

**Fiscal Year 2014
DOE/NNSA Strategic Performance Evaluation Plan (PEP) Template**

FOR

**MANAGEMENT AND OPERATION OF THE
Babcock and Wilcox Technical Services Y-12, LLC**

Contract Number: DE-AC05-00OR22800

Performance period: October 01, 2013 through September 30, 2014



11/15/13

Charles G. Spencer
President and General Manager
Babcock & Wilcox Technical Services Y-12, LLC

Date



11/15/13

Steven C. Erhart
Manager, NNSA Production Office
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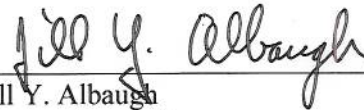
Date



14 Nov 13

Willie J. Wilson
Director, Contracts & Special Initiatives
Babcock & Wilcox Technical Services Y-12, LLC

Date



15 Nov 13

Jill Y. Albaugh
Contracting Officer
NNSA Production Office Y-12
National Nuclear Security Administration

Date

INTRODUCTION

Y-12 National Security Complex is a facility owned by the United States Department of Energy (DOE), herein referenced as "Plant." It is managed by Babcock & Wilcox Technical Services Y-12, LLC. Pursuant to the terms and conditions of the Contract, and Clause I.154 DEAR 970.5215-1 Total Available Fee: Base Fee Amount and Performance Fee Amount (Dec 2000), this Performance Evaluation Plan (PEP) sets forth the criteria in which the Plant performance will be evaluated and upon which the determination of the amount of award fee earned shall be based. The available award fee amounts for FY 2014 are specified in Section B.2 Transition Cost, Estimated Cost, Maximum Available Fee and Available Fee of Contract No. DE-AC05-00OR22800. This PEP promotes a strategic Governance and Oversight framework based on prudent management of risk, accountability, transparency, and renewed trust. It has been written to implement the collective governance and oversight reform principles as expressed by the DOE/National Nuclear Security Administration (NNSA).

PERFORMANCE BASED APPROACH

The performance-based approach evaluates the Plant's performance through a set of performance objectives (PO). Each PO, and its associated Contributing Factors (CF) and Site Specific Outcomes (SSO) will be measured against authorized work and the respective outcomes, demonstrated performance, and impact to the DOE/NNSA mission. CFs and SSOs will be assessed in the aggregate to establish an adjectival performance rating for each Performance Objective. Notwithstanding the overall strategic framework, failure to achieve an individual SSO, the most important DOE/NNSA fiscal year objectives at the Plant, may limit the award-fee.

MISSION

The Y-12 NSC is a Government-owned facility that supports national security programs through production of weapons components and parts; stockpile evaluation and maintenance; stockpile surveillance; dismantlement; and nuclear materials management, storage, and disposition. Its primary mission is the manufacturing of modern secondaries and processing and storage of highly enriched uranium.

MISSION PERFORMANCE

The Plant is accountable for and will be evaluated on successfully executing program work in accordance with applicable DOE/NNSA safety and security requirements consistent with the terms and conditions of the Contract. Protection of worker and public safety, the environment, and security are essential and implicit elements of successful mission performance. Accordingly, the model for this PEP is to rely on the Plant's leadership to use appropriate DOE contractual requirements and recognized industrial standards based on consideration of assurance systems, and the related measures, metrics, and evidence. **The Plant is expected to manage in a safe, secure, efficient, effective, results-driven manner, with appropriate risk management and transparency to the government, while taking appropriate measures to minimize costs that do not compromise core objectives and mission performance.** Products are expected to be delivered on-schedule and within budget.

CONSIDERATION OF CONTEXT IN PERFORMANCE EVALUATION

The evaluation of performance will consider “context” such as unanticipated barriers (e.g., budget restrictions, rule changes, circumstances outside Plant control), degree of difficulty, significant accomplishments, and other events that may occur during the performance period. Effective efforts by the Plant to quickly identify, self-report, and overcome or mitigate the impact of issues, barriers or other circumstances will also be a factor in evaluating performance. A significant safety or security event may result in an overall limitation to adjectival ratings.

PERFORMANCE RATING PROCESS

At the end of each of the first three quarters, DOE/NNSA will evaluate performance and provide feedback to the Plant highlighting successes and/or needed improvement. At the end of the year, an overall performance rating will be assigned for each PO using the table in Federal Acquisition Regulation Subpart 16.401(e)(3) yielding scores of Excellent, Very Good, Good, Satisfactory or Unsatisfactory. In general, performance objectives and contributing factors are written to reflect an overall adjectival performance level of **Good**. DOE/NNSA will consider the Plant end of year self-assessment report in preparing the Performance Evaluation Report (PER) for the Fee Determining Official (FDO). The PER transmits the final recommendations on performance ratings and award fee earned for the award fee period of performance. The unilateral decision of the total award fee earned will be made by the FDO.

PEP CHANGE CONTROL

It is essential that a baseline of performance expectations be established at the beginning of the performance period to equitably measure performance, and that changes to that baseline are carefully managed. Any change to the PEP requires concurrence by the appropriate program office, NA-00 and the NNSA Senior Procurement Executive prior to the Field Office Manager and Contracting Officer signatures. While recognizing the unilateral rights of DOE/NNSA as expressed in contract clause I.154 DEAR 970.5215-1 Total Available Fee: Base Fee Amount and Performance Fee Amount (Dec 2000), bilateral changes are the preferred method of change whenever possible.

FINAL DECISION

Prior to a final decision by the FDO the Plant General Manager will have a face-to-face opportunity to provide a final presentation in support of strategic performance determination and direction of the enterprise.

TOTAL AVAILABLE AWARD FEE ALLOCATION

Performance Category	Performance Objective	% At-Risk Fee Allocation
Programs (NA-10 & FOM)	PO-1: Manage the Nuclear Weapons Mission	25%
Programs (NA-2 & FOM)	PO-2: Broader National Security Mission	12.5%
Programs (NA1.1 & FOM)	PO-3: Science, Technology, and Engineering and Other DOE Mission Objectives	12.5%
Operations & Mission Execution (NA-3 & FOM)	PO-4: Operations & Infrastructure	25%
Operations & Mission Execution (NA-1 & FOM)	PO-5: Leadership	25%

UNEARNED FEE

DOE/NNSA reserves the right to withdraw and redistribute DOE/NNSA unearned fees.

INNOVATIVE SOLUTIONS

The Plant will recommend innovative, science-based, systems-engineering solutions to the most challenging problems that face the nation and the globe. The Plant will also provide evidence to support programmatic needs and operational goals tempered by risk. DOE/NNSA will take into consideration all major functions contributing to mission success. In addition, the Plant is expected to recommend and implement innovative business and management improvement solutions that enhance efficiencies.

PO-1: Manage the Nuclear Weapons Mission – NA-10 & FOM - (At-Risk Fee: 25%)

Successfully execute Nuclear Weapons mission work in accordance with DOE/NNSA Priorities, Program Control Document and Deliverables, and Program Implementation Plans. Integrate across the Plant, while maintaining a DOE/NNSA enterprise-wide focus, to achieve greater impact on a focused set of strategic national security priorities. Provide defensible objective evidence.

Contributing Factors:

- CF-1.1 Accomplish work as negotiated with program sponsors and partners, achieving the expected level of quality to ensure safe, secure, reliable weapon performance, transportation, and cost effective operations.
- CF-1.2 Increase knowledge of the state of the stockpile, resulting from successful execution of the stockpile surveillance program and a robust scientific and engineering understanding for the delivery of the annual stockpile assessment.
- CF-1.3 Execute deliveries for the stockpile work to meet limited-life component exchanges, and dismantlements.
- CF-1.4 Demonstrate the application of new strategies, technologies, and scientific understanding to support stewardship of the existing stockpile and future stockpile needs.
- CF-1.5 Sustain and strengthen unique science and engineering capabilities, facilities and essential skills to ensure current and future Nuclear Weapons mission requirements will be met.
- CF-1.6 Execute W78/88-1 phase 6.2 activities, B61-12 phase 6.3 activities, and W88 ALT 370 phase 6.3 activities in accordance with the NNSA approved schedules.

Site Specific Outcomes:

- 1.1 Manage Material Recycle and Recovery, and Storage within Nuclear Programs in accordance with the Site Execution Plan (to include Level 2 milestones).
- 1.2 Implement site resource loaded schedules and an earned value measurement system. Establish a site performance management baseline and submit monthly project and earned value reporting consistent with NA-191 program management requirements.
- 1.3 Execute B61-12 development activities in accordance with baseline schedule to meet joint Air Force and NNSA B61-12 deliverables.
- 1.4 Demonstrate Earned Value Management System (EVMS) is implemented consistent with the W78/88-1 and W88ALT370 Project Control Systems Description and Implementation Schedule.
- 1.5 Support W76-1 production objectives, including delivery of funded Production Control Document requirements.

PO-2: Broader National Security Mission – NA-2 & FOM - (At-Risk Fee: 12.5%)

Successfully execute authorized broader national security mission work to include the Non-Proliferation, Emergency Operations and Counterterrorism missions as well as high-impact interagency work. Integrate across the Plant, while maintaining an NNSA enterprise-wide focus, to achieve greater impact on a focused set of strategic national security priorities. Provide defensible objective evidence.

Contributing Factors:

- CF-2.1 Support efforts to remove, eliminate and minimize the use of proliferation-sensitive materials.
- CF-2.2 Support efforts to safeguard and secure materials, technologies, and facilities.
- CF-2.3 Support efforts to detect and prevent the illicit trafficking of nuclear/radiological materials, technology, information and expertise.
- CF-2.4 Provide R&D technology solutions for treaty monitoring, minimizing the use of proliferation-sensitive materials, and the application of safeguards and security.
- CF-2.5 Provide unique technical/policy solutions and develop programs/strategies to reduce nuclear/radiological dangers.
- CF-2.6 Demonstrate effective operations and implementation of policy for mission success in support of emergency management, incident response and nuclear forensics mission support capability.
- CF-2.7 Sustain and improve nuclear counterterrorism and counterproliferation science, technology, and expertise.
- CF-2.8 Pursue and perform high-impact interagency work that strategically integrates with the DOE/NNSA mission, and leverages, sustains and strengthens unique science and engineering capabilities, facilities and essential skills in support of future national security mission requirements.
- CF-2.9 Accomplish work within the budget profile, scope, cost, schedule, quality and risk negotiated with the program sponsors or partners.

Site Specific Outcome:

- 2.1 Successfully execute pilot line demonstration products for the LEUMo project supporting reactor conversions.

**PO-3: Science, Technology, and Engineering (ST&E) and Other DOE Mission Objectives –
NA-1.1 & FOM - (At-Risk Fee: 12.5%)**

Successfully advance national security missions and advance the frontiers of ST&E in accordance with budget profile, scope, cost, schedule and risk while achieving the expected level of quality. Execute other DOE Mission Objectives for programs such as Environmental Management in accordance with the budget profile, scope, cost, and schedule. Effectively manage Plant Directed Research and Development Programs (PDRD) to advance the frontiers of ST&E. Provide defensible objective evidence.

Contributing Factors:

- CF-3.1 Implement a research strategy that is clear and aligns discretionary investments (e.g., PDRD) with the research strategy and support DOE/NNSA priorities.
- CF-3.2 Ensure that research is relevant, enables the national security missions, and benefits DOE/NNSA and the nation.
- CF-3.3 Ensure that research is transformative, innovative, leading edge, high quality, and advances the frontiers of science and engineering.
- CF-3.4 Maintain a healthy and vibrant research environment that enhances technical workforce competencies and research capabilities.
- CF-3.5 Perform research to accomplish the high priority, multi-year research objectives, advance ST&E, and develop technologies for the public good through technology transfer.
- CF-3.6 Pursue and perform high impact work that strategically integrates with the DOE/NNSA mission, and leverages, sustains and strengthens unique science and engineering capabilities, facilities and essential skills in support of future national security mission requirements.
- CF-3.7 Accomplish work within the budget profile, scope, cost, schedule, risk, and quality negotiated with the program sponsors or partners.

**PO-4: Operations & Infrastructure – NA-3 & FOM -
(At-Risk Fee: 25%)**

Effectively and efficiently manage the safe & secure operations of the Plant while maintaining an NNSA enterprise-wide focus; demonstrate accountability for mission performance and management controls; assure mission commitments are met with high-quality products and services; and maintain excellence as a 21st century government-owned, contractor-operated facility.

Contributing Factors:

- CF-4.1 Deliver effective, efficient, and responsive environment, safety and health (ES&H) management and processes.
- CF-4.2 Accomplish capital projects in accordance with scope, cost, and schedule baselines.
- CF-4.3 Deliver effective, efficient, and responsive physical, information and cyber security management and processes.
- CF-4.4 Maintain, operate and modernize the DOE/NNSA facilities, infrastructure, and equipment in an effective, energy efficient manner; including disposition of unneeded infrastructure and excess hazardous materials.
- CF-4.5 Deliver efficient, effective and responsible business operations and systems.
- CF-4.6 Deliver efficient and effective management of legal risk and incorporation of best legal practices.

Site Specific Outcomes:

- 4.1 Support a seamless, effective transition(s) to the new contractor(s).
- 4.2 Execute FY14 General Workplace Improvements (Quality of Life).
- 4.3 Successfully execute the nuclear safety, criticality safety, safety system engineering, and other related engineering programs while demonstrating continuous improvement in quality, efficiency, and effectiveness.
- 4.4 Complete design and performance specifications, issue a Request for Proposal and award the procurement of the pre-production microwave furnace.
- 4.5 Finalize and deliver Safety Design Strategy (Revision 8) and complete the Process Safety Reports consistent with the schedules defined therein.
- 4.6 Effectively manage technology maturation activities to support achievement of Technology Readiness Level 6 for the seven baseline process technologies by September 2014.

PO-5: Leadership -NA-1 & FOM -(At-Risk Fee: 25%)

Successfully demonstrate leadership in supporting the direction of the overall DOE/NNSA mission, the responsiveness of the Plant leadership team to issues and opportunities for continuous improvement internally and across the Enterprise, and parent company involvement/commitment to the overall success of the Plant and the Enterprise.

Contributing Factors:

- CF-5.1 Define and implement a realistic strategic vision for the Plant, in alignment with the NNSA Strategic Plan, which demonstrates enterprise leadership and effective collaborations across the NNSA enterprise to ensure DOE/NNSA success.
- CF-5.2 Promote a culture of critical self-assessment and transparency across all areas; instill a culture of accountability, responsibility, and performance through the entire organization; and coordinate/communicate these key issues and concerns to DOE/NNSA leadership.
- CF-5.3 Demonstrate performance results through the institutional utilization of the Management Assurance System and the leveraging of parent company resources and expertise.
- CF-5.4 Work selflessly within the DOE/NNSA complex to develop, integrate, and implement enterprise solutions that maximize program outputs at best value to the government; identify innovative business and management solutions that greatly improve enterprise-wide efficiencies.
- CF-5.5 Exhibit professional excellence in performing roles/responsibilities while pursuing opportunities for continuous learning.