10 budget submittal appropriately addressed the security infrastructure needs for the Pantex Plant.

Performance Objective #31, Plan Security “Footprint”/Capacity to Meet Complex 2030 Goals (DNS Goal 3)

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W has effectively planned the security “footprint” and capacity requirements to meet the complex 2030.

Performance Targets:

31.1 Provide the necessary security support to assembly/disassembly projects designed to improve Pantex throughput.

B&W exceeded expectations and supported all requests for support to projects to improve the Plant. B&W personnel participated in various working groups and special studies to ensure the needs of the facility were met.

31.2 Support the upgrade and modernization of Pantex for the long-term, as necessary.

B&W exceeded expectations and supported all requests for support to projects to improve the Plant. B&W personnel participated in various working groups and special studies to ensure the needs of the facility were met.

31.3 Support the consolidation of large-scale, high-explosives production pressing and machining operations at the Pantex Plant.

B&W exceeded expectations and has prepared for the construction of this facility by participating in various meetings. Actions to date should ensure security requirements and project schedules are met.

31.4 Evaluate staffing needs in construction support and ensure adequacy of escorts while maintaining protection profile.

B&W exceeded expectations and have provided construction escorts to all projects. One issue developed concerning the construction escort overruns associated with a Corps of Engineers project. While the added costs to the project were significant it was not clear that B&W or the security organization was directly responsible for these overruns.

31.5 Conduct a formal review of escort requirements and propose improvements for administrative security escorts.

B&W exceeded expectations and met with site office personnel on a number of occasions to describe various alternatives being considered for the reduction and streamlining of escort requirements.

Performance Objective #32, Environmental Laws, Regulations, Commitments and DOE Orders

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W significantly exceeded the expectation by the continuance of receiving no significant violations or adverse actions from regulatory inspections (14 years for RCRA program). Additionally, the successful receipt of a waste water discharge renewal permit provided greater flexibility in meeting operational and discharge requirements while reducing safety risks for removal of chlorine as treatment option.

Performance Objective #33, Maintain and Enhance the Environmental Management System (EMS)

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W exceeded PXSO expectations by completing the EMS objectives developed; submittal and successful administrative review (and technical review to date) of a Flexible Air Permit application; and modification of the process for asbestos removal regulatory flow-down processes.

Performance Target 33.1:

B&W exceeded PXSO expectations by completing at least 75% of all environmental objectives.

Performance Target 33.2:

B&W substantially exceeded PXSO expectations in pursuing the Flexible Air Permit with TCEQ. When granted, the Permit will provide significant flexibility to the Pantex Air Quality Program.

Performance Target 33.3:

B&W exceeded PXSO expectations by modifying its asbestos removal process allowing better regulatory flow-down within the process.

Performance Objective #34, Effective Counterintelligence Program

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

The Pantex Counterintelligence (CI) Program is a significant member of the overall DOE national effort to detect, deter and neutralize adversaries targeting our resources and information. During this reporting period (FY08) the Pantex program demonstrated its support and effort in the following manner:

Sent all CI staff to CI related training events, with 18 events attended by their four substantive CI personnel. Such participation in community activities is invaluable to the development of collaborative and professional relationships throughout the US Intelligence Community (USIC). Pantex CI is in the forefront of this effort.

Pantex CI has had a year of success in the investigative area well beyond most other CI programs. Most notable was their successful identification of potential CI indicators concerning a Pantex employee, developing the information, referring it to the FBI, and working with both FBI and HQ CI.

Pantex CI also met all matrixes established for the program, including 87 separate CI briefings to a total of 3827 personnel, 44 debriefings of all travelers to foreign countries (14 to sensitive countries), and 53 briefings for travelers to foreign countries.

Performance Objective #35: Maintain an Effective, Efficient & Compliant ISM Program

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W Pantex significantly exceeded expectations to maintain an effective and compliant Integrated Safety Management during the rating period. Among the notable accomplishments toward meeting this Performance Objective was the implementation of an automated Hazard Evaluation/Hazard Controls Checklist; the creation of an Issue Review Team (IRT); increased efforts to improve the lessons learned program by creating multimedia presentation on key Pantex events; and additional progress toward institutionalization of the Human Performance Initiative (HPI). In addition, B&W Pantex, to fulfill DOE's commitment #23 to the Defense Nuclear Safety Board's (DNFSB) Recommendation 2004-1, is measured the effectiveness of management work activity level observations by using a plant-wide survey.

Performance Objective (Description): Maintain an Effective, Efficient and Compliant Integrated Safety Management Program

Performance Measure (Deliverable): Maintain an effective, efficient and compliant ISM program with emphasis on the Job Hazard Analysis process, Lessons Learned on critiqued operational events, continued implementation of Human Performance Improvement (HPI), improvement of causal factors analysis and increased use of management observations and documentation.

Performance Target 1: Improve the effectiveness of hazard identification through proactive implementation of the Job Hazard Analysis process.

PXSO Evaluation Target 1: B&W Pantex exceeded expectations to improve the effectiveness of hazard identification through proactive implementation of the Job Hazard Analysis process. B&W Pantex implemented an automated Hazard Evaluation/Hazard Controls Checklist and then trained their planners and supervisors. In addition, B&W Pantex developed and published a WI to implement the automated system.

Performance Target 2: Initiate tracking and trending of all operational events reported in plant logs. Documentation of tracking and trending analysis is to be available for PXSO review quarterly beginning January 31, 2008.

PXSO Evaluation Target 2: B&W Pantex exceeded expectations to initiate tracking and trending of all operational events reported in plant logs by creating a new events review group, Executive Issues Review Board (EIRB). In addition to tracking all operational events reported in the plant logs, B&W Pantex also tracked and trended information from other sources including Occurrence Reporting and Processing System (ORPS) reports, Price Anderson Amendment Act (PAAA) event screens, and a contractor tracking system (Problem Evaluation Request – PER System).

Performance Target 3: Fully develop and maintain an effective multimedia presentation format for identified significant events.

PXSO Evaluation Target 3: B&W significantly exceeded the performance target and moved into a new dimension of lessons learned training when they created several multimedia enhanced presentations and presented them in multiple venues such as classroom training, safety meetings and the Pantex Intranet. Among the events that were used for these multimedia lessons learned were the Loss of Zone Coverage, the Building 16-12 Excavation Shoring Trench Box event and an interactive vehicle accident webpage.

Performance Target 4: Enhance the safe performance of work through the continued plant wide implementation of the Human Performance Improvement initiative and Implementation of an improved Causal Factor Analysis process plant wide that includes an enhanced event scene preservation and critique process.

PXSO Evaluation Target 4: B&W significantly exceeded the performance target by creating and publishing an enhanced Causal Factors Analysis manual. While some work remains to be completed to fully implement the Human Performance Improvement (HPI) Initiative, B&W made considerable progress during the rating period. Accomplishment include: the development of first line supervisor HOP training; providing introductory HPI training to all Pantex employees; the integration of HPI principles into the Behavior Based Safety (BBS) program; supporting other plant efforts such as Causal Analysis/Mistake Proofing (CA/MP) and the Safety Department plant walk downs. Also, to address the second part of this Performance Target, B&W Pantex created a critique evaluation checklist. The information from the critique evaluation checklist will be used to modify critique director's training.

Performance Target 5: Demonstrate effectiveness of management observations of field and/or floor level work activities.

PXSO Evaluation Target 5: B&W exceeded the performance target by measuring the effectiveness of management work activity level observations using a plant-wide survey. The data gathered in the surveys were used to improve the number and quality of management activity level field observations. This performance target is related to DOE's commitment #23 to the Defense Nuclear Safety Board's (DNFSB) Recommendation 2004-1.

Performance Objective #36, Maintain an Integrated Contractor Assurance System

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W Pantex met performance expectations in maintaining an integrated contractor assurance system (CAS). B&W Pantex successfully met all performance targets for this performance objective. B&W Pantex developed the Pantex Assessment Risk Model and submitted it to PXSO on October 1, 2007. B&W Pantex provided PXSO the FY08 CAS Assessment Schedule on October 1, 2007. B&W Pantex populated the PXSO S: Drive folders monthly with approved CAS assessment reports. B&W Pantex completed scheduled assessments on a quarterly basis. B&W Pantex established a Corrective Action Review Team (CART) in March 2008 to evaluate the

quality of implemented corrective actions. B&W Pantex provided CAS Quarterly Performance and Identified Issues Reports to PXSO on a quarterly basis. B&W Pantex provided PXSO with the FY09 Draft Risk Models and an FY09 Draft CAS Assessment Schedule on August 13, 2008. B&W Pantex provided PXSO with the final FY09 Risk Models and baselined CAS Assessment Schedule on September 26, 2008. B&W Pantex expanded, formalized, and implemented their Workplace Surveillance Program.

While PXSO agrees that the quantity of assessments performed by B&W Pantex substantially met expectations, the quality of the assessments is harder to discern. Although more than 300 employees completed enhanced training for performing assessments, PXSO notes there is still a wide range in the quality, rigor, and performance of the assessments. For example, not all assessments were completed with an approved CRAD, and not all assessors were familiar enough with the process being assessed to perform a quality assessment.

Performance Based Incentive #37, Upgrade Safety Systems

B&W met all the milestones for this PBI.

Performance Assessment

All expected facility upgrades were achieved.

Performance Based Incentive #38, NUM-1 Hoists

B&W met all the milestones for this PBI.

Performance Assessment

B&W completed the installation of eight NUM-1 hoists.

Performance Based Incentive #39, Disposition of Moratorium Metals

B&W met all the milestones for this PBI.

Performance Assessment

B&W significantly exceeded the expectation of dispositioning scrap metal. While Pantex was removed from consideration of a DOE/NNSA HQ pilot project, B&W reevaluated and systematically developed protocols to disposition the existing scrap metal in Zone 10 formally held as suspension metal, and in accordance with existing requirements and policies; recycled the scrap, prepared for and successfully defended disposition and protocol to a HQ evaluation team.

Performance Based Incentive #40, Complete Milestones Identified to Support Pantex HE Center of Excellence

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W met all the milestones for this PBI.

Performance Based Incentive #41, Complete Line Item Project CD - 0 for Zone 4 Replacement

B&W met all the milestones for this PBI.

Performance Assessment

B&W Pantex met expectations for this Performance Target when the Zone 4 CD-0 Documents (Rev 0) were transmitted in a timely manner to PXSO on October 31, 2007. These documents, including the Energy Systems Acquisition Advisory Board (ESAAAB) presentation, were developed as requested and in accordance with the guidance received from NNSA/HQ.

BUSINESS/MANAGEMENT

Fiscal Year 2008
October 1, 2007 through September 30, 2008

		PO/PBI # and TITLE	PO/PBI Fee
PO #42	BASE	General Management of the Pantex Plant	\$ 4,694,820
PO #43	BASE	Business System Oversight Program	\$ 758,394
TOTAL			\$ 5,453,214

Performance Area: Business Management
Award Fee Adjectival Rating: Outstanding
Numerical Rating: 94.1%

Performance Objective #42, General Management of the Pantex Plant

Overall, B&W PX performance exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

Plant Production/Overcoming Obstacles:

B&W continued to deliver on DSW product delivery and was extraordinarily successful in overcoming unforeseen obstacles while maintaining production commitments. Most notably the W76 mod-1 FPU was achieved on schedule even after a new unit had to be restarted following the identification of problems with the potting material. 1152 weapon deliverables were produced in FY08 while maintaining very high levels of safety and security.

In FY08 B&W provided proactive and aggressive management resolutions to evolving issues. B&W has demonstrated a strong commitment to meeting and exceeding schedules while taking on additional work. The unprecedented planned outage for plant-wide electrical maintenance, the MTC union negotiations, the W76 "Code Blue" activities, the Lightning Arrestor Support Pole replacements, and resolving funding issues within the DSW Dismantlement and RTBF budgets are noteworthy examples

Program/Project Management:

B&W made notable organizational improvements to Pantex program and project management. The addition of a Special Nuclear material Division Manager is notable. PXSO anticipates improved planning and execution of weapon surveillance, nuclear material storage/packaging and transportation activities as a result.

B&W provided project management support to complete construction of the remaining lighting and steam projects contained in the original ESPC DO2. Although B&W's support for the ESPC

was much improved in FY08, the Pantex Site Office was obliged to provide continuous oversight of both B&W and NORESKO activities to complete the project on time.

Construction project management has notably improved this FY. B&W's organizational changes and improved communication and interface with PXSO have contributed to this improvement.

B&W is improving their material management processes with a current inventory accuracy rate of 93%. The industry standard for an effective Materials Requirement Planning (MRP) system requires an accuracy rate greater than 95%.

B&W has not been successful at promptly filling some key management positions at Pantex. The most notable are the head of the protective force within Safeguards and Security and the Applied Technology Division Manager.

Safeguards and Security:

While B&W has generally met most performance expectations, at the end of the performance period the PXSO conveyed two concerns with B&W Pantex performance: 1) the inability to adequately control Protective Force ammunition; and 2) Management's lack of performance in the recognition of the seriousness, timely reporting, effective communication, and investigation of the incident. While B&W management did not initially identify or have an adequate appreciation for the significance of the issues or the causal factors, they have taken aggressive actions to address identified concerns. The PXSO is anticipating the corrective actions currently underway to adequately address and correct identified problems.

Electrical Safety:

B&W Pantex demonstrated significant improvements in short and long term plant stewardship by their continued efforts to improve electrical safety performance. More specifically, the Maintenance Department electrical code compliance inspection group became fully staffed and functional in FY 2008. This group's accomplishments include the proactive implementation of the use of better electrical safety personal protective equipment for use during increased risk electrical operations; documented electrical code compliance inspections of new construction, maintenance work and; the evaluation of legacy suspected code compliance deficiencies. These efforts not only provide short term improvement in worker safety, but also provide long term savings by preventing future electrical safety events and electrical code non-compliances. The electrical safety code inspection group has gotten Complex-Wide interest and the group has provided start-up assistance to other M&O contractors around the complex.

Price Anderson Amendment Act:

B&W Pantex met PAAA expectations by completing screening, reporting, and tracking requirements in a timely manner. It is also noted that the overdue PAAA locally tracked PERs dropped from an average of 67 days in FY06 to 7 days in FY08.

Conduct of Operations:

B&W made satisfactory progress on development of and acceptable Conduct of Operations Implementation Matrix for Pantex Nuclear Facilities. This was in response to rejection of the initial submission.

B&W had a number of ORPS reportable events during the fiscal year due to conduct of operations breakdowns. Most notable among these were a breakdown of zone coverage in a Nuclear Explosive Cell and a series of material move events. There was also a TSR violation during nuclear explosive operations attributed to personnel error. Although the plant was highly successful with regards to production during the fiscal year PXSO is concerned that the level of effort necessary to meet these production goals may have contributed to the higher incidence of Conduct of Operations breakdowns. The B&W Conduct of Operations culture is acceptable at this time but continuous focus on this area is required to eliminate proliferation of performance errors.

Occurrence Reporting and Analysis:

B&W made strides in improving corrective action closure timeliness and a slight improvement in "on time submission" of reports to meet the 45 day requirement per DOE O 231.1A. One area for improvement is the overall quality of report content for SC#3 reports. PXSO will conduct random report sampling during the FY09 rating period to determine adequacy of report quality. B&W performance regarding event notifications, abnormal event investigations and conduct of critiques was acceptable.

It is noteworthy that Quality and Performance Assurance Division personnel attended numerous if not all critiques during the rating period and "graded" the critiques. This information, if fed back to personnel conducting the critiques, has the potential to significantly improve the process.

The Pantex Causal Factors Analysis process was exercised on several "information rich" events at Pantex this year and has improved the rigor of the investigation process and the quality of corrective actions for these events. The concept has been well received at Pantex and has drawn significant interest across the DOE complex. The Pantex CAMP process appears to be implemented and in use by Pantex personnel. One area for improvement is the notification process for CAMPs. Notification of PXSO personnel of CAMPs has been inconsistent and on several occasions B&W personnel necessary to conduct the CAMP were unavailable or unaware of the CAMP. A more formal method for CAMP schedule notifications should be explored.

Performance Objective #43, Business System Oversight Program

B&W PX performance substantially exceeded expected levels of performance against Performance Objectives identified in this PEP.

Performance Assessment

B&W exceeded expectations in the area of Business Systems. In the area of Budget and Finance, B&W did an outstanding job in formulating the Plant budget, executing the budget under the Continuing Resolution, addressing funding shortfalls and averting a Plant lay-off, and meeting or exceeding all OFFM performance measures. In the area of Procurement, B&W led the NNSA in meeting small goals achieving a rate of 80%, received the "Excellence in Supply Management" Award for the second year in a row, and became the first site to implement the Ariba Buyer system. In the area of Property and Fleet management, B&W exceeded all expectations including compliance with DOE Order 580.1, and undertaking of a major Pantex Plant property clean-up project.

In the area of Information Technology, B&W had several achievements including installation of Pantex's first Computer Center and primary telephone backup generator, was the first Site to be declared production ready for the Enterprise Network, and became a leader in the use of an Enterprise Architecture Office and the implementation of a Configuration Management Database. B&W was recognized by BMC Software, a leading global provider of enterprise management solutions, along with Chevron and AT&T as an industry leader in IT Service Management Innovation.

In the area of Training Performance, BWXT exceeded NNSA expectations for conducting training and managing the training programs at the site. This is evidenced by B&W exceeding requirements in four of the seven attributes identified in the FY08 Business System Oversight Program (BSOP) Plan. For Management and Administration, B&W reviewed and updated training documentation for 472 non-security training courses (compared to the goal of 250). For Determination of Training Program Descriptions, B&W reviewed and updated training program content descriptions for competent job performance for 118 courses (compared to the goal of 60). For Design and Development of Training Programs, B&W line managers conducted 75 assessments to determine if the training met their needs (compared to the goal of 75). For Trainee Examinations and Evaluations, B&W conducted 64 retention test for Radiation Safety Technicians, Waste Management personnel and Maintenance, high consequence event personnel (compared to the goal of 36). Additionally, B&W Pantex Technical Training Department won the American Society of Training and Development (ASTD) Best Award for the second year in a row and finished 22 out of 40 award winners. The B&W success was due to its strong training program coupled with its multi-media (video, posters, computer links, etc.) presentations tied to lessons learned and worker safety improvement.

In the area of Internal Audit, B&W achieved their Audit Plan and continued to play a key role in the Plant's Line Oversight/Contractor Assurance System. The Internal Audit staff does an outstanding job of keeping B&W and NNSA Management apprised of key issues or findings and continues to develop an Implementation Design Plan that serves as a model for the balance of the NWC. In the area of Records Management, B&W continued to maintain an outstanding program including enhanced electronic accessibility and preservation of records, implementation of the Physical Content Manager module of the Universal Records Manager application, and integration of the Records Management Program into multiple Site applications. B&W was a finalist for the Cobalt Award, an award given by the International Association of Records Managers and Administration for effective records management systems.

MULTI-SITE

Fiscal Year 2008
October 1, 2007 through September 30, 2008

		PO/PBI # and TITLE	PO/PBI Fee
PBI #44	Multi-Site	DP Getting the Job Done in FY2008	\$ 2,780,778
PBI #45	Multi-Site	NNSA Supply Chain Management Center	\$ 650,052
PBI #46	Multi-Site	Implement all "Key Roadmap Elements" for FY08 from Multi-Site IT Strategic Plan, App. A	\$ 144,456
PBI #47	Multi-Site	Implement RMI Initiative Phase II Implementation	\$ 36,114
TOTAL			\$ 3,611,400

Base Performance Area: Multi-Site
Base Award Fee Adjectival Rating: Outstanding
Base Numerical Rating: 100%

MULTI - SITE

Performance Based Incentive #44, DP Getting the Job Done in FY2008

Performance Assessment

B&W met all the milestones for this PBI.

Performance Based Incentive #45, NNSA Supply Chain Management Center

Performance Assessment

B&W met all the milestones for this PBI.

**Performance Based Incentive #46, Implement all "Key Roadmap Elements" for FY08 from
Multi-Site IT Strategic Plan, App. A**

Performance Assessment

B&W met all the milestones for this PBI.

Performance Based Incentive #47, Implement RMI Initiative Phase II Implementation

Performance Assessment

B&W met all the milestones for this PBI.