

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT 1. CONTRACT ID CODE PAGE OF PAGES  
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2. AMENDMENT/MODIFICATION NO. 032 3. EFFECTIVE DATE See Block 16C 4. REQUISITION/PURCHASE REQ. NO. 5. PROJECT NO. (If applicable)

6. ISSUED BY CODE 01111 7. ADMINISTERED BY (If other than Item 6) CODE 01111  
 NRLFO - PGH US DEPARTMENT OF ENERGY NAVAL REACTORS LABORATORY FIELD OFFICE - PGH P O BOX 109 WEST MIFFLIN PA 15122-0109

8. NAME AND ADDRESS OF CONTRACTOR (No. street, county, State and ZIP Code) BECHTEL MARINE PROPULSION CORPORATION ATTN JOHN E POTTS 50 BEALE ST SAN FRANCISCO CA 941051813  
 8A. AMENDMENT OF SOLICITATION NO. (x)  
 8B. DATED (SEE ITEM 11)  
 10A. MODIFICATION OF CONTRACT/ORDER NO. DE-NR0000031 (x)  
 10B. DATED (SEE ITEM 13) 09/25/2008  
 CODE 826336344 FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS  
 The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended.  is not extended.  
 Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE  
 A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.  
 B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).  
 C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:  
 X 41 U.S.C. 253(c)(1) and Mutual Agreement of the Parties  
 D. OTHER (Specify type of modification and authority)

IMPORTANT: Contractor  is not.  is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)  
 Tax ID Number: 26-2569722  
 DUNS Number: 826336344

1. In accordance with Special Clause H-12, Determination of Annual Fixed-Fee, located in Part I, Section H, Special Contract Requirements, of the contract, the fixed-fee established for fiscal year 2011 is \$7,272,862.  
 2. Part I, Section B, Supplies or Services and Prices/Costs, of the contract is amended by deleting clause number 2 entitled "Estimated Cost and Fee" and replacing it with the new clause 2 attached hereto.  
 3. Part II, Section I, Contract Clauses, of the contract is deleted in its entirety and Continued ...

Except as provided herein, all terms and conditions of the document referenced in Item 8A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) S.B. Haughey, Vice President 15A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Erich C. Sill  
 15B. CONTRACTOR/OFFEROR 15C. DATE SIGNED 10/7/2010 15B. UNITED STATES OF AMERICA 16C. DATE SIGNED 10/28/2010  
 (Signature of person authorized to sign) (Signature of Contracting Officer)

**CONTINUATION SHEET**

REFERENCE NO. OF DOCUMENT BEING CONTINUED  
DE-NR0000031/032

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NAME OF OFFEROR OR CONTRACTOR  
BECHTEL MARINE PROPULSION CORPORATION

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	<p>replaced with the new Part II, Section I, attached hereto, and dated October 1, 2010.</p> <p>4. Part III, Section J, List of Attachments, of the contract is amended as follows:</p> <p>a. The index is deleted in its entirety and replaced with a new index that is identically titled and dated October 1, 2010, attached hereto.</p> <p>b. Attachment 3, Baseline List of Applicable Directives, is deleted in its entirety and replaced with the new Attachment 3 dated September 29, 2010, attached hereto.</p> <p>c. Attachment 14, Master Small Business Subcontracting Plan and Addendum for Fiscal Year 2010 is deleted in its entirety and replaced with the new Attachment 14 attached hereto.</p> <p>d. The document, FY2011 BMPC Diversity Plan, attached hereto, is added to the contract as Attachment 15.</p> <p>e. The document, Master Small Business Subcontracting Plan Addendum for Fiscal Year 2011 is added to the contract as Attachment 16.</p> <p>f. The document, Amendment No. 1 to the Special Financial Institution Account Agreement for Use with the Payments Cleared Financing Arrangement Rev. 2 is added to the contract as Attachment 17.</p> <p>5. By acknowledgement of this Modification No. 032 to Contract No. DE-NR0000031, Contractor agrees that the scope of work required is understood by the Contractor; that there are no informal commitments by the Government or the Contractor that in any way affect the work under this modification; that there are no open or unresolved issues related to this modification except as explicitly stated herein; and that the Contractor therefore understands and agrees that the modification states the complete agreement of the parties.</p> <p>Period of Performance: 10/01/2008 to 09/30/2013</p>				

2. ESTIMATED COST AND FEE

(a) Estimated Cost.

Estimated cost for fiscal year 2009 is \$487,200,000.  
Estimated cost for fiscal year 2010 is \$761,258,000.  
Estimated cost for fiscal year 2011 is \$979,612,000.

(b) Fee

A "fee discount factor" of 82.5% shall apply to the fee for each contract year including options. The fixed fee will be incorporated annually. It will consist of the fee calculated in accordance with Section H-12, "Determination of Annual Fixed-Fee" and the proposed fee discount factor.

(c) Fixed-Fee

The fixed-fee payable to the contractor for the performance of the work under this contract is as follows:

\$5,557,000 for contract year 1  
\$6,988,000 for contract year 2  
\$7,272,862 for contract year 3

There shall be no adjustment in the amount of the contractor's fixed-fee by reason of differences between any estimate of cost for performance of the work under this contract and the actual costs for performance of that work.

Note: The annual fixed-fees as provided above will be incorporated by a modification to this contract.

CONTRACT NO.

DE-NR-0000031

October 1, 2010

Part II  
Section I

CONTRACT CLAUSES

<u>Description</u>	<u>Pages</u>
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PART II - CONTRACT CLAUSES

SECTION I-1 - FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE  
(FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at these addresses:

"http://www.arnet.gov/far" or at  
"http://www.pr.doe.gov/dear.html"

I. FEDERAL ACQUISITION REGULATION AND DEPARTMENT OF ENERGY  
CLAUSES INCORPORATED BY REFERENCE:

<u>SOURCE</u>	<u>TITLE AND DATE</u>
52.202-1	DEFINITIONS (JUL 2004) AS MODIFIED BY 952.202-1
52.203-3	GRATUITIES (APR 1984)
52.203-5	COVENANT AGAINST CONTINGENT FEES (APR 1984)
52.203-6	RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (SEP 2006)
52.203-7	ANTI-KICKBACK PROCEDURES (OCT 2010)
52.203-8	CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
52.203-10	PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
52.203-12	LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (OCT 2010)
52.203-13	CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT (APR 2010)
52.203-14	DISPLAY OF HOTLINE POSTER(S) (DEC 2007)
52.204-4	PRINTED OR COPIED DOUBLE-SIDED ON RECYCLED PAPER (AUG 2000)

52.204-7 CENTRAL CONTRACTOR REGISTRATION (APR 2008)

52.204-9 PERSONAL IDENTITY VERIFICATION OF CONTRACTOR PERSONNEL (SEP 2007)

52.204-10 REPORTING SUBCONTRACT AWARDS (SEP 2007)

52.204-11 AMERICAN RECOVERY AND REINVESTMENT ACT - REPORTING REQUIREMENTS (JUL 2010)

952.204-75 PUBLIC AFFAIRS (DEC 2000)

952.204-77 COMPUTER SECURITY (AUG 2006)

970.5208-1 PRINTING (DEC 2000)

52.209-6 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (SEP 2006)

52.211-5 MATERIAL REQUIREMENTS (AUG 2000)

952.211-71 PRIORITIES AND ALLOCATIONS (ATOMIC ENERGY) (APR 2008)

52.215-8 ORDER OF PRECEDENCE - UNIFORM CONTRACT FORMAT (OCT 1997)

52.215-12 SUBCONTRACTOR COST OR PRICING DATA (OCT 1997)

52.215-13 SUBCONTRACTOR COST OR PRICING DATA-MODIFICATIONS (OCT 1997)

52.215-15 PENSION ADJUSTMENT AND ASSET REVERSIONS (OCT 2004)

52.215-23 LIMITATION ON PASS-THROUGH CHARGES (OCT 2009)

970.5217-1 WORK FOR OTHERS PROGRAM (NON-DOE FUNDED WORK) (JAN 2005)

52.219-4 NOTICE OF PRICE EVALUATION PREFERENCE FOR HUB ZONE SMALL BUSINESS CONCERNS (JUL 2005)

52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS  
(MAY 2004)

52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN  
(OCT 2010)

52.219-16 LIQUIDATED DAMAGES - SUBCONTRACTING  
PLAN (JAN 1999)

52.222-1 NOTICE TO THE GOVERNMENT OF LABOR  
DISPUTES (FEB 1997)

52.222-3 CONVICT LABOR (JUN 2003)

52.222-4 CONTRACT WORK HOURS AND SAFETY  
STANDARDS ACT - OVERTIME COMPENSATION  
(JUL 2005)

52.222-21 PROHIBITION OF SEGREGATED FACILITIES  
(FEB 1999)

52.222-26 EQUAL OPPORTUNITY (MAR 2007)

52.222-35 EQUAL OPPORTUNITY FOR SPECIAL DISABLED  
VETERANS, VETERANS OF THE VIETNAM  
ERA, AND OTHER ELIGIBLE VETERANS  
(SEP 2006)

52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH  
DISABILITIES (JUN 1998)

52.222-37 EMPLOYMENT REPORTS ON SPECIAL DISABLED  
VETERANS, VETERANS OF THE VIETNAM  
ERA, AND OTHER ELIGIBLE VETERANS  
(SEP 2006)

52.222-50 COMBATING TRAFFICKING IN PERSONS (FEB  
2009)

970.5223-2 AFFIRMATIVE PROCUREMENT PROGRAM  
(MAR 2003) as modified by DOE  
Acquisition Letter 2008-05

Change "Executive Order 13101" to "Executive Order 13423" in  
paragraph (a).

52.223-5 POLLUTION PREVENTION AND RIGHT-TO-KNOW  
INFORMATION (AUG 2003) - ALTERNATE I

as modified by DOE Acquisition Letter  
2008-05

Change "section 503 of Executive Order 13148" to "Implementing Instruction VIII of Executive Order 13423" in paragraph (a); change "section 502 and 503 of Executive Order 13148" to "Implementing Instruction VIII of Executive Order 13423" in paragraph (c)(6); and change "Section 401 of Executive Order 13146" to "Section 3(b) of Executive Order 13423" in the additional sentence required by Alternate I.

970.5223-5                                   DOE MOTOR VEHICLE FLEET FUEL  
EFFICIENCY (OCT 2003) as modified by  
DOE Acquisition Letter 2008-05

Change "Executive Order 13149, Greening the Government through Federal Fleet and Transportation Efficiency" to "Executive Order 13423" where it first appears; change "Executive Order 13149 (April 2001)" to "Executive Order 13423" at its second appearance; and change "Section 506 of Executive Order 13149" to "Section 8 of Executive Order 13423" at its final appearance.

52.223-10                                   WASTE REDUCTION PROGRAM (AUG 2000) as  
modified by DOE Acquisition Letter  
2008-05

Change "Section 501 of Executive Order 13101" to "Section 3(a) of Executive Order 13423" in paragraph (b).

52.223-12                                   REFRIGERATION EQUIPMENT AND AIR  
CONDITIONERS (MAY 1995)

52.223-14                                   TOXIC CHEMICAL RELEASE REPORTING (AUG  
2003)

52.223-15                                   ENERGY EFFICIENCY IN ENERGY CONSUMING  
PRODUCTS (DEC 2007)

52.223-16                                   IEEE 1680 STANDARDS FOR THE  
ENVIRONMENTAL ASSESSMENT OF PERSONAL  
COMPUTER PRODUCTS (DEC 2007)

952.223-75                                   PRESERVATION OF INDIVIDUAL OCCUPATION  
RADIATION EXPOSURE RECORDS (APR 1984)

52.224-1                                    PRIVACY ACT NOTIFICATION (APR 1984)

52.224-2                                    PRIVACY ACT (APR 1984)

52.225-1 BUY AMERICAN ACT-SUPPLIES (FEB 2009)

52.225-8 DUTY-FREE ENTRY (FEB 2000)

52.225-13 RESTRICTIONS ON CERTAIN FOREIGN  
PURCHASES (JUN 2008)

52.226-1 UTILIZATION OF INDIAN ORGANIZATIONS  
AND INDIAN-OWNED ECONOMIC  
ENTERPRISES (JUN 2000)

970.5227-6 PATENT INDEMNITY - SUBCONTRACTS (DEC  
2000)

52.227-10 FILING OF PATENT APPLICATIONS-  
CLASSIFIED SUBJECT MATTER (DEC 2007)

52.227-23 RIGHTS TO PROPOSAL DATA (TECHNICAL)  
(JUN 1987)

52.230-2 COST ACCOUNTING STANDARDS (OCT 2008)

52.230-6 ADMINISTRATION OF COST ACCOUNTING  
STANDARDS (JUN 2010)

52.232-17 INTEREST (OCT 2008)

970.5232-1 REDUCTION OR SUSPENSION OF ADVANCED,  
PARTIAL, OR PROGRESS PAYMENTS UPON  
FINDING OF SUBSTANTIAL EVIDENCE OF  
FRAUD (DEC 2000)

52.232-24 PROHIBITION OF ASSIGNMENT OF CLAIMS  
(JAN 1986)

52.233-1 DISPUTES (JUL 2002) - ALTERNATE I

52.233-3 PROTEST AFTER AWARD (AUG 1996) -  
ALTERNATE I (JUN 1985)

52.233-4 APPLICABLE LAW FOR BREACH OF CONTRACT  
CLAIM (OCT 2004)

52.236-8 OTHER CONTRACTS (APR 1984)

52.237-2 PROTECTION OF GOVERNMENT BUILDINGS,  
EQUIPMENT, AND VEGETATION (APR 1984)

52.237-3 CONTINUITY OF SERVICES (JAN 1991)

52.237-11 ACCEPTING AND DISPENSING OF \$1 COIN  
(SEP 2008)

52.242-1 NOTICE OF INTENT TO DISALLOW COSTS  
(APR 1984)

52.242-13 BANKRUPTCY (JUL 1995)

52.244-5 COMPETITION IN SUBCOBTRACTNG (DEC  
1996)

52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS (JUN  
2010)

52.246-5 INSPECTION OF SERVICES - COST-  
REIMBURSEMENT (APR 1984)

52.246-9 INSPECTION OF RESEARCH AND DEVELOPMENT  
SHORT FORM (APR 1984)

52.246-25 LIMITATION OF LIABILITY - SERVICES  
(FEB 1997)

52.247-1 COMMERCIAL BILL OF LADING NOTATIONS  
(FEB 2006)

52.247-63 PREFERENCE FOR U.S.-FLAG AIR CARRIERS  
(JUN 2003)

52.247-64 PREFERENCE FOR PRIVATELY OWNED U.S.-  
FLAG COMMERCIAL VESSELS (FEB 2006)

52.247-68 REPORT OF SHIPMENT (RESHIP) (FEB 2006)

52.249-14 EXCUSABLE DELAYS (APRIL 1984)

52.251-1 GOVERNMENT SUPPLY SOURCES (AUG 2010)

52.251-2 INTERAGENCY FLEET MANAGEMENT SYSTEMS  
VEHICLES AND RELATED SERVICES (JAN  
1991)

52.253-1 COMPUTER GENERATED FORMS (JAN 1991)

SECTION I-2 CONTRACT CLAUSES INCORPORATED IN FULL TEXT

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1. WHISTLEBLOWER PROTECTION FOR CONTRACTOR EMPLOYEES

- (a) The Contractor shall comply with the requirements of "DOE Contractor Employee Protection Program" at 10 CFR part 708 for work performed on behalf of DOE directly related to activities at DOE-owned or-leased sites.
- (b) The Contractor shall insert or have inserted the substance of this clause, including this paragraph (b), in subcontracts at all tiers, for subcontracts involving work performed on behalf of DOE directly related to activities at DOE owned or leased sites.

END OF CLAUSE

## 2. SECURITY

- (a) *Responsibility.* It is the Contractor's duty to protect all classified information, special nuclear material, and other DOE property. The Contractor shall, in accordance with DOE security regulations and requirements, be responsible for protecting all classified information and all classified matter (including documents, material and special nuclear material) which are in the Contractor's possession in connection with the performance of work under this contract against sabotage, espionage, loss or theft. Except as otherwise expressly provided in this contract, the Contractor shall, upon completion or termination of this contract, transmit to DOE any classified matter or special nuclear material in the possession of the Contractor or any person under the Contractor's control in connection with performance of this contract. If retention by the Contractor of any classified matter is required after the completion or termination of the contract, the Contractor shall identify the items and classification levels and categories of matter proposed for retention, the reasons for the retention, and the proposed period of retention. If the retention is approved by the Contracting Officer, the security provisions of the contract shall continue to be applicable to the classified matter retained. Special nuclear material shall not be retained after the completion or termination of the contract.
- (b) *Regulations.* The Contractor agrees to comply with all security regulations and contract requirements of DOE as incorporated into the contract.
- (c) *Definition of Classified Information.* The term *Classified Information* means information that is classified as Restricted Data or Formerly Restricted Data under the Atomic Energy Act of 1954, or information determined to require protection against unauthorized disclosure under Executive Order 12958, *Classified National Security Information*, as amended, or prior executive orders, which is identified as *National Security Information*.
- (d) *Definition of Restricted Data.* The term *Restricted Data* means all data concerning design, manufacture, or utilization of atomic weapons; production of special nuclear material; or use of special nuclear material

in the production of energy, but excluding data declassified or removed from the Restricted Data category pursuant to 42 U.S.C. 2162 [Section 142, as amended, of the Atomic Energy Act of 1954].

- (e) *Definition of Formerly Restricted Data.* The term "*Formerly Restricted Data*" means information removed from the Restricted Data category based on a joint determination by DOE or its predecessor agencies and the Department of Defense that the information: (1) Relates primarily to the military utilization of atomic weapons; and (2) can be adequately protected as National Security Information. However, such information is subject to the same restrictions on transmission to other countries or regional defense organizations that apply to Restricted Data.
- (f) *Definition of National Security Information.* The term "*National Security Information*" means information that has been determined, pursuant to Executive Order 12958, Classified National Security Information, as amended, or any predecessor order, to require protection against unauthorized disclosure, and that is marked to indicate its classified status when in documentary form.
- (g) *Definition of Special Nuclear Material.* The term "*special nuclear material*" means: (1) Plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material which, pursuant to 42 U.S.C. 2071 [section 51 as amended, of the Atomic Energy Act of 1954] has been determined to be special nuclear material, but does not include source material; or (2) any material artificially enriched by any of the foregoing, but does not include source material.
- (h) *Access authorizations of personnel.* (1) The Contractor shall not permit any individual to have access to any classified information or special nuclear material, except in accordance with the Atomic Energy Act of 1954, and the DOE's regulations and contract requirements applicable to the particular level and category of classified information or particular category of special nuclear material to which access is required. (2) The Contractor must conduct a thorough review, as defined at 48 CFR 904.401, of an uncleared applicant or uncleared employee, and must test the individual for illegal drugs, prior to

selecting the individual for a position requiring a DOE access authorization.

- (i) A review must: Verify an uncleared applicant's or uncleared employee's educational background, including any high school diploma obtained within the past five years, and degrees or diplomas granted by an institution of higher learning; contact listed employers for the last three years and listed personal references; conduct local law enforcement checks when such checks are not prohibited by state or local law or regulation and when the uncleared applicant or uncleared employee resides in the jurisdiction where the Contractor is located; and conduct a credit check and other checks as appropriate.
- (ii) Contractor reviews are not required for an applicant for DOE access authorization who possesses a current access authorization from DOE or another Federal agency, or whose access authorization may be reapproved without a federal background investigation pursuant to Executive Order 12968, Access to Classified Information (August 4, 1995), Sections 3.3(c) and (d).
- (iii) In collecting and using this information to make a determination as to whether it is appropriate to select an uncleared applicant or uncleared employee to a position requiring an access authorization, the Contractor must comply with all applicable laws, regulations, and Executive Orders, including those: (A) Governing the processing and privacy of an individual's information, such as the Fair Credit Reporting Act, Americans with Disabilities Act (ADA), and Health Insurance Portability and Accountability Act; and (B) prohibiting discrimination in employment, such as under the ADA, Title VII and the Age Discrimination in Employment Act, including with respect to pre- and post-offer of employment disability related questioning.
- (iv) In addition to a review, each candidate for a DOE access authorization must be tested to demonstrate the absence of any illegal drug, as defined in 10 CFR Part 707.4. All positions requiring access authorizations are deemed *testing designated positions* in accordance with 10 CFR Part 707. All employees possessing access

authorizations are subject to applicant, random or for cause testing for use of illegal drugs. DOE will not process candidates for a DOE access authorization unless their tests confirm the absence from their system of any illegal drug.

(v) When an uncleared applicant or uncleared employee receives an offer of employment for a position that requires a DOE access authorization, the Contractor shall not place that individual in such a position prior to the individual's receipt of a DOE access authorization, unless an approval has been obtained from the head of the cognizant local security office. If the individual is hired and placed in the position prior to receiving an access authorization, the uncleared employee may not be afforded access to classified information or matter or special nuclear material (in categories requiring access authorization) until an access authorization has been granted.

(vi) The Contractor must furnish to the head of the cognizant local DOE Security Office, in writing, the following information concerning each uncleared applicant or uncleared employee who is selected for a position requiring an access authorization:

- (A) The date(s) each Review was conducted;
- (B) Each entity that provided information concerning the individual;
- (C) A certification that the review was conducted in accordance with all applicable laws, regulations, and Executive Orders, including those governing the processing and privacy of an individual's information collected during the review;
- (D) A certification that all information collected during the review was reviewed and evaluated in accordance with the Contractor's personnel policies; and
- (E) The results of the test for illegal drugs.

(i) *Criminal liability.* It is understood that disclosure of any classified information relating to the work or services ordered hereunder to any person not entitled

to receive it, or failure to protect any classified information, special nuclear material, or other Government property that may come to the Contractor or any person under the Contractor's control in connection with work under this contract, may subject the Contractor, its agents, employees, or Subcontractors to criminal liability under the laws of the United States (see the Atomic Energy Act of 1954, 42 U.S.C. 2011 *et seq.*; 18 U.S.C. 793 and 794).

- (j) *Foreign Ownership, Control, or Influence.* (1) The Contractor shall immediately provide the cognizant security office written notice of any change in the extent and nature of foreign ownership, control or influence over the Contractor which would affect any answer to the questions presented in the Standard Form (SF) 328, *Certificate Pertaining to Foreign Interests*, executed prior to award of this contract. In addition, any notice of changes in ownership or control which are required to be reported to the Securities and Exchange Commission, the Federal Trade Commission, or the Department of Justice, shall also be furnished concurrently to the Contracting Officer. (2) If a Contractor has changes involving foreign ownership, control, or influence, DOE must determine whether the changes will pose an undue risk to the common defense and security. In making this determination, DOE will consider proposals made by the Contractor to avoid or mitigate foreign influences. (3) If the cognizant security office at any time determines that the Contractor is, or is potentially, subject to foreign ownership, control, or influence, the Contractor shall comply with such instructions as the Contracting Officer shall provide in writing to protect any classified information or special nuclear material. (4) The Contracting Officer may terminate this contract for default either if the Contractor fails to meet obligations imposed by this clause or if the Contractor creates a foreign ownership, control, or influence situation in order to avoid performance or a termination for default. The Contracting Officer may terminate this contract for convenience if the Contractor becomes subject to foreign ownership, control, or influence and for reasons other than avoidance of performance of the contract, cannot, or chooses not to, avoid or mitigate the foreign ownership, control, or influence problem.

- (k) *Employment announcements.* When placing announcements seeking applicants for positions requiring access

authorizations, the Contractor shall include in the written vacancy announcement, a notification to prospective applicants that reviews, and tests for the absence of any illegal drug as defined in 10 CFR 707.4, will be conducted by the employer and a background investigation by the Federal government may be required to obtain an access authorization prior to employment, and that subsequent reinvestigations may be required. If the position is covered by the Counterintelligence Evaluation Program regulations at 10 CFR Part 709, the announcement should also alert applicants that successful completion of a counterintelligence evaluation may include a counterintelligence-scope polygraph examination.

- (1) *Flow down to subcontracts.* The Contractor agrees to insert terms that conform substantially to the language of this clause, including this paragraph, in all subcontracts under its contract that will require Subcontractor employees to possess access authorizations. Additionally, the Contractor must require such Subcontractors to have an existing DOD or DOE facility clearance or submit a completed SF 328, *Certificate Pertaining to Foreign Interests*, as required in DEAR 952.204-73, Facility Clearance, and obtain a foreign ownership, control and influence determination and facility clearance prior to award of a subcontract. Information to be provided by a Subcontractor pursuant to this clause may be submitted directly to the Contracting Officer. For purposes of this clause, Subcontractor means any Subcontractor at any tier and the term ``Contracting Officer`` means the DOE Contracting Officer. When this clause is included in a subcontract, the term ``Contractor`` shall mean Subcontractor and the term ``contract`` shall mean subcontract.

END OF CLAUSE

### 3. CLASSIFICATION/DECLASSIFICATION

In the performance of work under this contract, the Contractor or subcontractor shall comply with all provisions of the Department of Energy's regulations and mandatory DOE directives which apply to work involving the classification and declassification of information, documents, or material. In this section, "information" means facts, data, or knowledge itself; "document" means the physical medium on or in which information is recorded; and "material" means a product or substance which contains or reveals information, regardless of its physical form or characteristics. Classified information is "Restricted Data" and "Formerly Restricted Data" (classified under the Atomic Energy Act of 1954, as amended) and "National Security Information" (classified under Executive Order 12958 or prior Executive Orders).

The original decision to classify or declassify information is considered an inherently Governmental function. For this reason, only Government personnel may serve as original classifiers, i.e., Federal Government Original Classifiers. Other personnel (Government or Contractor) may serve as derivative classifiers which involves making classification decisions based upon classification guidance which reflect decisions made by Federal Government Original Classifiers.

The Contractor or subcontractor shall ensure that any document or material that may contain classified information is reviewed by either a Federal Government or a Contractor Derivative Classifier in accordance with classification regulations including mandatory DOE directives and classification/declassification guidance furnished to the Contractor by the Department of Energy to determine whether it contains classified information prior to dissemination. For information which is not addressed in classification/declassification guidance, but whose sensitivity appears to warrant classification, the Contractor or subcontractor shall ensure that such information is reviewed by a Federal Government Original Classifier.

In addition, the Contractor or subcontractor shall ensure that existing classified documents (containing either Restricted Data or Formerly Restricted Data or National Security Information) which are in its possession or under its control are periodically reviewed by a Federal Government or Contractor Derivative Declassifier in accordance with classification regulations, mandatory DOE

directives and classification/declassification guidance furnished to the Contractor by the Department of Energy to determine if the documents are no longer appropriately classified. Priorities for declassification review of classified documents shall be based on the degree of public and researcher interest and the likelihood of declassification upon review. Documents which no longer contain classified information are to be declassified. Declassified documents then shall be reviewed to determine if they are publicly releasable. Documents which are declassified and determined to be publicly releasable are to be made available to the public in order to maximize the public's access to as much Government information as possible while minimizing security costs.

The Contractor or subcontractor shall insert this clause in any subcontract which involves or may involve access to classified information.

END OF CLAUSE

4. UPDATES OF INFORMATION REGARDING RESPONSIBILITY MATTERS

- (a) The Contractor shall update the information in the Federal Awardee Performance and Integrity Information System (FAPIIS) on a semi-annual basis, throughout the life of the contract, by entering the required information in the Central Contractor Registration database at <http://www.ccr.gov> (see 52.204-7).
- (b) (1) The Contractor will receive notification when the Government posts new information to the Contractor's record.
- (2) The Contractor will have an opportunity to post comments regarding information that has been posted by the Government. The comments will be retained as long as the associated information is retained, *i.e.*, for a total period of 6 years. Contractor comments will remain a part of the record unless the Contractor revises them.
- (3) With the exception of the Contractor, only Government personnel and authorized users performing business on behalf of the Government will be able to view the Contractor's record in the system. Public requests for system information will be handled under the Freedom of Information Act procedures, including, where appropriate, procedures promulgated under E.O. 12600.

END OF CLAUSE

5. ORGANIZATIONAL CONFLICTS OF INTEREST - ALTERNATE I

(a) *Purpose.* The purpose of this clause is to ensure that the Contractor

(1) is not biased because of its financial, contractual, organizational, or other interests which relate to the work under this contract, and

(2) does not obtain any unfair competitive advantage over other parties by virtue of its performance of this contract.

(b) *Scope.* The restriction described herein shall apply to performance or participation by the Contractor and any of its affiliates or their successors in interest (hereinafter collectively referred to as "Contractor") in the activities covered by this clause as a prime Contractor, subcontractor, cosponsor, joint venturer, consultant, or in any similar capacity. For the purpose of this clause, affiliation occurs when a business concern is controlled by or has the power to control another or when a third party has the power to control both.

(1) *Use of Contractor's Work Product.*

(i) The Contractor shall be ineligible to participate in any capacity in Department contracts, subcontracts, or proposals therefore (solicited and unsolicited) which stem directly from the Contractor's performance of work under this contract for a period of 3 years after the completion of this contract. Furthermore, unless so directed in writing by the Contracting Officer, the Contractor shall not perform any advisory and assistance services work under this contract on any of its products or services or the products or services of another firm if the Contractor is or has been substantially involved in their development or marketing. Nothing in this subparagraph shall preclude the Contractor from competing for follow-on contracts for technical advisory and assistance services.

- (ii) If under this contract, the Contractor prepares a complete or essentially complete statement of work or specifications to be used in competitive acquisitions, the Contractor shall be ineligible to perform or participate in any capacity in any contractual effort which is based on such statement of work or specifications. The Contractor shall not incorporate its products or services in such statement of work or specifications unless so directed in writing by the contracting Officer, in which case the restriction in this subparagraph shall not apply.
- (iii) Nothing in this paragraph shall preclude the Contractor from offering or selling its standard and commercial items to the Government.

(2) *Access to and use of information.*

- (i) If the Contractor, in the performance of this contract, obtains access to information, such as Department plans, policies, reports, studies, financial plans, internal data protected by the Privacy Act of 1974 (5 U.S.C. 552a), or data which has not been released or otherwise made available to the public, the Contractor agrees that without prior written approval of the contracting Officer it shall not--
  - (A) Use such information for any private purpose unless the information has been released or otherwise made available to the public;
  - (B) compete for work for the Department based on such information for a period of six (6) months after either the completion of this contract or until such information is released or otherwise made available to the public, whichever is first;

- (C) submit an unsolicited proposal to the Government which is based on such information until one year after such information is released or otherwise made available to the public; and
  - (D) release such information unless such information has previously been released or otherwise made available to the public by the Department.
- (ii) In addition, the Contractor agrees that to the extent it receives or is given access to proprietary data, data protected by the Privacy Act of 1974 (5 U.S.C. 552a), or other confidential or privileged technical, business, or financial information under this contract, it shall treat such information in accordance with any restrictions imposed on such information.
  - (iii) The Contractor may use technical data it first produces under this contract for its private purposes consistent with paragraphs (b) (2) (i) (A) and (D) of this clause and the patent, rights in data, and security provisions of this contract.
- (c) *Disclosure after award.*
- (1) The Contractor agrees that, if changes, including additions, to the relevant facts disclosed by it prior to award of this contract, occur during the performance of this contract, it shall make an immediate and full disclosure of such changes in writing to the Contracting Officer. Such disclosure may include a description of any action which the Contractor has taken or proposes to take to avoid, neutralize, or mitigate any resulting conflict of interest. The Department may, however, terminate the contract for convenience if it deems such termination to be in the best interest of the Government.
  - (2) In the event that the Contractor was aware of facts required to be disclosed or the existence of an actual or potential organizational conflict of interest and did not disclose such facts to the

Contracting Officer, DOE may terminate this contract for default.

- (d) *Remedies.* For breach of any of the above restrictions or for nondisclosure or misrepresentation of any facts required to be disclosed concerning this contract, including the existence of an actual or potential organizational conflict of interest at the time of or after award, the Government may terminate the contract for default, disqualify the Contractor for subsequent related contractual efforts and pursue such other remedies as may be permitted by law or this contract.
- (e) *Waiver.* Requests for waiver under this clause shall be directed in writing to the Contracting Officer and shall include a full description of the requested waiver and the reasons in support thereof. If it is determined to be in the best interests of the Government, the Contracting Officer may grant such a waiver in writing.
- (f) *Subcontracts.*
- (1) The Contractor shall include a clause, substantially similar to this clause, including this paragraph f, in subcontracts expected to exceed the simplified acquisition threshold determined in accordance with 48 CFR part 13 and involving the performance of advisory and assistance services as the term is defined at 48 CFR 2.101. The terms "contract," "Contractor," and "Contracting Officer" shall be appropriately modified to preserve the Government's rights.
  - (2) Prior to the award under this contract of any such subcontracts for advisory and assistance services, the Contractor shall obtain from the proposed subcontractor or consultant the disclosure required by 48 CFR 909.507-1, and shall determine in writing whether the interest disclosed present an actual or significant potential organizational conflict of interest. Where an actual or significant potential organizational conflict of interest is identified, the Contractor shall take action to avoid, neutralize, or mitigate the organizational conflict to the satisfaction of the Contractor. If the conflict cannot be avoided or neutralized, the Contractor must obtain the

approval of the DOE Contracting Officer prior to entering into the subcontract.

END OF CLAUSE

6. KEY PERSONNEL

(a) The personnel listed below or elsewhere in this contract (See Section J, Attachment 1) are considered essential to the work being performed under this contract. Before removing, replacing, or diverting any of the listed or specified personnel, the Contractor must:

- (1) Notify the Contracting Officer reasonably in advance;
- (2) submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on this contract; and
- (3) obtain the Contracting Officer's written approval.

Notwithstanding the foregoing, if the Contractor deems immediate removal or suspension of any member of its management team is necessary to fulfill its obligation to maintain satisfactory standards of employee competency, conduct, and integrity under the clause at DEAR 970.5203-3, Contractor's Organization, the Contractor may remove or suspend such person at once, although the Contractor must notify Contracting Officer prior to or concurrently with such action.

(b) The list of personnel may, with the consent of the contracting parties, be amended from time to time during the course of the contract to add or delete personnel

END OF CLAUSE

7. OPTION TO EXTEND THE TERM OF THE CONTRACT

- (a) The Government may extend the term of this contract by written notice to the Contractor; provided that the Government gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension.
- (b) If the Government exercises this option, the extended contract shall be considered to include this option clause.
- (c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed 10 years, including the transition period.

END OF CLAUSE

8. POST-AWARD SMALL BUSINESS PROGRAM REPRESENTATIONS

(a) *Definitions.* As used in this clause—

*Long-term contract* means a contract of more than five years in duration, including options. However, the term does not include contracts that exceed five years in duration because the period of performance has been extended for a cumulative period not to exceed six months under the clause at 52.217-8, Option to Extend Services, or other appropriate authority.

*Small business concern* means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and the size standard in paragraph (c) of this clause.

- (b) If the Contractor represented that it was a small business concern prior to award of this contract, the Contractor shall represent its size status according to paragraph (e) of this clause or, if applicable, paragraph (g) of this clause, upon the occurrence of any of the following:
- (1) Within 30 days after execution of a novation agreement or within 30 days after modification of the contract to include this clause, if the novation agreement was executed prior to inclusion of this clause in the contract.
  - (2) Within 30 days after a merger or acquisition that does not require a novation or within 30 days after modification of the contract to include this clause, if the merger or acquisition occurred prior to inclusion of this clause in the contract.
  - (3) For long-term contracts—
    - (i) Within 60 to 120 days prior to the end of the fifth year of the contract; and

- (ii) Within 60 to 120 days prior to the exercise date specified in the contract for any option thereafter.
  
- (c) The Contractor shall represent its size status in accordance with the size standard in effect at the time of this representation that corresponds to the North American Industry Classification System (NAICS) code assigned to this contract. The small business size standard corresponding to this NAICS code can be found at <http://www.sba.gov/services/contractingopportunities/sizestandardsttopics/>.
  
- (d) The small business size standard for a Contractor providing a product which it does not manufacture itself, for a contract other than a construction or service contract, is 500 employees.
  
- (e) Except as provided in paragraph (g) of this clause, the Contractor shall make the representation required by paragraph (b) of this clause by validating or updating all its representations in the Online Representations and Certifications Application and its data in the Central Contractor Registration, as necessary, to ensure they reflect current status. The Contractor shall notify the contracting office by e-mail, or otherwise in writing, that the data have been validated or updated, and provide the date of the validation or update.
  
- (f) If the Contractor represented that it was other than a small business concern prior to award of this contract, the Contractor may, but is not required to, take the actions required by paragraphs (e) or (g) of this clause.
  
- (f) If the Contractor does not have representations and certifications in ORCA, or does not have a representation in ORCA for the NAICS code applicable to this contract, the Contractor is required to complete the following representation and submit it

to the contracting office, along with the contract number and the date on which the representation was completed:

The Contractor represents that it  is,  is not a small business concern under NAICS Code \_\_\_\_\_ assigned to contract number \_\_\_\_\_.

*[Contractor to sign and date and insert authorized signer's name and title].*

END OF CLAUSE

9. NOTIFICATION OF EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR RELATIONS ACT

(a) During the term of this contract, the Contractor shall post a notice, of such size and in such form, and containing such content as prescribed by the Secretary of Labor, in conspicuous places in and about its plants and offices where employees covered by the National Labor Relations Act engage in activities relating to the performance of the contract, including all places where notices to employees are customarily posted both physically and electronically, in the languages employees speak, in accordance with 29 CFR 471.2 (d) and (f).

- (1) Physical posting of the employee notice shall be in conspicuous places in and about the Contractor's plants and offices so that the notice is prominent and readily seen by employees who are covered by the National Labor Relation Act and engage in activities related to the performance of the contract.
- (2) If the Contractor customarily posts to employees electronically, then the Contractor shall also post the required notice electronically by displaying prominently, on any website that is maintained by the Contractor and is customarily used for notices to employees about terms and conditions of employment, a link to the Department of Labor's website that contains the full text of the poster. The link to the Department's website, as referenced in (b) (3) of this section, must read, "Important Notice about Employee Rights to Organize and Bargain Collectively with Their Employers."

(b) This required notice, printed by the Department of Labor, can be-

- (1) obtained from the Division of Interpretations and Standards, Office of Labor-Management Standards, U.S. Department of Labor, 200 Constitution Avenue, NW, Room N-5609, Washington, DC 20210, (202) 693-0123, or from any field office of the Office of Federal Contract Compliance Programs; or

- (2) provided by the Federal contracting agency, if requested; or
  - (3) downloaded from the Office of Labor-Management Standards web site at [www.dol.gov/olms/regs/compliance/E013496](http://www.dol.gov/olms/regs/compliance/E013496); or
  - (4) reproduced and used as exact duplicate copies of the Department of Labor's official poster.
- (c) The required text of the Employee Notification referred to in this clause is located at Appendix A, Subpart A, 29 CFR Part 471.
- (d) The Contractor shall comply with all provisions of the Employee Notice and related rules, regulations, and orders of the Secretary of Labor.
- (e) In the event that the Contractor does not comply with the requirements set forth in paragraphs (a) through (d) of this clause, this contract may be terminated or suspended in whole or in part, and the Contractor may be suspended or debarred in accordance with 29 CFR 471.14 and FAR Subpart 9.4. Such other sanctions or remedies may be imposed as are provided by 29 CFR Part 471, which implements E.O. 13496 or as otherwise provided by law.
- (f) *Subcontracts.* (1) The Contractor shall include the substance of the provisions of paragraphs (a) through (f) of this clause in every subcontract that exceeds \$10,000 unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to section 3 of Executive Order 13496 of January 30, 2009, so that such provisions will be binding upon each subcontractor.
- (2) The Contractor and subcontractor are not permitted to procure supplies or services in a way designed to avoid the applicability of Executive Order 13496 or this subpart.
  - (3) The Contractor shall take such action with respect to any such subcontract as may be directed by the Secretary of Labor as a means of enforcing such provisions, including the imposition of sanctions for non compliance.
  - (4) However, if the Contractor becomes involved in litigation with a subcontractor, or is

threatened with such involvement, as a result of such direction, the Contractor may request the United States, through the Secretary of Labor, to enter into such litigation to protect the interests of the United States.

END OF CLAUSE

10. DISPLACED EMPLOYEE HIRING PREFERENCE

(a) Definition.

Eligible employee means a current or former employee of a contractor or subcontractor employed at a Department of Energy Defense Nuclear Facility (1) whose position of employment has been, or will be, involuntarily terminated (except if terminated for cause), (2) who has also met the eligibility criteria contained in the Department of Energy guidance for contractor work force restructuring, as may be amended or supplemented from time to time, and (3) who is qualified for a particular job vacancy with the Department or one of its contractors with respect to work under its contract with the Department at the time the particular position is available.

(b) Consistent with Department of Energy guidance for contractor work force restructuring, as may be amended or supplemented from time to time, the Contractor agrees that it will provide a preference in hiring to an eligible employee to the extent practicable for work performed under this contract.

(c) The requirements of this clause shall be included in subcontracts at any tier (except for subcontracts for commercial items pursuant to 41 U.S.C. 403) expected to exceed \$500,000.

END OF CLAUSE

## 11. RESEARCH MISCONDUCT

- (a) The Contractor is responsible for maintaining the integrity of research performed pursuant to this contract award including the prevention, detection, and remediation of research misconduct as defined by this clause, and the conduct of inquiries, investigations, and adjudication of allegations of research misconduct in accordance with the requirements of this clause.
- (b) Unless otherwise instructed by the Contracting Officer, the Contractor must conduct an initial inquiry into any allegation of research misconduct. If the Contractor determines that there is sufficient evidence to proceed to an investigation, it must notify the Contracting Officer and, unless otherwise instructed, the Contractor must:
  - (1) Conduct an investigation to develop a complete factual record and an examination of such record leading to either a finding of research misconduct and an identification of appropriate remedies or a determination that no further action is warranted;
  - (2) If the investigation leads to a finding of research misconduct, conduct an adjudication by a responsible official who was not involved in the inquiry or investigation and is separated organizationally from the element which conducted the investigation. The adjudication must include a review of the investigative record and, as warranted, a determination of appropriate corrective actions and sanctions.
  - (3) Inform the Contracting Officer if an initial inquiry supports a formal investigation and, if requested by the Contracting Officer thereafter, keep the Contracting Officer informed of the results of the investigation and any subsequent adjudication. When an investigation is complete, the Contractor will forward to the Contracting Officer a copy of the evidentiary record, the investigative report, any recommendations made to the Contractor's adjudicating official, and the adjudicating official's decision and notification of any corrective action taken or planned, and the subject's written response (if any).

- (c) The Department of Energy (DOE) may elect to act in lieu of the Contractor in conducting an inquiry or investigation into an allegation of research misconduct if the Contracting Officer finds that--
- (1) The research organization is not prepared to handle the allegation in a manner consistent with this clause;
  - (2) The allegation involves an entity of sufficiently small size that it cannot reasonably conduct the inquiry;
  - (3) DOE involvement is necessary to ensure the public health, safety, and security, or to prevent harm to the public interest; or
  - (4) The allegation involves possible criminal misconduct.
- (d) In conducting the activities under paragraphs (b) and (c) of this clause, the Contractor and the Department, if it elects to conduct the inquiry or investigation, shall adhere to the following guidelines:
- (1) Safeguards for information and subjects of allegations. The Contractor shall provide safeguards to ensure that individuals may bring allegations of research misconduct made in good faith to the attention of the Contractor without suffering retribution. Safeguards include: protection against retaliation; fair and objective procedures for examining and resolving allegations; and diligence in protecting positions and reputations. The Contractor shall also provide the subjects of allegations confidence that their rights are protected and that the mere filing of an allegation of research misconduct will not result in an adverse action. Safeguards include timely written notice regarding substantive allegations against them, a description of the allegation and reasonable access to any evidence submitted to support the allegation or developed in response to an allegation and notice of any findings of research misconduct.
  - (2) Objectivity and Expertise. The Contractor shall select individual(s) to inquire, investigate, and adjudicate allegations of research misconduct who

have appropriate expertise and have no unresolved conflict of interest. The individual(s) who conducts an adjudication must not be the same individual(s) who conducted the inquiry or investigation, and must be separate organizationally from the element that conducted the inquiry or investigation.

- (3) Timeliness. The Contractor shall coordinate, inquire, investigate and adjudicate allegations of research misconduct promptly, but thoroughly. Generally, an investigation should be completed within 120 days of initiation, and adjudication should be complete within 60 days of receipt of the record of investigation.
  - (4) Confidentiality. To the extent possible, consistent with fair and thorough processing of allegations of research misconduct and applicable law and regulation, knowledge about the identity of the subjects of allegations and informants should be limited to those with a need to know.
  - (5) Remediation and Sanction. If the Contractor finds that research misconduct has occurred, it shall assess the seriousness of the misconduct and its impact on the research completed or in process. The Contractor must take all necessary corrective actions. Such action may include but are not limited to, correcting the research record and as appropriate imposing restrictions, controls, or other parameters on research in process or to be conducted in the future. The Contractor must coordinate remedial actions with the Contracting Officer. The Contractor must also consider whether personnel sanctions are appropriate. Any such sanction must be considered and effected consistent with any applicable personnel laws, policies, and procedures, and shall take into account the seriousness of the misconduct and its impact, whether it was done knowingly or intentionally, and whether it was an isolated event or pattern of conduct.
- (e) DOE reserves the right to pursue such remedies and other actions as it deems appropriate, consistent with the terms and conditions of the award instrument and applicable laws and regulations. However, the Contractor's good faith administration of this clause and the effectiveness of its remedial actions and sanctions shall be positive considerations and shall

be taken into account as mitigating factors in assessing the need for such actions. If DOE pursues any such action, it will inform the subject of the action of the outcome and any applicable appeal procedures.

(f) Definitions.

Adjudication means a formal review of a record of investigation of alleged research misconduct to determine whether and what corrective actions and sanctions should be taken.

Fabrication means making up data or results and recording or reporting them.

Falsification means manipulating research materials, equipment, or processes, or changing or omitting data or results such that the research is not accurately represented in the research record.

Finding of Research Misconduct means a determination, based on a preponderance of the evidence, that research misconduct has occurred. Such a finding requires a conclusion that there has been a significant departure from accepted practices of the relevant research community and that it be knowingly, intentionally, or recklessly committed.

Inquiry means information gathering and initial fact-finding to determine whether an allegation or apparent instance of misconduct warrants an investigation.

Investigation means the formal examination and evaluation of the relevant facts.

Plagiarism means the appropriation of another person's ideas, processes, results, or words without giving appropriate credit.

Research means all basic, applied, and demonstration research in all fields of science, medicine, engineering, and mathematics, including, but not limited to, research in economics, education, linguistics, medicine, psychology, social sciences statistics, and research involving human subjects or animals.

Research Misconduct means fabrication, falsification, or plagiarism in proposing, performing, or reviewing

research, or in reporting research results, but does not include honest error or differences of opinion.

Research record means the record of all data or results that embody the facts resulting from scientists' inquiries, including, but not limited to, research proposals, laboratory records, both physical and electronic, progress reports, abstracts, theses, oral presentations, internal reports, and journal articles.

- (g) By executing this contract, the Contractor provides its assurance that it has established an administrative process for performing an inquiry, mediating if possible, or investigating, and reporting allegations of research misconduct; and that it will comply with its own administrative process and the requirements of 10 CFR part 733 for performing an inquiry, possible mediation, investigation and reporting of research misconduct.
- (h) The Contractor must insert or have inserted the substance of this clause, including paragraph (g), in subcontracts at all tiers that involve research.

END OF CLAUSE

12. SUBMISSION OF TRANSPORTATION DOCUMENTS FOR AUDIT

- (a) The Contractor shall submit to the address identified below, for prepayment audit, transportation documents on which the United States will assume freight charges that were paid-
- (1) By the Contractor under a cost-reimbursement contract, and
  - (2) By a first-tier subcontractor under a cost-reimbursement subcontract thereunder.
- (b) Cost-reimbursement Contractors shall only submit for audit those bills of lading with freight shipment charges exceeding \$100.00. Bills under \$100.00 shall be retained on-site by the Contractor and made available for on-site audits. This exception only applies to freight shipment bills and is not intended to apply to bills and invoices for any other transportation services.
- (c) Contractors shall submit the above referenced transportation documents to - J. F. Fitzgerald, Audits Division, Room G342, General Services Administration, 1800 F Street, NW., Washington, DC 20405.

END OF CLAUSE

13. FOREIGN TRAVEL

Contractor foreign travel shall be conducted pursuant to the requirements contained in Department of Energy (DOE) Order 551.1C, or its successor, Official Foreign Travel, or its successor in effect at the time of award.

END OF CLAUSE

14. TERMINATION (COST-REIMBURSEMENT)

- (a) The Government may terminate performance of work under this contract in whole or, from time to time, in part, if--
- (1) The Contracting Officer determines that a termination is in the Government's interest; or
  - (2) The Contractor defaults in performing this contract and fails to cure the default within 10 days (unless extended by the Contracting Officer) after receiving a notice specifying the default. "Default" includes failure to make progress in the work so as to endanger performance.
- (b) The Contracting Officer shall terminate by delivering to the Contractor a Notice of Termination specifying whether termination is for default of the Contractor or for convenience of the Government, the extent of termination, and the effective date. If, after termination for default, it is determined that the Contractor was not in default or that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor as set forth in the Excusable Delays clause, the rights and obligations of the parties will be the same as if the termination was for the convenience of the Government.
- (c) After receipt of a Notice of Termination, and except as directed by the Contracting Officer, the Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:
- (1) Stop work as specified in the notice.
  - (2) Place no further subcontracts or orders (referred to as subcontracts in this clause), except as necessary to complete the continued portion of the contract.
  - (3) Terminate all subcontracts to the extent they relate to the work terminated.

- (4) Assign to the Government, as directed by the Contracting Officer, all right, title, and interest of the Contractor under the subcontracts terminated, in which case the Government shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.
- (5) With approval or ratification to the extent required by the Contracting Officer, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts, the cost of which would be reimbursable in whole or in part, under this contract; approval or ratification will be final for purposes of this clause.
- (6) Transfer title (if not already transferred) and, as directed by the Contracting Officer, deliver to the Government--
  - (i) The fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated;
  - (ii) The completed or partially completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to the Government; and
  - (iii) The jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for this contract, the cost of which the Contractor has been or will be reimbursed under this contract.
- (7) Complete performance of the work not terminated.
- (8) Take any action that may be necessary, or that the Contracting Officer may direct, for the protection and preservation of the property related to this contract that is in the possession of the Contractor and in which the Government has or may acquire an interest.

- (9) Use its best efforts to sell, as directed or authorized by the Contracting Officer, any property of the types referred to in subparagraph (c)(6) of this clause; provided, however, that the Contractor (i) is not required to extend credit to any purchaser and (ii) may acquire the property under the conditions prescribed by, and at prices approved by, the Contracting Officer. The proceeds of any transfer or disposition will be applied to reduce any payments to be made by the Government under this contract, credited to the price or cost of the work, or paid in any other manner directed by the Contracting Officer.
- (d) The Contractor shall submit complete termination inventory schedules no later than 120 days from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 120-day period.
- (e) After expiration of the plant clearance period as defined in Subpart 49.001 of the Federal Acquisition Regulation, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of termination inventory not previously disposed of, excluding items authorized for disposition by the Contracting Officer. The Contractor may request the Government to remove those items or enter into an agreement for their storage. Within 15 days, the Government will accept the items and remove them or enter into a storage agreement. The Contracting Officer may verify the list upon removal of the items, or if stored, within 45 days from submission of the list, and shall correct the list, as necessary, before final settlement.
- (f) After termination, the Contractor shall submit a final termination settlement proposal to the Contracting Officer in the form and with the certification prescribed by the Contracting Officer. The Contractor shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 1-year period. However, if the Contracting Officer determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension.

If the Contractor fails to submit the proposal within the time allowed, the Contracting Officer may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined.

- (g) Subject to paragraph (f) of this clause, the Contractor and the Contracting Officer may agree on the whole or any part of the amount to be paid (including an allowance for fee) because of the termination. The contract shall be amended, and the Contractor paid the agreed amount.
- (h) If the Contractor and the Contracting Officer fail to agree in whole or in part on the amount of costs and/or fee to be paid because of the termination of work, the Contracting Officer shall determine, on the basis of information available, the amount, if any, due the Contractor, and shall pay that amount, which shall include the following:
  - (1) All costs reimbursable under this contract, not previously paid, for the performance of this contract before the effective date of the termination, and those costs that may continue for a reasonable time with the approval of or as directed by the Contracting Officer; however, the Contractor shall discontinue those costs as rapidly as practicable.
  - (2) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract if not included in subparagraph (h)(1) of this clause.
  - (3) The reasonable costs of settlement of the work terminated, including--
    - (i) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;
    - (ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and

- (iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory. If the termination is for default, no amounts for the preparation of the Contractor's termination settlement proposal may be included.
- (4) A portion of the fee payable under the contract, determined as follows:
- (i) If the contract is terminated for the convenience of the Government, the settlement shall include a percentage of the fee equal to the percentage of completion of work contemplated under the contract, but excluding subcontract effort included in subcontractors' termination proposals, less previous payments for fee.
  - (ii) If the contract is terminated for default, the total fee payable shall be such proportionate part of the fee as the total number of articles (or amount of services) delivered to and accepted by the Government is to the total number of articles (or amount of services) of a like kind required by the contract.
- (5) If the settlement includes only fee, it will be determined under subparagraph (h) (4) of this clause.
- (i) The cost principles and procedures in Part 31 of the Federal Acquisition Regulation as supplemented in subpart 970.31 of the Department of Energy Acquisition Regulation, in effect on the date of this contract, shall govern all costs claimed, agreed to, or determined under this clause.
  - (j) The Contractor shall have the right of appeal, under the Disputes clause, from any determination made by the Contracting Officer under paragraph (f), (h), or (l) of this clause, except that if the Contractor failed to submit the termination settlement proposal within the time provided in paragraph (f) and failed to request a time extension, there is no right of

appeal. If the Contracting Officer has made a determination of the amount due under paragraph (f), (h) or (l) of this clause, the Government shall pay the Contractor--

- (1) The amount determined by the Contracting Officer if there is no right of appeal or if no timely appeal has been taken; or
  - (2) The amount finally determined on an appeal.
- (k) In arriving at the amount due the Contractor under this clause, there shall be deducted--
- (1) All unliquidated advance or other payments to the Contractor, under the terminated portion of this contract;
  - (2) Any claim which the Government has against the Contractor under this contract; and
  - (3) The agreed price for, or the proceeds of sale of materials, supplies, or other things acquired by the Contractor or sold under this clause and not recovered by or credited to the Government.
- (l) The Contractor and Contracting Officer must agree to any equitable adjustment in fee for the continued portion of the contract when there is a partial termination. The Contracting Officer shall amend the contract to reflect the agreement.
- (m) (1) The Government may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by the Contractor for the terminated portion of the contract, if the Contracting Officer believes the total of these payments will not exceed the amount to which the Contractor will be entitled.
- (2) If the total payments exceed the amount finally determined to be due, the Contractor shall repay the excess to the Government upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by the Contractor to the date the excess is repaid. Interest shall

not be charged on any excess payment due to a reduction in the Contractor's termination settlement proposal because of retention or other disposition of termination inventory until 10 days after the date of the retention or disposition, or a later date determined by the Contracting Officer because of the circumstances.

- (n) The provisions of this clause relating to fee are inapplicable if this contract does not include a fee.

END OF CLAUSE

15. NUCLEAR HAZARDS INDEMNITY AGREEMENT

- (a) *Authority.* This clause is incorporated into this contract pursuant to the authority contained in subsection 170d. of the Atomic Energy Act of 1954, as amended (hereinafter called the Act.)
- (b) *Definitions.* The definitions set out in the Act shall apply to this clause.
- (c) *Financial protection.* Except as hereafter permitted or required in writing by DOE, the Contractor will not be required to provide or maintain, and will not provide or maintain at Government expense, any form of financial protection to cover public liability, as described in paragraph (d)(2) below. DOE may, however, at any time require in writing that the Contractor provide and maintain financial protection of such a type and in such amount as DOE shall determine to be appropriate to cover such public liability, provided that the costs of such financial protection are reimbursed to the Contractor by DOE.
- (d) (1) *Indemnification.* To the extent that the Contractor and other persons indemnified are not compensated by any financial protection permitted or required by DOE, DOE will indemnify the Contractor and other persons indemnified against (i) claims for public liability as described in subparagraph (d)(2) of this clause; and (ii) such legal costs of the Contractor and other persons indemnified as are approved by DOE, provided that DOE's liability, including such legal costs, shall not exceed the amount set forth in section 170d. of the Act, as that amount may be increased in accordance with section 170t., in the aggregate for each nuclear incident or precautionary evacuation occurring within the United States or \$500 million in the aggregate for each nuclear incident occurring outside the United States, irrespective of the number of persons indemnified in connection with this contract.
- (2) The public liability referred to in subparagraph (d)(1) of this clause is public liability as defined in the Act which (i) arises out of or in connection with the activities under this contract, including transportation; and (ii) arises out of or results from a nuclear incident

or precautionary evacuation, as those terms are defined in the Act.

- (e) (1) *Waiver of Defenses*. In the event of a nuclear incident, as defined in the Act, arising out of nuclear waste activities, as defined in the Act, the Contractor, on behalf of itself and other persons indemnified, agrees to waive any issue or defense as to charitable or governmental immunity.
- (2) In the event of an extraordinary nuclear occurrence which:
- (i) Arises out of, results from, or occurs in the course of the construction, possession, or operation of a production or utilization facility; or
  - (ii) Arises out of, results from, or occurs in the course of transportation of source material, by-product material, or special nuclear material to or from a production or utilization facility; or
  - (iii) Arises out of or results from the possession, operation, or use by the Contractor or a subcontractor of a device utilizing special nuclear material or by-product material, during the course of the contract activity; or
  - (iv) Arises out of, results from, or occurs in the course of nuclear waste activities, the Contractor, on behalf of itself and other persons indemnified, agrees to waive:
    - (A) Any issue or defense as to the conduct of the claimant (including the conduct of persons through whom the claimant derives its cause of action) or fault of persons indemnified, including, but not limited to--
      1. Negligence;
      2. Contributory negligence;
      3. Assumption of risk; or

4. Unforeseeable intervening causes,  
whether involving the conduct of a  
third person or an act of God;

- (B) Any issue or defense as to charitable  
or governmental immunity; and
- (C) Any issue or defense based on any  
statute of limitations, if suit is  
instituted within 3 years from the date  
on which the claimant first knew, or  
reasonably could have known, of his  
injury or change and the cause thereof.  
The waiver of any such issue or defense  
shall be effective regardless of  
whether such issue or defense may  
otherwise be deemed jurisdictional or  
relating to an element in the cause of  
action. The waiver shall be judicially  
enforceable in accordance with its  
terms by the claimant against the  
person indemnified.

(v) The term *extraordinary nuclear occurrence*  
means an event which DOE has determined to  
be an extraordinary nuclear occurrence as  
defined in the Act. A determination of  
whether or not there has been an  
extraordinary nuclear occurrence will be  
made in accordance with the procedures in  
10 CFR part 840.

(vi) For the purposes of that determination,  
"offsite" as that term is used in 10 CFR  
part 840 means away from "the contract  
location" which phrase means any DOE  
facility, installation, or site at which  
contractual activity under this contract is  
being carried on, and any contractor-owned  
or controlled facility, installation, or  
site at which the Contractor is engaged in  
the performance of contractual activity  
under this contract.

(3) The waivers set forth above--

- (i) Shall be effective regardless of whether  
such issue or defense may otherwise be  
deemed jurisdictional or relating to an  
element in the cause of action;

- (ii) Shall be judicially enforceable in accordance with its terms by the claimant against the person indemnified;
  - (iii) Shall not preclude a defense based upon a failure to take reasonable steps to mitigate damages;
  - (iv) Shall not apply to injury or damage to a claimant or to a claimant's property which is intentionally sustained by the claimant or which results from a nuclear incident intentionally and wrongfully caused by the claimant;
  - (v) Shall not apply to injury to a claimant who is employed at the site of and in connection with the activity where the extraordinary nuclear occurrence takes place, if benefits therefor are either payable or required to be provided under any workmen's compensation or occupational disease law;
  - (vi) Shall not apply to any claim resulting from a nuclear incident occurring outside the United States;
  - (vii) Shall be effective only with respect to those obligations set forth in this clause and in insurance policies, contracts or other proof of financial protection; and
  - (viii) Shall not apply to, or prejudice the prosecution or defense of, any claim or portion of claim which is not within the protection afforded under (A) the limit of liability provisions under subsection 170e. of the Act, and (B) the terms of this agreement and the terms of insurance policies, contracts, or other proof of financial protection.
- (f) *Notification and litigation of claims.* The Contractor shall give immediate written notice to DOE of any known action or claim filed or made against the Contractor or other person indemnified for public liability as defined in paragraph (d)(2). Except as otherwise directed by DOE, the Contractor shall furnish promptly to DOE, copies of all pertinent papers received by the Contractor or filed with

respect to such actions or claims. DOE shall have the right to, and may collaborate with, the Contractor and any other person indemnified in the settlement or defense of any action or claim and shall have the right to (1) require the prior approval of DOE for the payment of any claim that DOE may be required to indemnify hereunder; and (2) appear through the Attorney General on behalf of the Contractor or other person indemnified in any action brought upon any claim that DOE may be required to indemnify hereunder, take charge of such action, and settle or defend any such action. If the settlement or defense of any such action or claim is undertaken by DOE, the Contractor or other person indemnified shall furnish all reasonable assistance in effecting a settlement or asserting a defense.

- (g) *Continuity of DOE obligations.* The obligations of DOE under this clause shall not be affected by any failure on the part of the Contractor to fulfill its obligation under this contract and shall be unaffected by the death, disability, or termination of existence of the Contractor, or by the completion, termination or expiration of this contract.
- (h) *Effect of other clauses.* The provisions of this clause shall not be limited in any way by, and shall be interpreted without reference to, any other clause of this contract, including the clause entitled Contract Disputes, provided, however, that this clause shall be subject to the clauses entitled Covenant Against Contingent Fees, and Accounts, records, and inspection, and any provisions that are later added to this contract as required by applicable Federal law, including statutes, executive orders and regulations, to be included in Nuclear Hazards Indemnity Agreements.
- (i) *Civil penalties.* The Contractor and its subcontractors and suppliers who are indemnified under the provisions of this clause are subject to civil penalties, pursuant to section 234A of the Act, for violations of applicable DOE nuclear-safety related rules, regulations, or orders. If the Contractor is a not-for-profit contractor, as defined by section 234Ad.(2), the total amount of civil penalties paid shall not exceed the total amount of fees paid within any 1-year period (as determined by the Secretary) under this contract.

- (j) *Criminal penalties.* Any individual director, officer, or employee of the Contractor or of its subcontractors and suppliers who are indemnified under the provisions of this clause are subject to criminal penalties, pursuant to section 223(c) of the Act, for knowing and willful violation of the Atomic Energy Act of 1954, as amended, and applicable DOE nuclear safety-related rules, regulations or orders which violation results in, or, if undetected, would have resulted in a nuclear incident.
- (k) *Inclusion in subcontracts.* The Contractor shall insert this clause in any subcontract which may involve the risk of public liability, as that term is defined in the Act and further described in paragraph (d) (2) above. However, this clause shall not be included in subcontracts in which the subcontractor is subject to Nuclear Regulatory Commission (NRC) financial protection requirements under section 170b. of the Act or NRC agreements of indemnification under section 170c. or k. of the Act for the activities under the subcontract.
- (1) *Effective Date.* This contract was in effect prior to August 8, 2005 and contains the clause at DEAR 952.250-70 (JUNE 1996) or prior version. The indemnity of paragraph (d) (1) is limited to the indemnity provided by the Price-Anderson Amendments Act of 1988 for any nuclear incident to which the indemnity applies that occurred before August 8, 2005. The indemnity of paragraph (d) (1) of this clause applies to any nuclear incident that occurred on or after August 8, 2005. The Contractor's liability for violations of the Atomic Energy Act of 1954 under this contract is that in effect prior to August 8, 2005.

END OF CLAUSE

16. CONTRACTOR EMPLOYEE TRAVEL DISCOUNTS

- (a) The Contractor shall take advantage of travel discounts offered to Federal contractor employee travelers by AMTRACK, hotels, motels, or car rental companies, when use of such discounts would result in lower overall trip costs and the discounted services are reasonably available. Vendors providing these services may require the contractor employee to furnish them a letter of identification signed by the authorized Contracting Officer.
- (b) *Contracted airlines.* Contractors are not eligible for GSA contract city pair fares.
- (c) *Discount Rail Service.* AMTRAK voluntarily offers discounts to Federal travelers on official business and sometimes extends those discounts to Federal contractor employees.
- (d) *Hotels/motels.* Many lodging providers extend their discount rates for Federal employees to Federal contractor employees.
- (e) *Car rentals.* Surface Deployment and Distribution Command (SDDC) of the Department of Defense negotiates rate agreements with car rental companies that are available to Federal travelers on official business. Some car rental companies extend those discounts to Federal contractor employees.
- (f) *Obtaining travel discounts.*
  - (1) To determine which vendors offer discounts to the Government contractors, the Contractor may review commercial publications such as the Official Airline guides Official Traveler, Innovata or National Telecommunications. The Contractor may also obtain this information from GSA contract Travel Management Centers or the Department of Defense's Commercial Travel Offices.
  - (2) The vendor providing the service may require the Government contractor to furnish a letter signed by the Contracting Officer. The following illustrates a standard letter of identification.

**OFFICIAL AGENCY LETTERHEAD**

**TO:** Participating Vendor

**Subject:** OFFICIAL TRAVEL OF GOVERNMENT CONTRACTOR

(FULL NAME OF TRAVELER), the bearer of this letter is an employee of (COMPANY NAME) which has a contract with this agency under Government contract (CONTRCAT NUMBER). During the period of the contract (give dates), AND WITH THE APPROVAL OF THE CONTRACT VENDOR the employee is eligible and authorized to use available travel discount rates in accordance with Government contracts and/agreements. Government Contract City Pair fairs are not available to Contractors.

(SIGNATURE, Title and telephone number of the Contracting Officer)

END OF CLAUSE

17. AUTHORIZED DEVIATIONS IN CLAUSES

- (a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.
- (b) The use in this solicitation or contract of any Department of Energy Acquisition Regulation (48 CFR Chapter 9) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

END OF CLAUSE

18. MANAGEMENT CONTROLS (DEVIATION)

- (a) (1) The Contractor shall be responsible for maintaining, as an integral part of its organization, effective systems of management controls for both administrative and programmatic functions. Management controls comprise the plan of organization, methods, and procedures adopted including consideration of outsourcing of functions by management to reasonably ensure that: the mission and functions assigned to the Contractor are properly executed; efficient and effective operations are promoted; resources are safeguarded against waste, loss, mismanagement, unauthorized use, or misappropriation; all encumbrances and costs that are incurred under the contract and fees that are earned are in compliance with applicable clauses and other current terms, conditions, and intended purposes; all collections accruing to the Contractor in connection with the work under this contract, expenditures, and all other transactions and assets are properly recorded, managed, and reported; and financial, statistical, and other reports necessary to maintain accountability and managerial control are accurate, reliable, and timely.
- (2) The systems of controls employed by the Contractor shall be documented and satisfactory to DOE.
- (3) Such systems shall be an integral part of the Contractor's management functions, including defining specific roles and responsibilities for each level of management, and holding employees accountable for the adequacy of the management systems and controls in their areas of assigned responsibility.
- (4) The Contractor shall, as part of the internal audit program required elsewhere in this contract, periodically review the management systems and controls employed in programs and administrative areas to ensure that they are adequate to provide reasonable assurance that the objectives of the systems are being accomplished and that these systems and controls are working effectively. Annually, or at other intervals directed by the

Contracting Officer, the Contractor shall supply to the Contracting Officer copies of the reports reflecting the status of recommendations resulting from management audits performed by its internal audit activity and any other audit organization. This requirement may be satisfied in part by the reports required under paragraph (i) of 48 CFR 970.5232-3, Accounts, records, and inspection.

- (b) The Contractor shall be responsible for maintaining, as a part of its operational responsibilities, a baseline quality assurance program that implements documented performance, quality standards, and control and assessment techniques.

END OF CLAUSE

19. PERFORMANCE IMPROVEMENT AND COLLABORATION

- (a) The Contractor agrees that it shall affirmatively identify, evaluate, and institute practices, where appropriate, that will improve performance in the areas of environmental health, safety, scientific and technical, security, business and administrative, and any other areas of performance in the management and operation of the contract. This may entail the alteration of existing practices or the institution of new procedures to more effectively or efficiently perform any aspect of contract performance or reduce overall cost of operation under the contract. Such improvements may result from changes in organization, outsourcing decisions, simplification of systems while retaining necessary controls or any other approaches consistent with the statement of work and performance measures of this contract.
- (b) The Contractor agrees to work collaboratively with the Department, all other management and operating, DOE major facilities management contractors and affiliated contractors which manage or operate DOE sites or facilities for the following purposes:
- (i) to exchange information generally,
  - (ii) to evaluate concepts that may be of benefit in resolving common issues, in confronting common problems, or in reducing cost of operations, and,
  - (iii) to otherwise identify and implement DOE-complex wide management improvements discussed in paragraph (a).

In doing so, it shall also affirmatively provide information relating to its management improvements to such contractors, including lessons learned, subject to security considerations and the protection of data proprietary to third parties.

- (c) The Contractor may consult with the Contracting Officer in those instances in which improvements being considered pursuant to paragraph (a) involve the cooperation of the DOE. The Contractor may request the assistance of the Contracting Officer in the communication of the success of improvements to other

management and operating contractors in accordance with paragraph (b) of this clause.

- (d) The Contractor shall notify the Contracting Officer and seek approval where necessary to fulfill its obligations under the contract. Compliance with this clause in no way alters the obligations of the Contractor under any provisions of this contract.

END OF CLAUSE

20. CONTRACTOR'S ORGANIZATION

- (a) Organization chart. As promptly as possible after the execution of this contract, the Contractor shall furnish to the Contracting Officer a chart showing the names, duties, and organization of key personnel (see 48 CFR 952.215-70) to be employed in connection with the work, and shall furnish supplemental information to reflect any changes as they occur.
- (b) Supervisory representative of Contractor. Unless otherwise directed by the Contracting Officer, a competent full-time resident supervisory representative of the Contractor satisfactory to the Contracting Officer shall be in charge of the work at the site, and any work off-site, at all times.
- (c) Control of employees. The Contractor shall be responsible for maintaining satisfactory standards of employee competency, conduct, and integrity and shall be responsible for taking such disciplinary action with respect to its employees as may be necessary. In the event the Contractor fails to remove any employee from the contract work whom DOE deems incompetent, careless, or insubordinate, or whose continued employment on the work is deemed by DOE to be inimical to the Department's mission, the Contracting Officer may require, with the approval of Secretary of Energy, the Contractor to remove the employee from work under the contract. This includes the right to direct the Contractor to remove its most senior key person from work under the contract for serious contract performance deficiencies.
- (d) Standards and Procedures. The Contractor shall establish such standards and procedures as are necessary to implement the requirements set forth in 48CFR 970.0371. Such standards and procedures shall be subject to the approval of the Contracting Officer.

END OF CLAUSE

21. COUNTERINTELLIGENCE

- (a) The Contractor shall take all reasonable precautions in the work under this contract to protect DOE programs, facilities, technology, personnel, unclassified sensitive information and classified matter from foreign intelligence threats and activities conducted for governmental or industrial purposes, in accordance with DOE Order 5670.3, Counterintelligence Program; Executive Order 12333, U.S. Intelligence Activities; and other pertinent national and Departmental Counterintelligence requirements.
- (b) The Contractor shall appoint a qualified employee(s) to function as the Contractor Counterintelligence Officer. The Contractor Counterintelligence Officer will be responsible for conducting defensive Counterintelligence briefings and debriefings of employees traveling to foreign countries or interacting with foreign nationals; providing thoroughly documented written reports relative to targeting, suspicious activity and other matters of Counterintelligence interest; immediately reporting targeting, suspicious activity and other Counterintelligence concerns to the DOE Headquarters Counterintelligence Division; and providing assistance to other elements of the U.S. Intelligence Community as stated in the aforementioned Executive Order, the DOE Counterintelligence Order, and other pertinent national and Departmental Counterintelligence requirements.

END OF CLAUSE

22. LAWS, REGULATIONS, AND DOE DIRECTIVES

- (a) In performing work under this contract, the Contractor shall comply with the requirements of applicable Federal, State, and local laws and regulations (including DOE regulations), unless relief has been granted in writing by the appropriate regulatory agency. A List of Applicable Laws and regulations (List A) may be appended to this contract for information purposes. Omission of any applicable law or regulation from List A does not affect the obligation of the Contractor to comply with such law or regulation pursuant to this paragraph.
- (b) In performing work under this contract, the Contractor shall comply with the requirements of those Department of Energy directives, or parts thereof, identified in the List of Applicable Directives (List B) appended to this contract. Except as otherwise provided for in paragraph (d) of this clause, the Contracting Officer may, from time to time and at any time, revise List B by unilateral modification to the contract to add, modify, or delete specific requirements. Prior to revising List B, the Contracting Officer shall notify the Contractor in writing of the Department's intent to revise List B and provide the Contractor with the opportunity to assess the effect of the Contractor's compliance with the revised list on contract cost and funding, technical performance, and schedule; and identify any potential inconsistencies between the revised list and the other terms and conditions of the contract. Within 30 days after receipt of the Contracting Officer's notice, the Contractor shall advise the Contracting Officer in writing of the potential impact of the Contractor's compliance with the revised list. Based on the information provided by the Contractor and any other information available, the Contracting Officer shall decide whether to revise List B and so advise the Contractor not later than 30 days prior to the effective date of the revision of List B. The Contractor and the Contracting Officer shall identify and, if appropriate, agree to any changes to other contract terms and conditions, including cost and schedule, associated with the revision of List B pursuant to the clause of this contract entitled, "Changes".
- (c) Environmental, Safety, and Health (ES&H) requirements appropriate for work conducted under this contract may

be determined by a DOE approved process to evaluate the work and the associated hazards and identify an appropriately tailored set of standards, practices, and controls, such as a tailoring process included in a DOE approved Safety Management System implemented under the clause entitled "Integration of Environment, Safety, and Health into Work Planning and Execution". When such a process is used, the set of tailored ES&H requirements, as approved by DOE pursuant to the process, shall be incorporated into List B as contract requirements with full force and effect. These requirements shall supersede, in whole or in part, the contractual environmental, safety, and health requirements previously made applicable to the contract by List B. If the tailored set of requirements identifies an alternative requirement varying from an ES&H requirement of an applicable law or regulation, the Contractor shall request an exemption or other appropriate regulatory relief specified in the regulation.

- (d) Except as otherwise directed by the Contracting Officer, the Contractor shall procure all necessary permits or licenses required for the performance of work under this contract.
- (e) Regardless of the performer of the work, the Contractor is responsible for compliance with the requirements of this clause. The Contractor is responsible for flowing down the requirements of this clause to subcontracts at any tier necessary to ensure the Contractor's compliance with the requirements.

END OF CLAUSE

## 23. ACCESS TO AND OWNERSHIP OF RECORDS

- (a) Government-owned records. Except as provided in paragraph (b) of this clause, all records acquired or generated by the Contractor in its performance of this contract shall be the property of the Government and shall be delivered to the Government or otherwise disposed of by the Contractor either as the Contracting Officer may from time to time direct during the process of the work or, in any event, as the Contracting Officer shall direct upon completion or termination of the contract.
- (b) Contractor-owned records. The following records are considered the property of the Contractor and are not within the scope of paragraph (a) of this clause.
  - (1) Employment-related records (such as workers' compensation files; employee relations records, records on salary and employee benefits; drug testing records, labor negotiation records; records on ethics, employee concerns; records generated during the course of responding to allegations of research misconduct; records generated during other employee related investigations conducted under an expectation of confidentiality; employee assistance program records; and personnel and medical/ health-related records and similar files), and non-employee patient medical/health related records, except for those records described by the contract as being maintained in Privacy Act systems of records.
  - (2) Confidential Contractor financial information, and correspondence between the Contractor and other segments of the Contractor located away from the DOE facility (i.e., the Contractor's corporate headquarters);
  - (3) Records relating to any procurement action by the Contractor, except for records that under 48 CFR 970.5232-3, Accounts, Records, and Inspection, are described as the property of the Government; and
  - (4) Legal records, including legal opinions, litigation files, and documents covered by the

attorney-client and attorney work product  
privileges.

- (c) Contract completion or termination. In the event of completion or termination of this contract, copies of any of the contractor-owned records identified in paragraph (b) of this clause, upon the request of the Government, shall be delivered to DOE or its designees, including successor contractors. Upon delivery, title to such records shall vest in DOE or its designees, and such records shall be protected in accordance with applicable federal laws (including the Privacy Act), as appropriate.
- (d) Inspection, copying, and audit of records. All records acquired or generated by the Contractor under this contract in the possession of the Contractor, including those described at paragraph (b) of this clause, shall be subject to inspection, copying, and audit by the Government or its designees at all reasonable times, and the Contractor shall afford the Government or its designees reasonable facilities for such inspection, copying, and audit; provided, however, that upon request by the Contracting Officer, the Contractor shall deliver such records to a location specified by the Contracting Officer for inspection, copying, and audit. The Government or its designees shall use such records in accordance with applicable federal laws (including the Privacy Act), as appropriate.
- (e) Applicability. Paragraphs (b), (c), and (d) of this clause apply to all records without regard to the date or origination of such records.
- (f) Records retention standards. Special records retention standards, described at DOE Order 200.1, Information Management Program (version in effect on effective date of contract), are applicable for the classes of records described therein, whether or not the records are owned by the Government or the Contractor. In addition, the Contractor shall retain individual radiation exposure records generated in the performance of work under this contract until DOE authorizes disposal. The Government may waive application of these record retention schedules, if, upon termination or completion of the contract, the Government exercises its right under paragraph (c) of this clause to obtain copies and delivery of records described in paragraphs (a) and (b) of this clause.

(g) Subcontracts. The Contractor shall include the requirements of this clause in all subcontracts that are of a cost-reimbursement type if any of the following factors is present:

- (1) The value of the subcontract is greater than \$2 million (unless specifically waived by the Contracting Officer);
- (2) The Contracting Officer determines that the subcontract is, or involves, a critical task related to the contract; or
- (3) The subcontract includes 48 CFR 970.5223-1, Integration of Environment, Safety, and Health into Work Planning and Execution, or similar clause.

END OF CLAUSE

## 24. WORK AUTHORIZATION

- (a) Work authorization proposal. Prior to the start of each fiscal year, the Contracting Officer or designee shall provide the Contractor with program execution guidance in sufficient detail to enable the Contractor to develop an estimated cost, scope, and schedule. In addition, the Contracting Officer may unilaterally assign work. The Contractor shall submit to the Contracting Officer or other designated official, a detailed description of work, a budget of estimated costs, and a schedule of performance for the work it recommends be undertaken during that upcoming fiscal year.
- (b) Cost estimates. The Contractor and Contracting Officer shall establish a budget of estimated costs, description of work, and schedule of performance for each work assignment. If agreement cannot be reached as to scope, schedule, and estimated cost, the Contracting Officer may issue a unilateral work authorization, pursuant to this clause. The work authorization, whether issued bilaterally or unilaterally shall become part of the contract. No activities shall be authorized or costs incurred prior to Contracting Officer issuance of a work authorization or direction concerning continuation of activities of the contract.
- (c) Performance. The Contractor shall perform work as specified in the work authorization, consistent with the terms and conditions of this contract.
- (d) Modification. The Contracting Officer may at any time, without notice, issue changes to work authorizations within the overall scope of the contract. A proposal for adjustment in estimated costs and schedule for performance of work, recognizing work made unnecessary as a result, along with new work, shall be submitted by the Contractor in accordance with paragraph (a) of this clause. Resolution shall be in accordance with paragraph (b) of this clause.
- (e) Increase in estimated cost. The Contractor shall notify the Contracting Officer immediately whenever the cost incurred, plus the projected cost to complete work is projected to differ (plus or minus) from the estimate by 10 percent. The Contractor shall submit a

proposal for modification in accordance with paragraph (a) of this clause. Resolution shall be in accordance with paragraph (b) of this clause.

- (f) Expenditure of funds and incurrence of costs. The expenditure of monies by the Contractor in the performance of all authorized work shall be governed by the "Obligation of Funds" or equivalent clause of the contract.
- (g) Responsibility to achieve environment, safety, health, and security compliance. Notwithstanding other provisions of the contract, the Contractor may, in the event of an emergency, take that corrective action necessary to sustain operations consistent with applicable environmental, safety, health, and security statutes, regulations, and procedures. If such action is taken, the Contractor shall notify the Contracting Officer within 24 hours of initiation and, within 30 days, submit a proposal for adjustment in estimated costs and schedule established in accordance with paragraphs (a) and (b) of this clause.

END OF CLAUSE

25. CONDITIONAL PAYMENT OF FEE, PROFIT, AND OTHER INCENTIVES -  
FACILITY MANAGEMENT CONTRACTS

(a) General.

- (1) The payment of earned fee, fixed fee, profit, or share of cost savings under this contract is dependent upon--
  - (i) The Contractor's or Contractor employees' compliance with the terms and conditions of this contract relating to environment, safety and health (ES&H), which includes worker safety and health (WS&H), including performance under an approved Integrated Safety Management System (ISMS); and
  - (ii) The Contractor's or Contractor employees' compliance with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information.
- (2) The ES&H performance requirements of this contract are set forth in its ES&H terms and conditions, including the DOE approved Contractor ISMS or similar document. Financial incentives for timely mission accomplishment or cost effectiveness shall never compromise or impede full and effective implementation of the ISMS and full ES&H compliance.
- (3) The performance requirements of this contract relating to the safeguarding of restricted data and other classified information are set forth in the clauses of this contract entitled, "Security" and "Laws, Regulations, and DOE Directives," as well as in other terms and conditions.
- (4) If the Contractor does not meet the performance requirements of this contract relating to ES&H or to the safeguarding of Restricted Data and other classified information during any performance evaluation period established under the contract pursuant to the clause of this contract entitled, "Total Available Fee: Base Fee Amount and Performance Fee Amount", otherwise earned fee, fixed fee, profit or

share of cost savings may be unilaterally reduced by the Contracting Officer.

(b) Reduction Amount

- (1) The amount of earned fee, fixed fee, profit, or share of cost savings that may be unilaterally reduced will be determined by the severity of the performance failure pursuant to the degrees specified in paragraphs (c) and (d) of this clause.
- (2) If a reduction of earned fee, fixed fee, profit, or share of cost savings is warranted, unless mitigating factors apply, such reduction shall not be less than 26 percent nor greater than 100 percent of the amount of earned fee, fixed fee, profit, or the Contractors share of cost savings for a first degree performance failure, not less than 11 percent nor greater than 25 percent for a second degree performance failure, and up to 10 percent for a third degree performance failure.
- (3) In determining the amount of the reduction and the applicability of mitigating factors, the Contracting Officer must consider the Contractor's overall performance in meeting the ES&H or security requirements of the contract. Such consideration must include performance against any site specific performance criteria/requirements that provide additional definition, guidance for the amount of reduction, or guidance for the applicability of mitigating factors. In all cases, the Contracting Officer must consider mitigating factors that may warrant a reduction below the applicable range (see 48 CFR 970.1504-1-2). The mitigating factors include, but are not limited to the following ((v), (vi), (vii) and (viii) apply to ES&H only).
  - (i) Degree of control the Contractor had over the event or incident.
  - (ii) Efforts the Contractor had made to anticipate and mitigate the possibility of the event in advance.
  - (iii) Contractor self-identification and response to the event to mitigate impacts and recurrence.

- (iv) General status (trend and absolute performance) of: ES&H and compliance in related areas; or of safeguarding Restricted Data and other classified information and compliance in related areas.
  - (v) Contractor demonstration to the Contracting Officer's satisfaction that the principles of industrial ES&H standards are routinely practiced (e.g., Voluntary Protection Program, ISO 14000).
  - (vi) Event caused by "Good Samaritan" act by the Contractor (e.g., offsite emergency response).
  - (vii) Contractor determination that a performance measurement system is routinely used to improve and maintain ES&H performance (including effective resource allocation) and to support DOE corporate decision-making (e.g., policy, ES&H programs).
  - (viii) Contractor demonstration that an Operating Experience and Feedback Program is functioning that demonstrably affects continuous improvement in ES&H by use of lessons-learned and best practices inter- and intra-DOE sites.
- (4)
- (i) The amount of fee, fixed fee, profit, or share of cost savings that is otherwise earned by a contractor during an evaluation period may be reduced in accordance with this clause if it is determined that a performance failure warranting a reduction under this clause occurs within the evaluation period.
  - (ii) The amount of reduction under this clause, in combination with any reduction made under any other clause in the contract, shall not exceed the amount of fee, fixed fee, profit, or the Contractor's share of cost savings that is otherwise earned during the evaluation period.

- (iii) For the purposes of this clause, earned fee, fixed fee, profit, or share of cost savings for the evaluation period shall mean the amount determined by the Contracting Officer or fee determination official as otherwise payable based on the Contractor's performance during the evaluation period. Where the contract provides for financial incentives that extend beyond a single evaluation period, this amount shall also include: any provisional amounts determined otherwise payable in the evaluation period; and, if provisional payments are not provided for, the allocable amount of any incentive determined otherwise payable at the conclusion of a subsequent evaluation period. The allocable amount shall be the total amount of the earned incentive divided by the number of evaluation periods over which it was earned.
- (iv) The Government will effect the reduction as soon as practicable after the end of the evaluation period in which the performance failure occurs. If the Government is not aware of the failure, it will effect the reduction as soon as practical after becoming aware. For any portion of the reduction requiring an allocation the Government will effect the reduction at the end of the evaluation period in which it determines the total amount earned under the incentive. If at any time a reduction causes the sum of the payments, the Contractor has received for fee, fixed fee, profit, or share of cost savings to exceed the sum of fee, fixed fee, profit, or share of cost savings the Contractor has earned (provisionally or otherwise), the Contractor shall immediately return the excess of the Government. (What the Contractor "has earned" reflects any reduction made under this or any other clause of the contract.)
- (v) At the end of the contract--

- (A) The Government will pay the Contractor the amount by which the sum of fee, fixed fee, profit, or share of cost savings the Contractor has earned exceeds the sum of the payments the Contractor has received; or
  - (B) The Contractor shall return to the Government the amount by which the sum of the payments the Contractor has received exceeds the sum of fee, fixed fee, profit, or share of cost savings the Contractor has earned. (What the Contractor "has earned" reflects any reduction made under this or any other clause of the contract.)
- (c) Environment, Safety and Health (ES&H). Performance failures occur if the Contractor does not comply with the contract's ES&H terms and conditions, including the DOE approved Contractor ISMS. The degrees of performance failure under which reductions of earned or fixed fee, profit, or share of cost savings will be determined are:
- (1) First Degree: Performance failures that are most adverse to ES&H. Failure to develop and obtain required DOE approval of an ISMS is considered first degree. The Government will perform necessary review of the ISMS in a timely manner and will not unreasonably withhold approval of the Contractor's ISMS. The following performance failures or performance failures of similar import will be considered first degree.
    - (i) Type A accident (defined in DOE Order 225.1A).
    - (ii) Two Second Degree performance failures during an evaluation period.
  - (2) Second Degree: Performance failures that are significantly adverse to ES&H. They include failures to comply with an approved ISMS that result in an actual injury, exposure, or exceedence that occurred or nearly occurred but had minor practical long-term health consequences. They also include breakdowns of the Safety Management System. The following

performance failures or performance failures of similar import will be considered second degree:

- (i) Type B accident (defined in DOE Order 225.1A).
  - (ii) Non-compliance with an approved ISMS that results in a near miss of a Type A or B accident. A near miss is a situation in which an inappropriate action occurs, or a necessary action is omitted, but does not result in an adverse effect.
  - (iii) Failure to mitigate or notify DOE of an imminent danger situation after discovery, where such notification is a requirement of the contract.
- (3) Third Degree: Performance failures that reflect a lack of focus on improving ES&H. They include failures to comply with an approved ISMS that result in potential breakdown of the System. The following performance failures or performance failures of similar import will be considered third degree:
- (i) Failure to implement effective corrective actions to address deficiencies/non-compliances documented through: external (e.g., Federal) oversight and/or reported per DOE Order 231.1-2 requirements; or internal oversight of DOE Order 440.1A requirements.
  - (ii) Multiple similar non-compliances identified by external (e.g., Federal) oversight that in aggregate indicate a significant programmatic breakdown.
  - (iii) Non-compliances that either have, or may have, significant negative impacts to the worker, the public, or the environment or that indicate a significant programmatic breakdown.
  - (iv) Failure to notify DOE upon discovery of events or conditions where notification is required by the terms and conditions of the contract.
- (d) Safeguarding Restricted Data and Other Classified Information. Performance failures occur if the

Contractor does not comply with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information. The degrees of performance failure under which reductions of fee, profit, or share of cost savings will be determined are as follows:

- (1) First Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have resulted in, or that can reasonably be expected to result in, exceptionally grave damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered first degree:
  - (i) Non-compliance with applicable laws, regulations, and DOE directive actually resulting in, or creating a risk of, loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information classified as Top Secret, any classification level of information in a Special Access Program (SAP), information identified as sensitive compartmented information (SCI), or high risk nuclear weapons-related data.
  - (ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.
  - (iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.
  - (iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information

classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.

- (2) Second Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have actually resulted in, or that can reasonably be expected to result in, serious damage to the national security. The following are examples of performance failures of performance failures of similar import that will be considered second degree:
- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Secret Restricted Data or other information classified as Secret.
  - (ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Secret Restricted Data, or other information classified as Secret.
  - (iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Restricted Data or other classified information regardless of classification (except for information covered by paragraph (d) (1) (iii) of this clause).
  - (iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Secret Restricted Data or other classified information classified as Secret.
- (3) Third Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have actually resulted in, or that can reasonably be expected to result in, undue risk to the common defense and security. In addition, this category includes performance failures that result from a lack of Contractor management and/or employee attention to the proper

safeguarding of Restricted Data and other classified information. These performance failures may be indicators of future, more severe performance failures and/or conditions, and if identified and corrected early would prevent serious incidents. The following are examples of performance failures or performance failures of similar import that will be considered third degree:

- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Confidential.
- (ii) Failure to promptly report alleged or suspected violations of laws, regulations, or directives pertaining to the safeguarding of Restricted Data or other classified information.
- (iii) Failure to identify or timely execute corrective actions to mitigate or eliminate identified vulnerabilities and reduce residual risk relating to the protection of Restricted Data or other classified information in accordance with the Contractor's Safeguards and Security Plan or other security plan, as applicable.
- (iv) Contractor actions that result in performance failures which unto themselves pose minor risk, but when viewed in the aggregate indicate degradation in the integrity of the Contractor's safeguards and security management system relating to the protection of Restricted Data and other classified information.

END OF CLAUSE

26. COLLECTIVE BARGAINING AGREEMENTS-MANAGEMENT AND OPERATING  
CONTRACTS

When negotiating collective bargaining agreements applicable to the work force under this contract, the Contractor shall use its best efforts to ensure such agreements contain provisions designed to assure continuity of services. All such agreements entered into during the contract period of performance should provide that grievances and disputes involving the interpretation or application of the agreement will be settled without resorting to strike, lockout, or other interruption of normal operations. For this purpose, each collective bargaining agreement should provide an effective grievance procedure with arbitration as its final step, unless the parties mutually agree upon some other method of assuring continuity of operations. As part of such agreements, management and labor should agree to cooperate fully with the Federal Mediation and Conciliation Service. The Contractor shall include the substance of this clause in any subcontracts for protective services or other services performed on the DOE-owned site which will affect the continuity of the facility.

END OF CLAUSE

27. OVERTIME MANAGEMENT

- (a) The Contractor shall maintain adequate internal controls to ensure that employee overtime is authorized only if cost effective and necessary to ensure performance of work under this contract.
- (b) The Contractor shall notify the Contracting Officer when in any given year it is likely that overtime usage as a percentage of payroll may exceed 4%.
- (c) The Contracting Officer may require the submission, for approval, of a formal annual overtime control plan whenever Contractor overtime usage as a percentage of payroll has exceeded, or is likely to exceed, 4%, or if the Contracting Officer otherwise deems overtime expenditures excessive. The plan shall include, at a minimum--
  - (1) An overtime premium fund (maximum dollar amount);
  - (2) Specific controls for casual overtime for non-exempt employees;
  - (3) Specific parameters for allowability of exempt overtime;
  - (4) An evaluation of alternatives to the use of overtime; and
  - (5) Submission of a semi-annual report that includes for exempt and non-exempt employees--
    - (i) Total cost of overtime;
    - (ii) Total cost of straight time;
    - (iii) Overtime cost as a percentage of straight-time cost;
    - (iv) Total overtime hours;
    - (v) Total straight-time hours; and
    - (vi) Overtime hours as a percentage of straight-time hours.

END OF CLAUSE

28. INTEGRATION OF ENVIRONMENT, SAFETY, AND HEALTH INTO WORK  
PLANNING AND EXECUTION

- (a) For the purposes of this clause,
- (1) Safety encompasses environment, safety and health, including pollution prevention and waste minimization; and
  - (2) Employees include subcontractor employees.
- (b) In performing work under this contract, the Contractor shall perform work safely, in a manner that ensures adequate protection for employees, the public, and the environment, and shall be accountable for the safe performance of work. The Contractor shall exercise a degree of care commensurate with the work and the associated hazards. The Contractor shall ensure that management of Environment, Safety and Health (ES&H) functions and activities becomes an integral but visible part of the Contractor's work planning and execution processes. The Contractor shall, in the performance of work, ensure that:
- (1) Line management is responsible for the protection of employees, the public, and the environment. Line management includes those Contractor and subContractor employees managing or supervising employees performing work.
  - (2) Clear and unambiguous lines of authority and responsibility for ensuring ES&H are established and maintained at all organizational levels.
  - (3) Personnel possess the experience, knowledge, skills, and abilities that are necessary to discharge their responsibilities.
  - (4) Resources are effectively allocated to address ES&H, programmatic, and operational considerations. Protecting employees, the public, and the environment is a priority whenever activities are planned and performed.
  - (5) Before work is performed, the associated hazards are evaluated and an agreed-upon set of ES&H standards and requirements are established which, if properly implemented, provide adequate assurance that employees, the public, and the

environment are protected from adverse consequences.

- (6) Administrative and engineering controls to prevent and mitigate hazards are tailored to the work being performed and associated hazards. Emphasis should be on designing the work and/or controls to reduce or eliminate the hazards and to prevent accidents and unplanned releases and exposures.
  - (7) The conditions and requirements to be satisfied for operations to be initiated and conducted are established and agreed-upon by DOE and the Contractor. These agreed-upon conditions and requirements are requirements of the contract and binding upon the Contractor. The extent of documentation and level of authority for agreement shall be tailored to the complexity and hazards associated with the work and shall be established in a Safety Management System.
- (c) The Contractor shall manage and perform work in accordance with a documented Safety Management System (System) that fulfills all conditions in paragraph (b) of this clause at a minimum. Documentation of the System shall describe how the Contractor will--
- (1) Define the scope of work;
  - (2) Identify and analyze hazards associated with the work;
  - (3) Develop and implement hazard controls;
  - (4) Perform work within controls; and
  - (5) Provide feedback on adequacy of controls and continue to improve safety management.
- (d) The System shall describe how the Contractor will establish, document, and implement safety performance objectives, performance measures, and commitments in response to DOE program and budget execution guidance while maintaining the integrity of the System. The System shall also describe how the Contractor will measure system effectiveness.
- (e) The Contractor shall submit to the Contracting Officer documentation of its System for review and approval. Dates for submittal, discussions, and revisions to the

System will be established by the Contracting Officer. Guidance on the preparation, content, review, and approval of the System will be provided by the Contracting Officer. On an annual basis, the Contractor shall review and update, for DOE approval, its safety performance objectives, performance measures, and commitments consistent with and in response to DOE's program and budget execution guidance and direction. Resources shall be identified and allocated to meet the safety objectives and performance commitments as well as maintain the integrity of the entire System. Accordingly, the System shall be integrated with the Contractor's business processes for work planning, budgeting, authorization, execution, and change control.

- (f) The Contractor shall comply with, and assist the Department of Energy in complying with, ES&H requirements of all applicable laws and regulations, and applicable directives identified in the clause of this contract entitled "Laws, Regulations, and DOE Directives". The Contractor shall cooperate with Federal and non-Federal agencies having jurisdiction over ES&H matters under this contract.
- (g) The Contractor shall promptly evaluate and resolve any noncompliance with applicable ES&H requirements and the System. If the Contractor fails to provide resolution or if, at any time, the Contractor's acts or failure to act causes substantial harm or an imminent danger to the environment or health and safety of employees or the public, the Contracting Officer may issue an order stopping work in whole or in part. Any stop work order issued by a Contracting Officer under this clause (or issued by the Contractor to a subcontractor in accordance with paragraph (i) of this clause) shall be without prejudice to any other legal or contractual rights of the Government. In the event that the Contracting Officer issues a stop work order, an order authorizing the resumption of the work may be issued at the discretion of the Contracting Officer. The Contractor shall not be entitled to an extension of time or additional fee or damages by reason of, or in connection with, any work stoppage ordered in accordance with this clause.
- (h) Regardless of the performer of the work, the Contractor is responsible for compliance with the ES&H requirements applicable to this contract. The Contractor is responsible for flowing down the ES&H

requirements applicable to this contract to subcontracts at any tier to the extent necessary to ensure the Contractor's compliance with the requirements.

- (i) The Contractor shall include a clause substantially the same as this clause in subcontracts involving complex or hazardous work on site at a DOE owned or leased facility. Such subcontracts shall provide for the right to stop work under the conditions described in paragraph (g) of this clause. Depending on the complexity and hazards associated with the work, the Contractor may choose not to require the subcontractor to submit a Safety Management System for the Contractor's review and approval.

END OF CLAUSE

29. WORKPLACE SUBSTANCE ABUSE PROGRAMS AT DOE SITES

- (a) *Program Implementation.* The Contractor shall, consistent with 10 CFR part 707, Workplace Substance Abuse Programs at DOE Sites, incorporated herein by reference with full force and effect, develop, implement, and maintain a work place substance abuse program.
- (b) *Remedies.* In addition to any other remedies available to the Government, the Contractor's failure to comply with the requirements of 10 CFR part 707 or to perform in a manner consistent with its approval program may render the Contractor subject to: the suspension of contract payments, or, where applicable, a reduction in award fee; termination for default; and suspension or debarment.
- (c) *Subcontracts.*
- (1) The Contractor agrees to notify the Contracting Officer reasonably in advance of, but not later than 30 days prior to, the award of any subcontract the Contractor believes may be subject to the requirements of 10 CFR part 707,
  - (2) The DOE Prime Contractor shall require all subcontracts subject to the provisions of 10 CFR part 707 to agree to develop and implement a workplace substance abuse program that complies with the requirements of 10 CFR part 707, Workplace Substance Abuse Programs at DOE Sites, as a condition for award of the subcontract. The DOE Prime Contractor shall review and approve each subcontractor's program, and shall periodically monitor each subcontractor's implementation of the program for effectiveness and compliance with 10 CFR part 707.
  - (3) The Contractor agrees to include, and require the inclusion of, the requirements of this clause in all subcontracts, at any tier, that are subject to the provisions of 10 CFR part 707.

END OF CLAUSE

30. DIVERSITY PLAN

The Contractor shall submit a Diversity Plan to the Contracting Officer for approval within 90 days after the effective date of this contract (or contract modification, if appropriate). The Contractor shall submit an update to its Plan annually or with its annual fee proposal. Guidance for preparation of a Diversity Plan is provided in an attachment to Section J. The plan shall include innovative strategies for increasing opportunities to fully use the talents and capabilities of a diverse workforce. The Plan shall address at a minimum, the Contractor's approach for promoting diversity through (1) the Contractor's work force, (2) educational outreach, (3) community involvement and outreach, (4) subcontracting, and (5) economic development (including technology transfer), and (6) the prevention of profiling based on race or national origin.

END OF CLAUSE

31. COMMUNITY COMMITMENT

It is the policy of the DOE to be a constructive partner in the geographic region in which DOE conducts its business. The basic elements of this policy include:

- (1) Recognizing the diverse interest of the region and its stakeholders,
- (2) engaging regional stakeholders in issues and concerns of mutual interest, and
- (3) recognizing that giving back to the community is a worthwhile business practice.

Accordingly, the Contractor agrees that its business operations and performance under the contract will be consistent with the intent of the policy and elements set forth above.

END OF CLAUSE

32. RIGHTS IN DATA - FACILITIES

(a) Definitions.

- (1) *Computer data bases*, as used in this clause, means a collection of data in a form capable of, and for the purpose of, being stored in, processed, and operated on by a computer. The term does not include computer software.
- (2) *Computer software*, as used in this clause, means (i) computer programs which are data comprising a series of instructions, rules, routines, or statements, regardless of the media in which recorded, that allow or cause a computer to perform a specific operation or series of operations and (ii) data comprising source code listings, design details, algorithms, processes, flow charts, formulae, and related material that would enable the computer program to be produced, created, or compiled. The term does not include computer data bases.
- (3) *Data*, as used in this clause, means recorded information, regardless of form or the media on which it may be recorded. The term includes technical data and computer software. The term "data" does not include data incidental to the administration of this contract, such as financial, administrative, cost and pricing, or management information.
- (4) *Limited rights data*, as used in this clause, means data, other than computer software, developed at private expense that embody trade secrets or are commercial or financial and confidential or privileged. The Government's rights to use, duplicate, or disclose limited rights data are as set forth in the Limited Rights Notice of subparagraph (e) of this clause.
- (5) *Restricted computer software*, as used in this clause, means computer software developed at private expense and that is a trade secret; is commercial or financial and is confidential or privileged; or is published copyrighted computer software, including minor modifications of any such computer software. The Government's rights to use, duplicate, or disclose restricted

computer software are as set forth in the Restricted Rights Notice of paragraph (f) of this clause.

- (6) *Technical data*, as used in this clause, means recorded data, regardless of form or characteristic, that are of a scientific or technical nature. Technical data does not include computer software, but does include manuals and instructional materials and technical data formatted as a computer data base.
- (7) *Unlimited rights*, as used in this clause, means the rights of the Government to use, disclose, reproduce, prepare derivative works, distribute copies to the public, including by electronic means, and perform publicly and display publicly, in any manner, including by electronic means, and for any purpose whatsoever, and to have or permit others to do so.

(b) *Allocation of Rights.*

(1) The Government shall have:

- (i) Ownership of all technical data and computer software first produced in the performance of this contract;
- (ii) Unlimited rights in technical data and computer software specifically used in the performance of this contract, except as provided herein regarding copyright, limited rights data, or restricted computer software, or except for other data specifically protected by statute for a period of time or, where, approved by DOE, appropriate instances of the DOE Work for Others Program;
- (iii) The right to inspect technical data and computer software first produced or specifically used in the performance of this Contract at all reasonable times. The Contractor shall make available all necessary facilities to allow DOE personnel to perform such inspection;
- (iv) The right to have all technical data and computer software first produced or

specifically used in the performance of this contract delivered to the Government or otherwise disposed of by the Contractor, either as the Contracting Officer may from time to time direct during the progress of the work or in any event as the Contracting Officer shall direct upon completion or termination of this contract. The Contractor agrees to leave a copy of such data at the facility or plant to which such data relate, and to make available for access or to deliver to the Government such data upon request by the Contracting Officer. If such data are limited rights data or restricted computer software, the rights of the Government in such data shall be governed solely by the provisions of paragraph (e) of this clause ("Rights in Limited Rights Data") or paragraph (f) of this clause ("Rights in Restricted Computer Software"); and

- (v) The right to remove, cancel, correct, or ignore any markings not authorized by the terms of this contract on any data furnished hereunder if, in response to a written inquiry by DOE concerning the propriety of the markings, the Contractor fails to respond thereto within 60 days or fails to substantiate the propriety of the markings. In either case DOE will notify the Contractor of the action taken.

(2) The Contractor shall have:

- (i) The right to withhold limited rights data and restricted computer software unless otherwise provided in accordance with the provisions of this clause; and
- (ii) The right to use for its private purposes, subject to patent, security or other provisions of this Contract, data it first produces in the performance of this Contract, except for data in DOE's Uranium Enrichment Technology, including diffusion, centrifuge, and atomic vapor laser isotope separation, provided the data requirements of this Contract have

been met as of the date of the private use of such data.

- (3) The Contractor agrees that for limited rights data or restricted computer software or other technical, business or financial data in the form of recorded information which it receives from, or is given access to by, DOE or a third party, including a DOE Contractor or subcontractor, and for technical data or computer software it first produces under this contract which is authorized to be marked by DOE, the Contractor shall treat such data in accordance with any restrictive legend contained thereon.

(c) *Copyrighted Material.*

- (1) The Contractor shall not, without prior written authorization of the Patent Counsel, assert copyright in any technical data or computer software first produced in the performance of this contract. To the extent such authorization is granted, the Government reserves for itself and others acting on its behalf, a nonexclusive, paid up, irrevocable, world-wide license for Governmental purposes to publish, distribute, translate, duplicate, exhibit, and perform any such data copyrighted by the Contractor.
- (2) The Contractor agrees not to include in the technical data or computer software delivered under the contract any material copyrighted by the Contractor and not to knowingly include any material copyrighted by others without first granting or obtaining at no cost a license therein for the benefit of the Government of the same scope as set forth in paragraph (c)(1) of this clause. If the Contractor believes that such copyrighted material for which the license cannot be obtained must be included in the technical data or computer software to be delivered, rather than merely incorporated therein by reference, the Contractor shall obtain the written authorization of the Contracting Officer to include such material in the technical data or computer software prior to its delivery.

(d) *Subcontracting.*

- (1) Unless otherwise directed by the Contracting Officer, the Contractor agrees to use in subcontracts in which technical data or computer software is expected to be produced or in subcontracts for supplies that contain a requirement for production or delivery of data in accordance with the policy and procedures of 48 CFR (FAR) Subpart 27.4 as supplemented by 48 CFR (DEAR) 927.401 through 927.409, the clause entitled "Rights in Data-General" at 48 CFR 52.227-14 modified in accordance with 927.409(a) and including Alternate V. Alternates II through IV of that clause may be included as appropriate with the prior approval of DOE Patent Counsel, and the Contractor shall not acquire rights in a subcontractor's limited rights data or restricted computer software, except through the use of Alternates II or III, respectively, without the prior approval of DOE Patent Counsel. The clause at 48 CFR FAR 52.227-16, Additional Data Requirements, shall be included in subcontracts in accordance with DEAR 927.409(h). The Contractor shall use instead the Rights in Data-Facilities clause at 48 CFR DEAR 970.5227-1 in subcontracts, including subcontracts for related support services, involving the design or operation of any plants or facilities or specially designed equipment for such plants or facilities that are managed or operated under its contract with DOE.
- (2) It is the responsibility of the Contractor to obtain from its subcontractors technical data and computer software and rights therein, on behalf of the Government, necessary to fulfill the Contractor's obligations to the Government with respect to such data. In the event of refusal by a subcontractor to accept a clause affording the Government such rights, the Contractor shall:
  - (i) Promptly submit written notice to the Contracting Officer setting forth reasons or the subcontractor's refusal and other pertinent information which may expedite disposition of the matter, and
  - (ii) Not proceed with the subcontract without the written authorization of the Contracting Officer.

- (3) Neither the Contractor nor higher-tier subcontractors shall use their power to award subcontracts as economic leverage to acquire rights in a subcontractor's limited rights data or restricted computer software for their private use.

(e) *Rights in Limited Rights Data.*

Except as may be otherwise specified in this contract as data which are not subject to this paragraph, the Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up license by or for the Government, in any limited rights data of the Contractor specifically used in the performance of this Contract, provided, however, that to the extent that any limited rights data when furnished or delivered is specifically identified by the Contractor at the time of initial delivery to the Government or a representative of the Government, such data shall not be used within or outside the Government except as provided in the "Limited Rights Notice" set forth. All such limited rights data shall be marked with the following "Limited Rights Notice":

LIMITED RIGHTS NOTICE

These data contain "limited rights data," furnished under Contract No. \_\_\_\_\_ with the United States Department of Energy which may be duplicated and used by the Government with the express limitations that the "limited rights data" may not be disclosed outside the Government or be used for purposes of manufacture without prior permission of the Contractor, except that further disclosure or use may be made solely for the following purposes:

- (a) Use (except for manufacture) by support services contractors within the scope of their contracts;
- (b) This "limited rights data" may be disclosed for evaluation purposes under the restriction that the "limited rights data" be retained in confidence and not be further disclosed;
- (c) This "limited rights data" may be disclosed to other contractors participating in the

Government's program of which this Contract is a part for information or use (except for manufacture) in connection with the work performed under their contracts and under the restriction that the "limited rights data" be retained in confidence and not be further disclosed;

- (d) This "limited rights data" may be used by the Government or others on its behalf for emergency repair or overhaul work under the restriction that the "limited rights data" be retained in confidence and not be further disclosed; and
- (e) Release to a foreign government, or instrumentality thereof, as the interests of the United States Government may require, for information or evaluation, or for emergency repair or overhaul work by such government.

This Notice shall be marked on any reproduction of this data in whole or in part.

(END OF NOTICE)

(f) *Rights in Restricted Computer Software.*

- (1) Except as may be otherwise specified in this contract as data which are not subject to this paragraph, the Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up, license by or for the Government, in any restricted computer software of the Contractor specifically used in the performance of this Contract, provided, however, that to the extent that any restricted computer software when furnished or delivered is specifically identified by the Contractor at the time of initial delivery to the Government or a representative of the Government, such data shall not be used within or outside the Government except as provided in the "Restricted Rights Notice" set forth below. All such restricted computer software shall be marked with the following "Restricted Rights Notice":

RESTRICTED RIGHTS NOTICE-LONG FORM

- (a) This computer software is submitted with restricted rights under Department of Energy Contract No. \_\_\_\_\_ . It may not be used, reproduced, or disclosed by the Government except as provided in paragraph (b) of this notice.
- (b) This computer software may be:
- (1) Used or copied for use in or with the computer or computers for which it was acquired, including use at any Government installation to which such computer or computers may be transferred;
  - (2) Used, copied for use, in a backup or replacement computer if any computer for which it was acquired is inoperative or is replaced;
  - (3) Reproduced for safekeeping (archives) or backup purposes;
  - (4) Modified, adapted, or combined with other computer software, provided that only the portions of the derivative software consisting of the restricted computer software are to be made subject to the same restricted rights; and
  - (5) Disclosed to and reproduced for use by contractors under a service contract (of the type defined in FAR 37.101) in accordance with subparagraphs (b)(1) through (4) of this Notice, provided the Government makes such disclosure or reproduction subject to these restricted rights.
- (c) Notwithstanding the foregoing, if this computer software has been published under copyright, it is licensed to the Government, without disclosure prohibitions, with the rights set forth in the restricted rights notice above.

- (d) This Notice shall be marked on any reproduction of this computer software, in whole or in part.

(END OF NOTICE)

- (2) Where it is impractical to include the Restricted Rights Notice on restricted computer software, the following short-form Notice may be used in lieu thereof:

RESTRICTED RIGHTS NOTICE--SHORT FORM

Use, reproduction, or disclosure is subject to restrictions set forth in the Long Form Notice of DOE Contract No. \_\_\_\_\_ with (name of contractor).

(END OF NOTICE)

- (3) If the software is embedded, or if it is commercially impractical to mark it with human readable text, then the symbol R and the clause date (mo/yr) in brackets or a box, a [R-mo/yr], may be used. This will be read to mean restricted computer software, subject to the rights of the Government as described in the Long Form Notice, in effect as of the date indicated next to the symbol. The symbol shall not be used to mark human readable material. In the event this Contract contains any variation to the rights in the Long Form Notice, then the contract number must also be cited.
- (4) If restricted computer software is delivered with the copyright notice of 17 U.S.C. 401, the software will be presumed to be published copyrighted computer software licensed to the Government without disclosure prohibitions and with unlimited rights, unless the Contractor includes the following statement with such copyright notice "Unpublished-rights reserved under the Copyright Laws of the United States."

- (g) Relationship to patents.

Nothing contained in this clause creates or is intended to imply a license to the Government in any patent or is intended to be construed as affecting the

scope of any licenses or other rights otherwise  
granted to the Government under any patent.

END OF CLAUSE

33. AUTHORIZATION AND CONSENT

- (a) The Government authorizes and consents to all use and manufacture of any invention described in and covered by a United States patent in the performance of this contract or any subcontract at any tier.
- (b) If the Contractor is sued for copyright infringement or anticipates the filing of such a lawsuit, the Contractor may request authorization and consent to copy a copyrighted work from the Contracting Officer. Programmatic necessity is a major consideration for DOE in determining whether to grant such request.
- (c)
  - (1) The Contractor agrees to include, and require inclusion of, the Authorization and Consent clause at 52.227-1, without Alternate 1, but suitably modified to identify the parties, in all subcontracts expected to exceed \$100,000 at any tier for supplies or services, including construction, architect-engineer services, and materials, supplies, models, samples, and design or testing services.
  - (2) The Contractor agrees to include, and requires inclusion of, paragraph (a) of this Authorization and Consent clause, suitably modified to identify the parties, in all subcontracts at any tier for research and development activities expected to exceed \$100,000.
  - (3) Omission of an authorization and consent clause from any subcontract, including those valued less than \$100,000 does not affect this authorization and consent

END OF CLAUSE

34. NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT  
INFRINGEMENT

- (a) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent or copyright infringement based on the performance of this contract of which the Contractor has knowledge.
- (b) If any person files a claim or suit against the Government on account of any alleged patent or copyright infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed hereunder, the Contractor shall furnish to the Government, when requested by the Contracting Officer, all evidence and information in possession of the Contractor pertaining to such suit or claim. Except where the Contractor has agreed to indemnify the Government, the Contractor shall furnish such evidence and information at the expense of the Government.
- (c) The Contractor agrees to include, and require inclusion of, this clause suitably modified to identify the parties, in all subcontracts at any tier expected to exceed \$100,000.

END OF CLAUSE

35. PATENT INDEMNITY-SUBCONTRACTS

Except as otherwise authorized by the Contracting Officer, the Contractor shall obtain indemnification of the Government and its officers, agents, and employees against liability, including costs, for infringement of any United States Patent (except a patent issued upon an application that is now or may hereafter be withheld from issue pursuant to a secrecy order by the Government) from Contractor's subcontractors for any contract work subcontracted in accordance with FAR 48 CFR 52.227-3.

END OF CLAUSE

36. REFUND OF ROYALTIES

- (a) During performance of this contract, if any royalties are proposed to be charged to the Government as costs under this contract, the Contractor agrees to submit for approval of the Contracting Officer, prior to the execution of any license, the following information relating to each separate item of royalty:
- (1) Name and address of licensor;
  - (2) Patent numbers, patent application serial numbers, or other bases on which the royalty is payable;
  - (3) Brief description, including any part or model numbers of each contract item or component on which the royalty is payable;
  - (4) Percentage or dollar rate of royalty per unit;
  - (5) Unit price of contract item;
  - (6) Number of units;
  - (7) Total dollar amount of royalties; and
  - (8) A copy of proposed license agreement.
- (b) If specifically requested by the Contracting Officer, the Contractor shall furnish a copy of the current license agreement entered into prior to the effective date of this clause and an identification of applicable claims of specific patents or other dates upon which royalties are payable.
- (c) The term "royalties" as used in this clause refers to any costs or charges in the nature of royalties, license fees, patent or license amortization costs, or the like, for the use of or for the rights in patents and patent applications that are used in performance of this contract or any subcontract hereunder.
- (d) The Contractor shall furnish to the Contracting Officer, annually upon request, a statement of royalties paid in connection with performing this contract and subcontracts hereunder.
- (e) For royalty payments under licenses entered into after the effective date of this contract, costs incurred

for royalties proposed under this paragraph shall be allowable only to the extent that such royalties are approved by the Contracting Officer. If the Contracting Officer determines that existing or proposed royalty payments are inappropriate, any payments subsequent to such determination shall be allowable only to the extent approved by the Contracting Officer.

- (f) Regardless of prior DOE approval of any individual payments or royalties, DOE may contest at any time the enforceability, validity, scope of, or title to, a patent for which the Contractor makes a royalty or other payment.
- (g) If at any time within 3 years after final payment under this contract, the Contractor for any reason is relieved in whole or in part from the payment of any royalties to which this clause applies, the Contractor shall promptly notify the Contracting Office of that fact and shall reimburse the Government for any refunds received or royalties paid after having received notice of such relief.
- (h) The Contractor agrees to include, and require inclusion of, this clause, including this paragraph (h), suitably modified to identify the parties in any subcontract at any tier in which the amount of royalties reported during negotiations of the subcontract exceeds \$250.

END OF CLAUSE

37. PATENT RIGHTS - MANAGEMENT AND OPERATING CONTRACTS, FOR-  
PROFIT CONTRACTOR, NON-TECHNOLOGY TRANSFER

(a) Definitions.

- (1) *DOE licensing regulations* means the Department of Energy patent licensing regulations at 10 CFR part 781.
- (2) *DOE patent waiver regulations* means the Department of Energy patent waiver regulations at 10 CFR part 784.
- (3) *Invention* means any invention or discovery which is or may be patentable or otherwise protectable under title 35 of the United States Code or any novel variety of plant that is or may be protected under the Plant Variety Protection Act (7 U.S.C. 2321, et seq.).
- (4) *Made* when used in relation to any invention means the conception or first actual reduction to practice of such invention.
- (5) *Patent Counsel* means DOE Patent Counsel assisting the contracting activity.
- (6) *Practical application* means to manufacture, in the case of a composition or product; to practice, in the case of a process or method; or to operate, in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.
- (7) *Subject invention* means any invention of the Contractor conceived or first actually reduced to practice in the course of or under this contract, provided that in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act 7 U.S. C. 2401(d)) shall also occur during the period of contract performance.

(b) Allocations of principal rights.

- (1) *Assignment to the Government.* Except to the extent that rights are retained by the Contractor by a determination of greater rights in accordance with subparagraph (b)(2) of this clause or by a request for foreign patent rights in accordance with subparagraph (d)(2) of this clause, the Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each subject invention.
  
- (2) *Greater rights determinations.* The Contractor, or a Contractor employee-inventor after consultation with the Contractor and with the written authorization of the Contractor in accordance with DOE patent waiver regulations, may request greater rights, including title, in an identified subject invention than the nonexclusive license and the foreign patent rights provided for in paragraph (d) of this clause, in accordance with the DOE patent waiver regulations. Such a request shall be submitted in writing to Patent Counsel with a copy to the Contracting Officer at the time the subject invention is first disclosed to DOE in accordance with subparagraph (c)(2) of this clause, or not later than eight (8) months after such disclosure, unless a longer period is authorized in writing by the Contracting Officer for good cause shown in writing by the Contractor. DOE may grant or refuse to grant such a request by the Contractor or Contractor employee-inventor. Unless otherwise provided in the greater rights determination, any rights in a subject invention obtained by the Contractor pursuant to a determination of greater rights are subject to a nonexclusive, nontransferable, irrevocable, paid-up license to the Government to practice or have practiced the subject invention throughout the world by or on behalf of the Government of the United States (including any Government agency), and to any reservations and conditions deemed appropriate by the Secretary of Energy or designee.

(c) *Subject Invention Disclosures.*

- (1) *Contractor procedures for reporting subject inventions to Contractor personnel.* Subject inventions shall be reported to Contractor personnel responsible for patent matters within six (6) months of conception and/or first actual

reduction to practice, whichever occurs first in the performance of work under this contract. Accordingly, the Contractor shall establish and maintain effective procedures for ensuring such prompt identification and timely disclosure of subject inventions to Contractor personnel responsible for patent matters, and the procedures shall include the maintenance of laboratory notebooks, or equivalent records, and other records that are reasonably necessary to document the conception and/or the first actual reduction to practice of subject inventions, and the maintenance of records demonstrating compliance with such procedures. The Contractor shall submit a written description of such procedures to the Contracting Officer, upon request, for evaluation of the effectiveness of such procedures by the Contracting Officer.

(2) *Subject invention disclosure.* The Contractor shall disclose each subject invention to Patent Counsel with a copy to the Contracting Officer within two (2) months after the subject invention is reported to Contractor personnel responsible for patent matters, in accordance with subparagraph (c)(1) of this clause, or, if earlier, within six (6) months after the Contractor has knowledge of the subject invention, but in any event before any on sale, public use, or publication of the subject invention. The disclosure to DOE shall be in the form of a written report and shall include:

- (i) The contract number under which the subject invention was made;
- (ii) The inventor(s) of the subject invention;
- (iii) A description of the subject invention in sufficient technical detail to convey a clear understanding of the nature, purpose and operation of the subject invention, and of the physical, chemical, biological or electrical characteristics of the subject invention, to the extent known by the Contractor at the time of the disclosure;
- (iv) The date and identification of any publication, on sale or public use of the invention;

- (v) The date and identification of any submissions for publication of any manuscripts describing the invention, and a statement of whether the manuscript is accepted for publication, to the extent known by the Contractor at the time of the disclosure;
- (vi) A statement indicating whether the subject invention concerns exceptional circumstances pursuant to 35 U.S.C. 202(ii), related to national security, or subject to a treaty or an international agreement, to the extent known or believed by Contractor at the time of the disclosure;
- (vii) All sources of funding by Budget and Resources (B&R) code; and
- (viii) identification of any agreement relating to the subject invention, including Cooperative Research and Development Agreements and Work-for-Others agreements.

Unless the Contractor contends otherwise in writing at the time the invention is disclosed, inventions disclosed to DOE under this paragraph are deemed made in the manner specified in Sections (a)(1) and (a)(2) of 42 U.S.C. 5908.

- (3) *Publication after disclosure.* After disclosure of the subject invention to the DOE, the Contractor shall promptly notify Patent Counsel of the acceptance for publication of any manuscript describing the subject invention or of any expected or on sale or public use of the subject invention, known by the Contractor.
- (4) *Contractor employee agreements.* The Contractor agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to Contractor personnel identified as responsible for the administration of patent matters and in a format suggested by the Contractor, each subject invention made under this contract, and to execute all papers necessary to file patent applications claiming subject inventions or to establish the

Government's rights in the subject inventions. This disclosure format shall at a minimum include the information required by subparagraph (c) (2) of this clause. The Contractor shall instruct such employees, through employee agreements or other suitable educational programs, on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(5) *Contractor procedures for reporting subject inventions to DOE.* The Contractor agrees to establish and maintain effective procedures for ensuring the prompt identification and timely disclosure of subject inventions to DOE. The Contractor shall submit a written description of such procedures to the Contracting Officer, upon request, for evaluation of the effectiveness of such procedures by the Contracting Officer.

(2) *Duplication and disclosure of documents.* The Government may duplicate and disclose subject invention disclosures and all other reports and papers furnished or required to be furnished pursuant to this clause; provided, however, that any such duplication or disclosure by the Government is subject to 35 U.S.C. 205 and 37 CFR 401.13.

(d) *Minimum rights of the Contractor.*

(1) *Contractor License.*

(i) *Request for a Contractor license.* Except for subject inventions that the Contractor fails to disclose within the time periods specified at subparagraph (c) (2) of this clause, the Contractor may request a revocable, nonexclusive, royalty-free license in each patent application filed in any country claiming a subject invention and any resulting patent in which the Government obtains title, and DOE may grant or refuse to grant such a request by the Contractor. If DOE grants the Contractor's request for a license, the Contractor's license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a party and includes the

right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded.

- (ii) *Transfer of a Contractor license.* DOE shall approve any transfer of the Contractor's license in a subject invention, and DOE may determine the Contractor's license is non-transferable, on a case-by-case basis.
- (iii) *Revocation or modification of a Contractor license.* DOE may revoke or modify the Contractor's domestic license to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions in 37 CFR part 404 and DOE licensing regulations. DOE may not revoke the Contractor's domestic license in that field of use or the geographical areas in which the Contractor, its licensee, or its domestic subsidiaries or affiliates achieved practical applications and continues to make the benefits of the invention reasonably accessible to the public. DOE may revoke or modify the Contractor's license in any foreign country to the extent the Contractor, its licensees, or its domestic subsidiaries or affiliates failed to achieve practical application in that foreign country.
- (iv) *Notice of revocation or modification of a Contractor license.* Before revocation or modification of the license, DOE shall furnish the Contractor a written notice of its intention to revoke or modify the license, and the Contractor shall be allowed thirty (30) days from the date of the notice (or such other time as may be authorized by DOE for good cause shown by the Contractor) to show cause why the license should not be revoked or modified. The Contractor has the right to appeal any decision concerning the revocation or modification of its license, in accordance

with applicable regulations in 37 CFR part 404 and DOE licensing regulations.

- (2) *Contractor's right to request foreign patent rights.* If the Government has title to a subject invention and the Government decides against securing patent rights in a foreign country for the subject invention, the Contractor may request such foreign patent rights from DOE, and DOE may grant the Contractor's request, subject to a nonexclusive, nontransferable, irrevocable, paid-up license to the Government to practice or have practiced the subject invention in the foreign country, and any reservations and conditions deemed appropriate by the Secretary of Energy or designee. Such a request shall be submitted in writing to the Patent Counsel as part of the disclosure required by subparagraph (c)(2) of this clause, with a copy to the DOE Contracting Officer, unless a longer period is authorized in writing by the Contracting Officer for good cause shown in writing by the Contractor. DOE may grant or refuse to grant such a request, and may consider whether granting the Contractor's request best serves the interests of the United States.

(e) Examination of records relating to inventions.

- (1) *Contractor compliance.* Until the expiration of three (3) years after final payment under this contract, the Contracting Officer or any authorized representative may examine any books (including laboratory notebooks), records, and documents and other supporting data of the Contractor, which the Contracting Officer or authorized representative deems reasonably pertinent to the discovery or identification of subject inventions, or to determine Contractor (and inventor) compliance with the requirements of this clause, including proper identification and disclosure of subject inventions, and establishment and maintenance of invention disclosure procedures.
- (2) *Unreported inventions.* If the Contracting Officer is aware of an invention that is not disclosed by the Contractor to DOE, and the Contracting Officer believes the unreported invention may be a subject invention, DOE may require the Contractor to

submit to DOE a disclosure of the invention for a determination of ownership rights.

- (3) *Confidentiality.* Any examination of records under this paragraph is subject to appropriate conditions to protect the confidentiality of the information involved.

(f) *Subcontracts.*

- (1) *Subcontractor subject inventions.* The Contractor shall not obtain rights in the subcontractor's subject inventions as part of the consideration for awarding a subcontract.
- (2) *Inclusion of patent rights clause--non-profit organization or small business firm subcontractors.* Unless otherwise authorized or directed by the Contracting Officer, the Contractor shall include the patent rights clause at 48 CFR 952.227-11, suitably modified to identify the parties in all subcontracts, at any tier, for experimental, developmental, demonstration or research work to be performed by a small business firm or domestic nonprofit organization, except subcontracts which are subject to exceptional circumstances in accordance with 35 U.S.C. 202(a)(ii).
- (3) *Inclusion of patent rights clause--subcontractors other than non-profit organizations and small business firms.* Except for the subcontracts described in subparagraph (f)(2) of this clause, the Contractor shall include the patent rights clause at 48 CFR 952.227-13, suitably modified to identify the parties, in any contract for experimental, developmental, demonstration or research work.
- (4) *DOE and subcontractor contract.* With respect to subcontracts at any tier, DOE, the subcontractor, and the Contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and DOE with respect to those matters covered by this clause.
- (5) *Subcontractor refusal to accept terms of patent rights clause.* If a prospective subcontractor refuses to accept the terms of a patent rights

clause, the Contractor shall promptly submit a written notice to the Contracting Officer stating the subcontractor's reasons for such a refusal, including any relevant information for expediting disposition of the matter, and the Contractor shall not proceed with the subcontract without the written authorization of the Contracting Officer.

(6) *Notification of award of subcontract.* Upon the award of any subcontract at any tier containing a patent rights clause, the Contractor shall promptly notify the Contracting Officer in writing and identify the subcontractor, the applicable patent rights clause, the work to be performed under the subcontract, and the dates of award and estimated completion. Upon request of the Contracting Officer, the Contractor shall furnish a copy of a subcontract.

(7) *Identification of subcontractor subject inventions.* If the Contractor in the performance of this contract becomes aware of a subject invention made under a subcontract, the Contractor shall promptly notify Patent Counsel and identify the subject invention, with a copy of the notification and identification to the Contracting Officer.

(g) Atomic Energy.

(1) *Pecuniary awards.* No claim for pecuniary award of compensation under the provisions of the Atomic Energy Act of 1954, as amended, may be asserted with respect to any invention or discovery made or conceived in the course of or under this contract.

(2) *Patent agreements.* Except as otherwise authorized in writing by the Contracting Officer, the Contractor shall obtain patent agreements to effectuate the provisions of subparagraph (g) (1) of this clause from all persons who perform any part of the work under this contract, except nontechnical personnel, such as clerical employees and manual laborers.

(h) Publication. The Contractor shall receive approval from Patent Counsel prior to releasing or publishing information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this contract, to

ensure such release or publication does not adversely affect the patent interests of DOE or the Contractor.

(i) Communications. The Contractor shall direct any notification, disclosure, or request provided for in this clause to the Patent Counsel assisting the DOE contracting activity, with a copy of the communication to the Contracting Officer.

(j) Reports.

(1) *Interim reports.* Upon DOE's request, the Contractor shall submit to DOE, no more frequently than annually, a list of subject inventions disclosed to DOE during a specified period, or a statement that no subject inventions were made during the specified period; and/or a list of subcontracts containing a patent clause and awarded by the Contractor during a specified period, or a statement that no such subcontracts were awarded during the specified period. The interim report shall state whether the Contractor's invention disclosures were submitted to DOE in accordance with the requirements of subparagraphs (c)(1) and (c)(5) of this clause.

(2) *Final reports.* Upon DOE's request, the Contractor shall submit to DOE, prior to closeout of the contract or within three (3) months of the date of completion of the contracted work, a list of all subject inventions disclosed during the performance period of the contract, or a statement that no subject inventions were made during the contract performance period; and/or a list of all subcontracts containing a patent clause and awarded by the Contractor during the contract performance period, or a statement that no such subcontracts were awarded during the contract performance period.

(k) Facilities license. In addition to the rights of the parties with respect to inventions or discoveries conceived or first actually reduced to practice in the course of or under this contract, the Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up license in and to any inventions or discoveries regardless of when conceived or actually reduced to practice or acquired by the Contractor at any time through completion of this contract and which are incorporated or embodied

in the construction of the facility or which are utilized in the operation of the facility or which cover articles, materials, or products manufactured at the facility (1) to practice or have practiced by or for the Government at the facility, and (2) to transfer such license with the transfer of that facility. Notwithstanding the acceptance or exercise by the Government of these rights, the Government may contest at any time the enforceability, validity or scope of, or title to, any rights or patents herein licensed.

(1) Classified inventions.

(1) Approval for filing a foreign patent application.

The Contractor shall not file or cause to be filed an application or registration for a patent disclosing a subject invention related to classified subject matter in any country other than the United States without first obtaining the written approval of the Contracting Officer.

(2) Transmission of classified subject matter. If in accordance with this clause the Contractor files a patent application in the United States disclosing a subject invention that is classified for reasons of security, the Contractor shall observe all applicable security regulations covering the transmission of classified subject matter. If the Contractor transmits a patent application disclosing a classified subject invention to the United States Patent and Trademark Office (USPTO), the Contractor shall submit a separate letter to the USPTO identifying the contract or contracts by agency and agreement number that require security classification markings to be placed on the patent application.

(3) Inclusion of clause in subcontracts. The Contractor agrees to include the substance of this clause in subcontracts at any tier that cover or are likely to cover subject matter classified for reasons of security.

(m) Patent functions. Upon the written request of the Contracting Officer or Patent Counsel, the Contractor agrees to make reasonable efforts to support DOE in accomplishing patent-related functions for work arising out of the contract, including, but not limited to, the prosecution of patent applications,

and the determination of questions of novelty,  
patentability, and inventorship.

- (n) Annual appraisal by Patent Counsel. Patent Counsel may conduct an annual appraisal to evaluate the Contractor's effectiveness in identifying and protecting subject inventions in accordance with DOE policy.

END OF CLAUSE

38. INSURANCE--LITIGATION AND CLAIMS

- (a) The Contractor may, with the prior written authorization of the Contracting Officer, and shall, upon the request of the Government, initiate litigation against third parties, including proceedings before administrative agencies, in connection with this contract. The Contractor shall proceed with such litigation in good faith and as directed from time to time by the Contracting Officer.
- (b) The Contractor shall give the Contracting Officer immediate notice in writing of any legal proceeding, including any proceeding before an administrative agency, filed against the Contractor arising out of the performance of this contract. Except as otherwise directed by the Contracting Officer, in writing, the Contractor shall furnish immediately to the Contracting Officer copies of all pertinent papers received by the Contractor with respect to such action. The Contractor, with the prior written authorization of the Contracting Officer, shall proceed with such litigation in good faith and as directed from time to time by the Contracting Officer.
- (c) (1) Except as provided in paragraph (c) (2) of this clause, the Contractor shall procure and maintain such bonds and insurance as required by law or approved in writing by the Contracting Officer.
- (2) The Contractor may, with the approval of the Contracting Officer, maintain a self-insurance program; provided that, with respect to workers' compensation, the Contractor is qualified pursuant to statutory authority.
- (3) All bonds and insurance required by this clause shall be in a form and amount and for those periods as the Contracting Officer may require or approve and with sureties and insurers approved by the Contracting Officer.
- (d) The Contractor agrees to submit for the Contracting Officer's approval, to the extent and in the manner required by the Contracting Officer, any other bonds and insurance that are maintained by the Contractor in connection with the performance of this contract and for which the Contractor seeks reimbursement. If an insurance cost (whether a premium for commercial

insurance or related to self-insurance) includes a portion covering costs made unallowable elsewhere in the contract, and the share of the cost for coverage for the unallowable cost is determinable, the portion of the cost that is otherwise an allowable cost under this contract is reimbursable to the extent determined by the Contracting Officer.

- (e) Except as provided in subparagraphs (g) and (h) of this clause, or specifically disallowed elsewhere in this contract, the Contractor shall be reimbursed--
  - (1) For that portion of the reasonable cost of bonds and insurance allocable to this contract required in accordance with contract terms or approved under this clause; and
  - (2) For liabilities (and reasonable expenses incidental to such liabilities, including litigation costs) to third persons not compensated by insurance or otherwise without regard to and as an exception to the clause of this contract entitled, "Obligation of Funds".
- (f) The Government's liability under paragraph (e) of this clause is subject to the availability of appropriated funds. Nothing in this contract shall be construed as implying that the Congress will, at a later date, appropriate funds sufficient to meet deficiencies.
- (g) Notwithstanding any other provision of this contract, the Contractor shall not be reimbursed for liabilities (and expenses incidental to such liabilities, including litigation costs, counsel fees, judgment and settlements)--
  - (1) Which are otherwise unallowable by law or the provisions of this contract; or
  - (2) For which the Contractor has failed to insure or to maintain insurance as required by law, this contract, or by the written direction of the Contracting Officer.
- (h) In addition to the cost reimbursement limitations contained in 48 CFR Part 31, as supplemented by 48 CFR 970.31, and notwithstanding any other provision of this contract, the Contractor's liabilities to third persons, including employees but excluding costs incidental to workers' compensation actions, (and any

expenses incidental to such liabilities, including litigation costs, counsel fees, judgments and settlements) shall not be reimbursed if such liabilities were caused by Contractor managerial personnel's

- (1) Willful misconduct;
  - (2) Lack of good faith; or
  - (3) Failure to exercise prudent business judgment, which means failure to act in the same manner as a prudent person in the conduct of competitive business; or, in the case of a non-profit educational institution, failure to act in the manner that a prudent person would under the circumstances prevailing at the time the decision to incur the cost is made.
- (i) The burden of proof shall be upon the Contractor to establish that costs covered by paragraph (h) of this clause are allowable and reasonable if, after an initial review of the facts, the Contracting Officer challenges a specific cost or informs the Contractor that there is reason to believe that the cost results from willful misconduct, lack of good faith, or failure to exercise prudent business judgment by Contractor managerial personnel.
- (j) (1) All litigation costs, including counsel fees, judgments and settlements shall be differentiated and accounted for by the Contractor so as to be separately identifiable. If the Contracting Officer provisionally disallows such costs, then the Contractor may not use funds advanced by DOE under the contract to finance the litigation.
- (2) Punitive damages are not allowable unless the act or failure to act which gave rise to the liability resulted from compliance with specific terms and conditions of the contract or written instructions from the Contracting Officer.
  - (3) The portion of the cost of insurance obtained by the Contractor that is allocable to coverage of liabilities referred to in paragraph (g) (1) of this clause is not allowable.

- (4) The term "contractor's managerial personnel" is defined in clause paragraph (j) of 48 CFR 970.5245-1.
- (k) The Contractor may at its own expense and not as an allowable cost procure for its own protection insurance to compensate the Contractor for any unallowable or non-reimbursable costs incurred in connection with contract performance.
- (l) If any suit or action is filed or any claim is made against the Contractor, the cost and expense of which may be reimbursable to the Contractor under this contract, and the risk of which is then uninsured or is insured for less than the amount claimed, the Contractor shall--
- (1) Immediately notify the Contracting Officer and promptly furnish copies of all pertinent papers received;
  - (2) Authorize Department representatives to collaborate with: in-house or DOE-approved outside counsel in settling or defending the claim; or counsel for the insurance carrier in settling or defending the claim if the amount of the liability claimed exceeds the amount of coverage, unless precluded by the terms of the insurance contract; and
  - (3) Authorize Department representatives to settle the claim or to defend or represent the Contractor in and/or to take charge of any litigation, if required by the Department, if the liability is not insured or covered by bond. In any action against more than one Department Contractor, the Department may require the Contractor to be represented by common counsel. Counsel for the Contractor may, at the Contractor's own expense, be associated with the Department representatives in any such claim or litigation.

END OF CLAUSE

39. STATE AND LOCAL TAXES

- (a) The Contractor agrees to notify the Contracting Officer of any State or local taxes, fee, or charge levied or purported to be levied on or collected from the Contractor with respect to the contract work, any transaction thereunder, or property in the custody or control of the Contractor and constituting an allowable item of cost if due and payable, but which the Contractor has reason to believe, or the Contracting Officer has advised the Contractor, is or may be inapplicable or invalid; and the Contractor further agrees to refrain from paying any such taxes, fees, or charges unless authorized in writing by the Contracting Officer. Any State or local tax, fee, or charge paid with the approval of the Contracting Officer or on the basis of advice for the Contracting Officer that such tax, fee, or charge is applicable and valid, and which would otherwise be an allowable item of cost, shall not be disallowed as an item of cost by reason of any subsequent ruling or determination that such tax, fee, or charge was in fact inapplicable or invalid.
- (b) The Contractor agrees to take such action as may be required or approved by the Contracting Officer to cause any State or local tax, fee, or charge which would be an allowable cost to be paid under protest; and to take such action as may be required or approved by the Contracting Officer to seek recovery of any payments made, including assignment to the Government or its designee of all rights to an abatement or refund thereof, and granting permission for the Government to join with the Contractor in any proceedings for the recovery thereof or to sue for recovery in the name of the Contractor. If the Contracting Officer directs the Contractor to institute litigation to enjoin the collection of or to recover payment of any such tax, fee, or charge referred to above, or if a claim or suit is filed against the Contractor for a tax, fee, or charge it has refrained from paying in accordance with this clause, the procedures and requirements of the article clause "Insurance--Litigation and Claims" shall apply and the costs and expenses incurred by the Contractor shall be allowable items of costs, as provided in this contract, together with the amount of any judgment rendered against the Contractor.

- (c) The Government shall hold the Contractor harmless from penalties and interest incurred through compliance with this clause. All recoveries or credits in respect of the foregoing taxes, fees, and charges (including interest) shall inure to and be for the sole benefit of the Government.

END OF CLAUSE

40. PREEXISTING CONDITIONS

- (a) The Department of Energy agrees to reimburse the Contractor, and the Contractor shall not be held responsible, for any liability (including without limitation, a claim involving strict or absolute liability and any civil fine or penalty), expense, or remediation cost, but limited to those of a civil nature, which may be incurred by, imposed on, or asserted against the Contractor arising out of any condition, act, or failure to act which occurred before the Contractor assumed responsibility on February 1, 2009. To the extent the acts or omissions of the Contractor cause or add to any liability, expense or remediation cost resulting from the conditions in existence prior to February 1, 1999, the Contractor shall be responsible in accordance with the terms and conditions of this contract.
- (b) The obligations of the Department of Energy under this clause are subject to the availability of appropriated funds.

END OF CLAUSE

41. PAYMENTS AND ADVANCES

- (a) *Installments of fixed fee.* The fixed-fee payable under this contract shall become due and payable in periodic installments in accordance with a schedule determined by the Contracting Officer. Fixed-fee payments shall be made by direct payment or withdrawn from funds advanced or available under this contract, as determined by the Contracting Officer. The Contracting Officer may offset against any such fee payment, the amounts owed to the Government by the Contractor, including any amounts owed for disallowed costs under this contract. No fixed-fee payment may be withdrawn against the payments cleared financing arrangement without prior written approval of the Contracting Officer.
- (b) *Payments on Account of Allowable Costs.* The Contracting Officer and Contractor shall agree as to the extent to which payment for allowable costs or payments for other items specifically approved in writing by the Contracting Officer (for example, negotiated fixed amounts) shall be made from advances of Government funds. When pension contributions are paid by the Contractor to the retirement fund less frequently than quarterly, accrued costs therefore shall be excluded from costs for payment purposes until such costs are paid. If pension contributions are paid on a quarterly or more frequent basis, accrual therefor may be included in costs for payment purposes, provided that they are paid to the fund within 30 days after the close of the period covered. If payments are not made to the fund within such 30-day period, pension contribution costs shall be excluded from cost for payment purposes until payment has been made.
- (c) *Special financial institution account--use.* All advances of Government funds shall be withdrawn pursuant to a payments cleared financing arrangement prescribed by DOE in favor of the financial institution or, at the option of the Government, shall be made by direct payment or other payment mechanism to the Contractor, and shall be deposited only in the special financial institution account referred to in the Special Financial Institution Account Agreement, which is incorporated into this contract as Attachment 2 in Part III, Section J. No part of the funds in the special financial institution account shall be

commingled with any funds of the Contractor or used for a purpose other than that of making payments for costs allowable and, if applicable, fees earned under this contract, negotiated fixed amounts, or payments for other items specifically approved in writing by the Contracting Officer. If the Contracting Officer determines that the balance of such special financial institution account exceeds the Contractor's current needs, the Contractor shall promptly make such disposition of the excess as the Contracting Officer may direct.

- (d) *Title to funds advanced.* Title to the unexpended balance of any funds advanced and of any special financial institution account established pursuant to this clause shall remain in the Government and be superior to any claim or lien of the financial institution of deposit or others. It is understood that an advance to the Contractor hereunder is not a loan to the Contractor, and will not require the payment of interest by the Contractor, and that the Contractor acquires no right, title or interest in or to such advance other than the right to make expenditures therefrom, as provided in this clause.
- (e) *Financial settlement.* The Government shall promptly pay to the Contractor the unpaid balance of allowable costs (or other items specifically approved in writing by the Contracting Officer) and fee upon termination of the work, expiration of the term of the contract, or completion of the work and its acceptance by the Government after--
- (1) compliance by the Contractor with DOE's patent clearance requirements; and
  - (2) the furnishing by the Contractor of--
    - (i) An assignment of the Contractor's rights to any refunds, rebates, allowances, accounts receivable, collections accruing to the Contractor in connection with the work under this contract, or other credits applicable to allowable costs under the contract;
    - (ii) A closing financial statement;
    - (iii) The accounting for Government-owned property required by the clause entitled "Property"; and

- (iv) A release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract subject only to the following exceptions--
  - (A) Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible to exact statement by the Contractor;
  - (B) Claims, together with reasonable expenses incidental thereto, based upon liabilities of the Contractor to third parties arising out of the performance of this contract; provided that such claims are not known to the Contractor on the date of the execution of the release; and provided further that the Contractor gives notice of such claims in writing to the Contracting Officer promptly, but not more than one (1) year after the Contractor's right of action first accrues. In addition, the Contractor shall provide prompt notice to the Contracting Officer of all potential claims under this clause, whether in litigation or not (see also Contract Clause 970.5228-1, "Insurance-- Litigation and Claims");
  - (C) Claims for reimbursement of costs (other than expenses of the Contractor by reason of any indemnification of the Government against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of this contract relating to patents; and
  - (D) Claims recognizable under the clause entitled, Nuclear Hazards Indemnity Agreement.
- (3) In arriving at the amount due the Contractor under this clause, there shall be deducted--
  - (i) any claim which the Government may have against the Contractor in connection with this contract; and

- (ii) deductions due under the terms of this contract and not otherwise recovered by or credited to the Government. The unliquidated balance of the special financial institution account may be applied to the amount due and any balance shall be returned to the Government forthwith.
- (f) *Claims.* Claims for credit against funds advanced for payment shall be accompanied by such supporting documents and justification as the Contracting Officer shall prescribe.
- (g) *Discounts.* The Contractor shall take and afford the Government the advantage of all known and available cash and trade discounts, rebates, allowances, credits, salvage, and commissions unless the Contracting Officer finds that action is not in the best interest of the Government.
- (h) *Collections.* All collections accruing to the Contractor in connection with the work under this contract, except for the Contractor's fee and royalties or other income accruing to the Contractor from technology transfer activities in accordance with this contract, shall be Government property and shall be processed and accounted for in accordance with applicable requirements imposed by the Contracting Officer pursuant to the Laws, regulations, and DOE directives clause of this contract and, to the extent consistent with those requirements, shall be deposited in the special financial institution account or otherwise made available for payment of allowable costs under this contract, unless otherwise directed by the Contracting Officer.
- (i) *Direct Payment of Charges.* The Government reserves the right, upon ten days written notice from the Contracting Officer to the Contractor, to pay directly to the persons concerned, all amounts due which otherwise would be allowable under this contract. Any payment so made shall discharge the Government of all liability to the Contractor therefore.
- (j) *Determining allowable costs.* The Contracting Officer shall determine allowable costs in accordance with the Federal Acquisition Regulation subpart 31.2 and the Department of Energy Acquisition Regulation subpart 48

CFR 970.31 in effect on the date of this contract and other provisions of this contract.

- (k) *Review and approval of costs incurred.* The Contractor shall prepare and submit annually as of September 30, a "Statement of Costs Incurred and Claimed" (Cost Statement) for the total of net expenditures accrued (i.e., net costs incurred) for the period covered by the Cost Statement. The Contractor shall certify the Cost Statement subject to the penalty provisions for unallowable costs as stated in sections 306(b) and (i) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 256), as amended. DOE, after audit and appropriate adjustment, will approve such Cost Statement. This approval by DOE will constitute an acknowledgment by DOE that the net costs incurred are allowable under the contract and that they have been recorded in the accounts maintained by the Contractor in accordance with DOE accounting policies, but will not relieve the Contractor of responsibility for DOE's assets in its care, for appropriate subsequent adjustments, or for errors later becoming known to DOE.

END OF CLAUSE

42. ACCOUNTS, RECORDS, AND INSPECTIONS (DEVIATION)

- (a) *Accounts.* The Contractor shall maintain a separate and distinct set of accounts, records, documents, and other evidence showing and supporting: all allowable costs incurred; collections accruing to the Contractor in connection with the work under this contract, other applicable credits, negotiated fixed amounts, and fee accruals under this contract; and the receipt, use, and disposition of all Government property coming into the possession of the Contractor under this contract. The system of accounts employed by the Contractor shall be satisfactory to DOE and in accordance with generally accepted accounting principles consistently applied.
- (b) *Inspection and audit of accounts and records.* All books of account and records relating to this contract shall be subject to inspection and audit by DOE or its designees in accordance with the provisions of Clause, Access to and ownership of records, at all reasonable times, before and during the period of retention provided for in paragraph (d) of this clause, and the Contractor shall afford DOE proper facilities for such inspection and audit.
- (c) *Audit of subcontractors' records.* The Contractor also agrees, with respect to any subcontracts (including fixed-price or unit-price subcontracts or purchase orders) where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the subcontractor of any tier, to either conduct an audit of the subcontractor's costs or arrange for such an audit to be performed by the cognizant government audit agency through the Contracting Officer.
- (d) *Disposition of records.* Except as agreed upon by the Government and the Contractor, all financial and cost reports, books of account and supporting documents, system files, data bases, and other data evidencing costs allowable, collections accruing to the Contractor in connection with the work under this contract, other applicable credits, and fee accruals under this contract, shall be the property of the Government, and shall be delivered to the Government or otherwise disposed of by the Contractor either as the Contracting Officer may from time to time direct

during the progress of the work or, in any event, as the Contracting Officer shall direct upon completion or termination of this contract and final audit of accounts hereunder. Except as otherwise provided in this contract, including provisions of Clause, Access to and Ownership of Records, all other records in the possession of the Contractor relating to this contract shall be preserved by the Contractor for a period of three years after final payment under this contract or otherwise disposed of in such manner as may be agreed upon by the Government and the Contractor.

- (e) *Reports.* The Contractor shall furnish such progress reports and schedules, financial and cost reports, and other reports concerning the work under this contract as the Contracting Officer may from time to time require.
- (f) *Inspections.* The DOE shall have the right to inspect the work and activities of the Contractor under this contract at such time and in such manner as it shall deem appropriate.
- (g) *Subcontracts.* The Contractor further agrees to require the inclusion of provisions similar to those in paragraphs (a) through (g) and paragraph (h) of this clause in all subcontracts (including fixed-price or unit-price subcontracts or purchase orders) of any tier entered into hereunder where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the subcontractor.
- (h) *Comptroller General.*
  - (1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's, or subcontractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder, and to interview any current employee regarding such transactions.
  - (2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

- (3) Nothing in this contract shall be deemed to preclude an audit by the Government Accountability Office of any transaction under this contract.
- (i) *Internal audit.* The Contractor agrees to design and maintain an internal audit plan and an internal audit organization.
    - (1) Upon contract award, the exercise of any contract option, or the extension of the contract, the Contractor must submit to the Contracting Officer for approval an Internal Audit Implementation Design to include the overall strategy for internal audits. The Audit Implementation Design must describe-- (i) The internal audit organization's placement within the Contractor's organization and its reporting requirements; (ii) The audit organization's size and the experience and educational standards of its staff; (iii) The audit organization's relationship to the corporate entities of the Contractor; (iv) The standards to be used in conducting the internal audits; (v) The overall internal audit strategy of this contract, considering particularly the method of auditing costs incurred in the performance of the contract; (vi) The intended use of external audit resources; (vii) The plan for audit of subcontracts, both pre-award and post-award; and (viii) The schedule for peer review of internal audits by other Contractor internal audit organizations, or other independent third party audit entities approved by the DOE Contracting Officer.
    - (2) By each January 31 of the contract performance period, the Contractor must submit an annual audit report, providing a summary of the audit activities undertaken during the previous fiscal year. That report shall reflect the results of the internal audits during the previous fiscal year and the actions to be taken to resolve weaknesses identified in the Contractor's system of business, financial, or management controls.
    - (3) By each June 30 of the contract performance period, the Contractor must submit to the Contracting Officer an annual audit plan for the

activities to be undertaken by the internal audit organization during the next fiscal year that is designed to test the costs incurred and Contractor management systems described in the internal audit design.

- (4) The Contracting Officer may require revisions to documents submitted under paragraphs (i) (1), (i) (2), and (i) (3) of this clause, including the design plan for the internal audits, the annual report, and the annual internal audits.
- (j) *Remedies.* If at any time during contract performance, the Contracting Officer determines that unallowable costs were claimed by the Contractor to the extent of making the Contractor's management controls suspect, or the Contractor's management systems that validate costs incurred and claimed suspect, the Contracting Officer may, in his or her sole discretion, require the Contractor to cease using the special financial institution account in whole or with regard to specified accounts, requiring reimbursable costs to be claimed by periodic vouchering. In addition, the Contracting Officer, where he or she deems it appropriate, may: Impose a penalty under 48 CFR 970.5242-1, Penalties for Unallowable costs; require a refund; reduce the Contractor's otherwise earned fee; and take such other action as authorized in law, regulation, or this contract.

END OF CLAUSE

43. OBLIGATION OF FUNDS

- (a) *Obligation of Funds.* The amount presently obligated by the Government with respect to this contract is \$1,481,685,534.43. Such amount may be increased unilaterally by DOE by written notice to the Contractor and may be increased or decreased by written agreement of the parties (whether or not by formal modification of this contract). Estimated collections from others for work and services to be performed under this contract are not included in the amount presently obligated. Such collections, to the extent actually received by the Contractor, shall be processed and accounted for in accordance with applicable requirements imposed by the Contracting Officer pursuant to the Laws, regulations, and DOE directives clause of this contract. Nothing in this paragraph is to be construed as authorizing the Contractor to exceed limitations stated in financial plans established by DOE and furnished to the Contractor from time to time under this contract.
- (b) *Limitation on payment by the Government.* Except as otherwise provided in this contract and except for costs which may be incurred by the Contractor pursuant to the Termination clause of this contract, or costs of claims allowable under the contract occurring after completion or termination and not released by the Contractor at the time of financial settlement of the contract in accordance with the clause entitled "Payments and Advances," payment by the Government under this contract on account of allowable costs shall not, in the aggregate, exceed the amount obligated with respect to this contract, less the Contractor's fee and any negotiated fixed amount. Unless expressly negated in this contract, payment on account of those costs excepted in the preceding sentence which are in excess of the amount obligated with respect to this contract shall be subject to the availability of-- (1) collections accruing to the Contractor in connection with the work under this contract and processed and accounted for in accordance with applicable requirements imposed by the Contracting Officer pursuant to the Laws, regulations, and DOE directives clause of this contract; and (2) other funds which DOE may legally use for such purpose, provided DOE will use its best efforts to obtain the appropriation of funds for this purpose if not otherwise available.

(c) *Notices—Contractor excused from further performance.*

The Contractor shall notify DOE in writing whenever the unexpended balance of available funds (including collections available under paragraph (a) of this clause), plus the Contractor's best estimate of collections to be received and available during the 45 day period hereinafter specified, is in the Contractor's best judgment sufficient to continue contract operations at the programmed rate for only 45 days and to cover the Contractor's unpaid fee and any negotiated fixed amount, and outstanding encumbrances and liabilities on account of costs allowable under the contract at the end of such period. Whenever the unexpended balance of available funds (including collections available under paragraph (a) of this clause), less the amount of the Contractor's fee then earned but not paid, is in the Contractor's best judgment sufficient only to liquidate outstanding encumbrances and liabilities on account of costs allowable under this contract, the Contractor shall immediately notify DOE and shall make no further encumbrances or expenditures (except to liquidate existing encumbrances and liabilities), and, unless the parties otherwise agree, the Contractor shall be excused from further performance (except such performance as may become necessary in connection with termination by the Government) and the performance of all work hereunder will be deemed to have been terminated for the convenience of the Government in accordance with the provisions of the Termination clause of the contract.

(d) *Financial plans; cost and encumbrance limitations.* In addition to the limitations provided for elsewhere in this contract, DOE may, through financial plans, such as Approved Funding Programs, or other directives issued to the Contractor, establish controls on the costs to be incurred and encumbrances to be made in the performance of the contract work. Such plans and directives may be amended or supplemented from time to time by DOE. The Contractor agrees-- (1) To comply with the specific limitations (ceilings) on costs and encumbrances set forth in such plans and directives; (2) To comply with other requirements of such plans and directives; and (3) To notify DOE promptly, in writing, whenever it has reason to believe that any limitation on costs and encumbrances will be exceeded or substantially underrun.

(e) *Government's right to terminate not affected.* The giving of any notice under this clause shall not be construed to waive or impair any right of the Government to terminate the contract under the provisions of the Termination clause of this contract.

END OF CLAUSE

44. LIABILITY WITH RESPECT TO COST ACCOUNTING STANDARDS

- (a) The Contractor is not liable to the Government for increased costs or interest resulting from its failure to comply with the clauses of this contract entitled, "Cost Accounting Standards," and "Administration of Cost Accounting Standards," if its failure to comply with the clauses is caused by the Contractor's compliance with published DOE financial management policies and procedures or other requirements established by the Department's Chief Financial Officer or Procurement Executive.
  
- (b) The Contractor is not liable to the Government for increased costs or interest resulting from its subcontractors' failure to comply with the clauses at FAR 52.230-2, "Cost Accounting Standards," and FAR 52.230-6, "Administration of Cost Accounting Standards," if the Contractor includes in each covered subcontract a clause making the subcontractor liable to the Government for increased costs or interest resulting from the subcontractor's failure to comply with the clauses; and the Contractor seeks the subcontract price adjustment and cooperates with the Government in the Government's attempts to recover from the subcontractor.

END OF CLAUSE

45. WORK FOR OTHERS FUNDING AUTHORIZATIONS

Any uncollectible receivables resulting from the Contractor utilizing Contractor corporate funding for reimbursable work shall be the responsibility of the Contractor, and the United States Government shall have no liability to the Contractor for the Contractor's uncollectible receivables. The Contractor is permitted to provide advance payment utilizing Contractor corporate funds for reimbursable work to be performed by the Contractor for a non-Federal entity in instances where advance payment from that entity is required under the Laws, regulations, and DOE directives clause of this contract and such advance cannot be obtained. The Contractor is also permitted to provide advance payment utilizing Contractor corporate funds to continue reimbursable work to be performed by the Contractor for a Federal entity when the term or the funds on a Federal interagency agreement required under the Laws, regulations, and DOE directives clause of this contract have elapsed. The Contractor's utilization of corporate funds does not relieve the Contractor of its responsibility to comply with all requirements for Work for Others applicable to this contract.

END OF CLAUSE

46. FINANCIAL MANAGEMENT SYSTEM

The Contractor shall maintain and administer a financial management system that is suitable to provide proper accounting in accordance with DOE requirements for assets, liabilities, collections accruing to the Contractor in connection with the work under this contract, expenditures, costs, and encumbrances; permits the preparation of accounts and accurate, reliable financial and statistical reports; and assures that accountability for the assets can be maintained. The Contractor shall submit to DOE for written approval an annual plan for new financial management systems and/or subsystems and major enhancements and/or upgrades to the currently existing financial systems and/or subsystems. The Contractor shall notify DOE thirty (30) days in advance of any planned implementation of any substantial deviation from this plan and, as requested by the Contracting Officer, shall submit any such deviation to DOE for written approval before implementation.

END OF CLAUSE

47. INTEGRATED ACCOUNTING

Integrated accounting procedures are required for use under this contract. The Contractor's financial management system shall include an integrated accounting system that is linked to DOE's accounts through the use of reciprocal accounts and that has electronic capability to transmit monthly and year-end self-balancing trial balances to the Department's Primary Accounting System for reporting financial activity under this contract in accordance with requirements imposed by the Contracting Officer pursuant to the Laws, regulations, and DOE directives clause of this contract.

END OF CLAUSE

48. GOVERNMENT FACILITY SUBCONTRACT APPROVAL

Upon request of the Contracting Officer and acceptance thereof by the Contractor, the Contractor shall procure, by subcontract, the construction of new facilities or the alteration or repair of Government-owned facilities at the plant. Any subcontract entered into under this paragraph shall be subject to the written approval of the contracting Officer and shall contain the provisions relative to labor and wages required by law to be included in contracts for the construction, alteration, and/or repair, including painting and decorating, of a public building or public work.

END OF CLAUSE

49. PENALTIES FOR UNALLOWABLE COSTS

- (a) Contractors which include unallowable cost in a submission for settlement for cost incurred, may be subject to penalties.
- (b) If, during the review of a submission for settlement of costs incurred, the Contracting Officer determines that the submission contains an expressly unallowable cost or a cost determined to be unallowable prior to the submission, the Contracting Officer shall assess a penalty.
- (c) Unallowable costs are either expressly unallowable or determined unallowable.
  - (1) An expressly unallowable cost is a particular item or type of cost which, under the express provisions of an applicable law, regulation, or this contract, is specifically named and stated to be unallowable.
  - (2) A cost determined unallowable is one which, for that Contractor--
    - (i) Was subject to a Contracting Officer's final decision and not appealed;
    - (ii) The Civilian Board of Contract Appeals or a court has previously ruled as unallowable; or
    - (iii) Was mutually agreed to be unallowable.
- (d) If the Contracting Officer determines that a cost submitted by the Contractor in its submission for settlement of cost incurred is--
  - (1) Expressly unallowable, then the Contracting Officer shall assess a penalty in the amount equal to the disallowed cost allocated to the contract plus interest on the paid portion of the disallowed cost. Interest shall be computed from the date of overpayment to the date of repayment using the interest rate specified by the Secretary of the Treasury pursuant to Pub. L. 92-41 (85 Stat. 97); or
  - (2) Determined unallowable, then the Contracting

Officer shall assess a penalty in the amount equal to two times the amount of disallowed cost allocated to this contract.

- (e) The Contracting Officer may waive the penalty provisions when--
- (1) The Contractor withdraws the submission before the formal initiation of an audit of the submission and submits a revised submission;
  - (2) The amount of the unallowable costs allocated to covered contracts is \$10,000 or less; or
  - (3) the Contractor demonstrates to the Contracting Officer's satisfaction that--
    - (i) It has established appropriate policies, personnel training, and an internal control and review system that provides assurances that unallowable costs subject to penalties are precluded from the Contractor's submission for settlement of costs; and
    - (ii) The unallowable costs subject to the penalty were inadvertently incorporated into the submission.

END OF CLAUSE

50. CHANGES

- (a) Changes and adjustment of fee. The Contracting Officer may at any time and without notice to the sureties, if any, issue written directions within the general scope of this contract requiring additional work or directing the omission of, or variation in, work covered by this contract. If any such direction results in a material change in the amount or character of the work described in the "Statement of Work," an equitable adjustment of the fee, if any, shall be made in accordance with the agreement of the parties and the contract shall be modified in writing accordingly. Any claim by the Contractor for an adjustment under this clause must be asserted in writing within 30 days from the date of receipt by the Contractor of the notification of change; provided, however, that the Contracting Officer, if it is determined that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. A failure to agree on an equitable adjustment under this clause shall be deemed to be a dispute within the meaning of the clause entitled "Disputes."
- (b) Work to continue. Nothing contained in this clause shall excuse the Contractor from proceeding with the prosecution of the work in accordance with the requirements of any direction hereunder.

END OF CLAUSE

51. CONTRACTOR PURCHASING SYSTEM

- (a) *General.* The Contractor shall develop, implement, and maintain formal policies, practices, and procedures to be used in the award of subcontracts consistent with this clause and 48 CFR 970.44. The Contractor's purchasing system and methods shall be fully documented, consistently applied, and acceptable to Department Of Energy (DOE) in accordance with 48 CFR 970.4401-1. The Contractor shall maintain file documentation which is appropriate to the value of the purchase and is adequate to establish the propriety of the transaction and the price paid. The Contractor's purchasing performance will be evaluated against such performance criteria and measures as may be set forth elsewhere in this contract. DOE reserves the right at any time to require that the Contractor submit for approval any or all purchases under this contract. The Contractor shall not purchase any item or service the purchase of which is expressly prohibited by the written direction of DOE and shall use such special and directed sources as may be expressly required by the DOE Contracting Officer. DOE will conduct periodic appraisals of the Contractor's management of all facets of the purchasing function, including the Contractor's compliance with its approved systems and methods. Such appraisals will be performed through the conduct of Contractor Purchasing System Reviews in accordance with 48 CFR subpart 44.3, or, when approved by the Contracting Officer, through the Contractor's participation in the conduct of the Balanced Scorecard performance measurement and performance management system. The Contractor's approved purchasing system and methods shall include the requirements set forth in paragraphs (b) through (y) of this clause.
- (b) *Acquisition of Utility Service.* Utility services shall be acquired in accordance with the requirements of 48 CFR 970.41.
- (c) *Acquisition of Real Property.* Real property shall be acquired in accordance with 48 CFR Subpart 917.74.
- (d) *Advance Notice of Proposed Subcontract Awards.* Advance notice shall be provided in accordance with 48 CFR 970.4401-3.
- (e) *Audit of Subcontractors.*

- (1) The Contractor shall provide for--
  - (i) Periodic post-award audit of cost-reimbursement subcontractors at all tiers; and
  - (ii) Audits, where necessary, to provide a valid basis for pre-award or cost or price analysis.
- (2) Responsibility for determining the costs allowable under each cost-reimbursement subcontract remains with the Contractor or next higher-tier subcontractor. The Contractor shall provide, in appropriate cases, for the timely involvement of the Contractor and the DOE Contracting Officer in resolution of subcontract cost allowability.
- (3) Where audits of subcontractors at any tier are required, arrangements may be made to have the cognizant Federal agency perform the audit of the subcontract. These arrangements shall be made administratively between DOE and the other agency involved and shall provide for the cognizant agency to audit in an appropriate manner in light of the magnitude and nature of the subcontract. In no case, however, shall these arrangements preclude determination by the DOE Contracting Officer of the allowability or unallowability of subcontractor costs claimed for reimbursement by the Contractor.
- (4) Allowable costs for cost reimbursable subcontracts are to be determined in accordance with the cost principle of 48 CFR Part 31, appropriate for the type of organization to which the subcontract is to be awarded, as supplemented by 48 CFR Part 931. Allowable costs in the purchase or transfer from contractor-affiliated sources shall be determined in accordance with 48 CFR 970.4402-3 and 48 CFR 31.205-26(e).

(f) *Bonds and Insurance.*

- (1) The Contractor shall require performance bonds in penal amounts as set forth in 48 CFR 28.102-2(a) for all fixed priced and unit-priced construction subcontracts in excess of \$100,000. The Contractor shall consider the use of performance

bonds in fixed price nonconstruction subcontracts, where appropriate.

- (2) For fixed-price, unit-priced and cost reimbursement construction subcontracts in excess of \$100,000 a payment bond shall be obtained on Standard Form 25A modified to name the Contractor as well as the United States of America as obligees. The penal amounts shall be determined in accordance with 48 CFR 28.102-2(b).
  - (3) For fixed-price, unit-priced and cost reimbursement construction subcontracts greater than \$25,000, but not greater than \$100,000, the Contractor shall select two or more of the payment protections at 48 CFR 28.102-1(b), giving particular consideration to the inclusion of an irrevocable letter of credit as one of the selected alternatives.
  - (4) A subcontractor may have more than one acceptable surety in both construction and other subcontracts, provided that in no case will the liability of any one surety exceed the maximum penal sum for which it is qualified for any one obligation. For subcontracts other than construction, a co-surety (two or more sureties together) may reinsure amounts in excess of their individual capacity, with each surety having the required underwriting capacity that appears on the list of acceptable corporate sureties.
- (g) *Buy American.* The Contractor shall comply with the provisions of the Buy American Act as reflected in 48 CFR 52.225-1 and 48 CFR 52.225-9. The Contractor shall forward determinations of nonavailability of individual items to the DOE Contracting Officer for approval. Items in excess of \$100,000 require the prior concurrence of the Head of Contracting Activity. If however, the Contractor has an approved purchasing system, the Head of the Contracting Activity may authorize the Contractor to make determinations of nonavailability for individual items valued at \$100,000 or less.
- (h) *Construction and Architect-Engineer Subcontracts.*
- (1) *Independent Estimates.* A detailed, independent estimate of costs shall be prepared for all construction work to be subcontracted.

(2) *Specifications.* Specifications for construction shall be prepared in accordance with the DOE publication entitled "General Design Criteria Manual."

(3) *Prevention of Conflict of Interest.*

(i) The Contractor shall not award a subcontract for construction to the architect-engineer firm or an affiliate that prepared the design. This prohibition does not preclude the award of a "turnkey" subcontract so long as the subcontractor assumes all liability for defects in design and construction and consequential damages.

(ii) The Contractor shall not award both a cost-reimbursement subcontract and a fixed-price subcontract for construction or architect-engineer services or any combination thereof to the same firm where those subcontracts will be performed at the same site.

(iii) The Contractor shall not employ the construction subcontractor or an affiliate to inspect the firm's work. The Contractor shall assure that the working relationships of the construction subcontractor and the subcontractor inspecting its work and the authority of the inspector are clearly defined.

(i) *Contractor-Affiliated Sources.* Equipment, materials, supplies, or services from a contractor-affiliated source shall be purchased or transferred in accordance with 48 CFR 970.4402-3.

(j) *Contractor-Subcontractor Relationship.* The obligations of the Contractor under paragraph (a) of this clause, including the development of the purchasing system and methods, and purchases made pursuant thereto, shall not relieve the Contractor of any obligation under this contract (including, among other things, the obligation to properly supervise, administer, and coordinate the work of subcontractors). Subcontracts shall be in the name of the Contractor, and shall not bind or purport to bind the Government.

- (k) *Government Property.* Identification, inspection, maintenance, protection, and disposition of Government property shall conform with the policies and principles of 48 CFR Part 45, 48 CFR 945, the Federal Property Management Regulations 41 CFR Chapter 101, the DOE Property Management Regulations 41 CFR Chapter 109, and their contracts.
- (l) *Indemnification.* Except for Price-Anderson Nuclear Hazards Indemnity, no subcontractor may be indemnified except with the prior approval of the Senior Procurement Executive.
- (m) *Leasing of Motor Vehicles.* Contractors shall comply with 48 CFR 8.11 and 48 CFR 908.11.
- (n) *Reserved*
- (o) *Management, Acquisition and Use of Information Resources.* Requirements for automatic data processing resources and telecommunications facilities, services, and equipment, shall be reviewed and approved in accordance with applicable DOE Orders and regulations regarding information resources.
- (p) *Priorities, Allocations and Allotments.* Priorities, allocations and allotments shall be extended to appropriate subcontracts in accordance with the clause or clauses of this contract dealing with priorities and allocations.
- (q) *Purchase of Special Items.* Purchase of the following items shall be in accordance with the following provisions of 48 CFR subpart 8.5, 48 CFR subpart 908.71, Federal Management Regulation 41 CFR part 102, and the Federal Property Management Regulations, 41 CFR chapter 101:
- (1) Motor Vehicles--48 CFR 908.7101
  - (2) Aircraft--48 CFR 908.7102
  - (3) Security Cabinets--48 CFR 908.7106
  - (4) Alcohol--48 CFR 908.7107
  - (5) Helium--48 CFR subpart 908.7108
  - (6) Fuels and packaged petroleum products--48 CFR 908.7109
  - (7) Coal--48 CFR 908.7110
  - (8) Arms and Ammunition--48 CFR 908.7111
  - (9) Heavy Water--48 CFR 908.7121(a)
  - (10) Precious Metals--48 CFR 908.7121(b)
  - (11) Lithium--48 CFR 908.7121(c)

- (12) Products and services of the blind and severely handicapped--41 CFR 101-26.701
- (r) *Purchase vs. Lease Determinations.* Contractors shall determine whether required equipment and property should be purchased or leased, and establish appropriate thresholds for application of lease vs. purchase determinations. Such determinations shall be made--
- (1) At time of original acquisition;
  - (2) When lease renewals are being considered; and
  - (3) At other times as circumstances warrant.
- (s) *Quality Assurance.* Contractors shall provide no less protection for the Government in its subcontracts than is provided in the prime contract.
- (t) *Setoff of Assigned Subcontractor Proceeds.* Where a subcontractor has been permitted to assign payments to a financial institution, the assignment shall treat any right of setoff in accordance with 48 CFR 932.803.
- (u) *Strategic and Critical Materials.* The Contractor may use strategic and critical materials in the National Defense Stockpile.
- (v) *Termination.* When subcontracts are terminated as a result of the termination of all or a portion of this contract, the Contractor shall settle with subcontractors in conformity with the policies and principles relating to settlement of prime contracts in 48 CFR subparts 49.1, 49.2 and 49.3. When subcontracts are terminated for reasons other than termination of this contract, the Contractor shall settle such subcontracts in general conformity with the policies and principles in 48 CFR subparts 49.1, 49.2, 49.3 and 49.4. Each such termination shall be documented and consistent with the terms of this contract. Terminations which require approval by the Government shall be supported by accounting data and other information as may be directed by the Contracting Officer.
- (w) *Unclassified Controlled Nuclear Information.* Subcontracts involving unclassified uncontrolled nuclear information shall be treated in accordance with 10 CFR Part 1017.

(x) *Subcontract Flowdown Requirements.* In addition to the terms and conditions that are included in the prime contract which direct application of such terms and conditions in appropriate subcontracts, the Contractor shall include the following clauses in subcontracts, as applicable:

- (1) Davis Bacon clauses prescribed in 48 CFR 22.407.
- (2) Foreign Travel clause prescribed in 48 CFR 952.247-70.
- (3) Counterintelligence clause prescribed in 48 CFR 970.0404-4(a).
- (4) Service Contract Act clauses prescribed in 48 CFR 22.1006.
- (5) State and local taxes clause prescribed in 48 CFR 970.2904-1.
- (6) Cost or pricing data clauses prescribed in 48CFR 970.1504-3-1(b).

(y) *Legal Services.* Contractor purchases of litigation and other legal services are subject to the requirements in 10 CFR part 719 and the requirements of this clause.

END OF CLAUSE

52. PROPERTY

- (a) *Furnishing of Government property.* The Government reserves the right to furnish any property or services required for the performance of the work under this contract.
- (b) *Title to property.* Except as otherwise provided by the Contracting Officer, title to all materials, equipment, supplies, and tangible personal property of every kind and description purchased by the Contractor, for the cost of which the Contractor is entitled to be reimbursed as a direct item of cost under this contract, shall pass directly from the vendor to the Government. The Government reserves the right to inspect, and to accept or reject, any item of such property. The Contractor shall make such disposition of rejected items as the Contracting Officer shall direct. Title to other property, the cost of which is reimbursable to the Contractor under this contract, shall pass to and vest in the Government upon (1) issuance for use of such property in the performance of this contract, or (2) commencement of processing or use of such property in the performance of this contract, or (3) reimbursement of the cost thereof by the Government whichever first occurs. Property furnished by the Government and property purchased or furnished by the Contractor, title to which vests in the Government, under this paragraph are hereinafter referred to as Government property. Title to Government property shall not be affected by the incorporation of the property into or the attachment of it to any property not owned by the Government, nor shall such Government property or any part thereof, be or become a fixture or lose its identity as personality by reason of affixation to any realty.
- (c) *Identification.* To the extent directed by the Contracting Officer, the Contractor shall identify Government property coming into the Contractor's possession or custody, by marking and segregating in such a way, satisfactory to the Contracting Officer, as shall indicate its ownership by the Government.
- (d) *Disposition.* The Contractor shall make such disposition of Government property which has come into the possession or custody of the Contractor under this

contract as the Contracting Officer may direct during the progress of the work or upon completion or termination of this contract. The Contractor may, upon such terms and conditions as the Contracting Officer may approve, sell, or exchange such property, or acquire such property at a price agreed upon by the Contracting Officer and the Contractor as the fair value thereof.

The amount received by the Contractor as the result of any disposition, or the agreed fair value of any such property acquired by the Contractor, shall be applied in reduction of costs allowable under this contract or shall be otherwise credited to account to the Government, as the Contracting Officer may direct. Upon completion of the work or the termination of this contract, the Contractor shall render an accounting, as prescribed by the Contracting Officer, of all government property which had come into the possession or custody of the Contractor under this contract.

(e) *Protection of government property--management of high-risk property and classified materials.*

- (1) The Contractor shall take all reasonable precautions, and such other actions as may be directed by the Contracting Officer, or in the absence of such direction, in accordance with sound business practice, to safeguard and protect government property in the Contractor's possession or custody.
- (2) In addition, the Contractor shall ensure that adequate safeguards are in place, and adhered to, for the handling, control and disposition of high-risk property and classified materials throughout the life cycle of the property and materials consistent with the policies, practices and procedures for property management contained in the Federal Property Management Regulations (41 CFR chapter 101), the Department of Energy (DOE) Property Management Regulations (41 CFR chapter 109), and other applicable Regulations.
- (3) High-risk property is property, the loss, destruction, damage to, or the unintended or premature transfer of which could pose risks to the public, the environment, or the national security interests of the United States. High-risk property includes proliferation sensitive,

nuclear related dual use, export controlled, chemically or radioactively contaminated, hazardous, and specially designed and prepared property, including property on the militarily critical technologies list.

(f) *Risk of loss of Government property.*

- (1) (i) The Contractor shall not be liable for the loss or destruction of, or damage to, Government property unless such loss, destruction, or damage was caused by any of the following--
    - (A) Willful misconduct or lack of good faith on the part of the Contractor's managerial personnel;
    - (B) Failure of the Contractor's managerial personnel to take all reasonable steps to comply with any appropriate written direction of the Contracting Officer to safeguard such property under paragraph (e) of this clause; or
    - (C) Failure of Contractor managerial personnel to establish, administer, or properly maintain an approved property management system in accordance with paragraph (i)(1) of this clause.
  - (ii) If, after an initial review of the facts, the Contracting Officer informs the Contractor that there is reason to believe that the loss, destruction of, or damage to the government property results from conduct falling within one of the categories set forth above, the burden of proof shall be upon the Contractor to show that the Contractor should not be required to compensate the government for the loss, destruction, or damage.
- (2) In the event that the Contractor is determined liable for the loss, destruction or damage to Government property in accordance with (f)(1) of this clause, the Contractor's compensation to the Government shall be determined as follows:

- (i) For damaged property, the compensation shall be the cost of repairing such damaged property, plus any costs incurred for temporary replacement of the damaged property. However, the value of repair costs shall not exceed the fair market value of the damaged property. If a fair market value of the property does not exist, the Contracting Officer shall determine the value of such property, consistent with all relevant facts and circumstances.
  - (ii) For destroyed or lost property, the compensation shall be the fair market value of such property at the time of such loss or destruction, plus any costs incurred for temporary replacement and costs associated with the disposition of destroyed property. If a fair market value of the property does not exist, the Contracting Officer shall determine the value of such property, consistent with all relevant facts and circumstances.
- (3) The portion of the cost of insurance obtained by the Contractor that is allocable to coverage of risks of loss referred to in paragraph (f)(1) of this clause is not allowable.
- (g) *Steps to be taken in event of loss.* In the event of any damage, destruction, or loss to Government property in the possession or custody of the Contractor with a value above the threshold set out in the Contractor's approved property management system, the Contractor:
- (1) Shall immediately inform the Contracting Officer of the occasion and extent thereof,
  - (2) Shall take all reasonable steps to protect the property remaining, and
  - (3) Shall repair or replace the damaged, destroyed, or lost property in accordance with the written direction of the Contracting Officer. The Contractor shall take no action prejudicial to the right of the Government to recover therefore, and shall furnish to the Government, on request, all reasonable assistance in obtaining recovery.

- (h) *Government property for Government use only.*  
Government property shall be used only for the performance of this contract.
- (i) Property Management.
  - (1) *Property Management System.*
    - (i) The Contractor shall establish, administer, and properly maintain an approved property management system of accounting for control, utilization, maintenance, repair, protection, preservation, and disposition of Government property in its possession under the contract. The Contractor's property management system shall be submitted to the Contracting Officer for approval and shall be maintained and administered in accordance with sound business practice, applicable Federal Property Management Regulations and Department of Energy Property Management Regulations, and such directives or instructions which the Contracting Officer may from time to time prescribe.
    - (ii) In order for a property management system to be approved, it must provide for--
      - (A) Comprehensive coverage of property from the requirement identification, through its life cycle, to final disposition;
      - (B) Employee personal responsibility and accountability for Government-owned property;
      - (C) Full integration with the Contractor's other administrative and financial systems; and
      - (D) A method for continuously improving property management practices through the identification of best practices established by "best in class" performers.
    - (iii) Approval of the Contractor's property management system shall be contingent upon the completion of the baseline inventory as

provided in subparagraph (i)(2) of this clause.

(2) *Property Inventory.*

- (i) Unless otherwise directed by the Contracting Officer, the Contractor shall within six months after execution of the contract provide a baseline inventory covering all items of Government property.
  - (ii) If the Contractor is succeeding another Contractor in the performance of this contract, the Contractor shall conduct a joint reconciliation of the property inventory with the predecessor Contractor. The Contractor agrees to participate in a joint reconciliation of the property inventory at the completion of this contract. This information will be used to provide a baseline for the succeeding contract as well as information for closeout of the predecessor contract.
- (j) The term "contractor's managerial personnel" as used in this clause means the Contractor's directors, officers and any of its managers, superintendents, or other equivalent representatives who have supervision or direction of--
- (1) All or substantially all of the Contractor's business; or
  - (2) All or substantially all of the Contractor's operations at any one facility or separate location to which this contract is being performed; or
  - (3) A separate and complete major industrial operation in connection with the performance of this contract; or
  - (4) A separate and complete major construction, alteration, or repair operation in connection with performance of this contract; or
  - (5) A separate and discrete major task or operation in connection with the performance of this contract.

(k) The Contractor shall include this clause in cost reimbursable contracts.

END OF CLAUSE

Part III  
Section J

October 1, 2010

List of Attachments

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**LIST B**

**BASELINE LIST OF APPLICABLE DIRECTIVES**

(Reference Section I Clause 970.5204-2)

**9-29-10**

The DOE Directives can be found at the following Internet address:

<http://www.explorer.doe.gov:1776/htmls/directives.html>

ORDER NO.	SUBJECT
110.3A	CONFERENCE MANAGEMENT
130.1	BUDGET FORMULATION
135.1A	BUDGET EXECUTION-FUNDS DISTRIBUTION AND CONTROL
137.1A	PLAN FOR OPERATING IN THE EVENT OF A LAPSE IN APPROPRIATIONS
142.1	CLASSIFIED VISITS INVOLVING FOREIGN NATIONALS
142.3	UNCLASSIFIED FOREIGN VISITS AND ASSIGNMENTS PROGRAM
144.1	DEPARTMENT OF ENERGY AMERICAN INDIAN TRIBAL GOVERNMENT INTERACTIONS AND POLICY
151.1C	COMPREHENSIVE EMERGENCY MANAGEMENT SYSTEM
200.1A	INFORMATION TECHNOLOGY MANAGEMENT
203.1	LIMITED PERSONAL USE OF GOVERNMENT OFFICE EQUIPMENT INCLUDING INFORMATION TECHNOLOGY
205.1A	DEPARTMENT OF ENERGY CYBER SECURITY MANAGEMENT
221.1A	REPORTING FRAUD, WASTE, AND ABUSE TO THE OFFICE OF INSPECTOR GENERAL
221.2A	COOPERATION WITH THE OFFICE OF INSPECTOR GENERAL
225.1A	ACCIDENT INVESTIGATIONS
231.1A	ENVIRONMENT, SAFETY, AND HEALTH REPORTING
241.1A	SCIENTIFIC AND TECHNICAL INFORMATION MANAGEMENT
251.1C	DEPARTMENTAL DIRECTIVES PROGRAM
311.1B	EQUAL EMPLOYMENT OPPORTUNITY AND DIVERSITY PROGRAM
350.1	CONTRACTOR HUMAN RESOURCE MANAGEMENT PROGRAMS
410.1	RESPONSIBILITIES REGARDING NUCLEAR SCENTRAL TECHNICAL AUTHORITY SAFETY REQUIREMENTS
410.2	MANAGEMENT OF NUCLEAR MATERIALS
413.1B	INTERNAL CONTROL PROGRAM
413.3A	PROGRAM AND PROJECT MANAGEMENT FOR THE ACQUISITION OF A

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	CAPITAL ASSETS
414.1C	QUALITY ASSURANCE
420.1B	FACILITY SAFETY
420.2B	SAFETY OF ACCELERATOR FACILITIES
426.2	PERSONNEL SELECTION, TRAINING, QUALIFICATION, AND CERTIFICATION REQUIREMENTS FOR DOE NUCLEAR FACILITIES
430.1B	REAL PROPERTY ASSET MANAGEMENT
430.2B	DEPARTMENTAL ENERGY RENEWABLE ENERGY AND TRANSPORTATION MANAGEMENT
435.1	RADIOACTIVE WASTE MANAGEMENT
440.1B	WORKER PROTECTION PROGRAM FOR DOE (INCLUDING THE NATIONAL NUCLEAR SECURITY ADMINISTRATION) FEDERAL EMPLOYEES
440.2B	AVIATION MANAGEMENT AND SAFETY
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450.1A	ENVIRONMENTAL PROTECTION PROGRAM
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460.1C	PACKAGING AND TRANSPORTATION SAFETY
460.2A	DEPARTMENTAL MATERIALS TRANSPORTATION AND PACKAGING MANAGEMENT
461.1A	PACKAGING AND TRANSFER OR TRANSPORTATION OF MATERIALS OF NATIONAL SECURITY INTEREST
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470.3B	GRADED SECURITY PROTECTION (GSP) POLICY
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471.1B	IDENTIFICATION AND PROTECTION OF UNCLASSIFIED CONTROLLED NUCLEAR INFORMATION
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475.1	COUNTERINTELLIGENCE PROGRAM
475.2	IDENTIFYING CLASSIFIED INFORMATION
522.1	PRICING OF DEPARTMENTAL MATERIALS AND SERVICES
534.1B	ACCOUNTING

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3731.1	SUITABILITY, POSITION SENSITIVITY DESIGNATIONS, AND RELATED PERSONNEL MATTERS
5400.5 Chg 2	RADIATION PROTECTION OF THE PUBLIC AND ENVIRONMENT
5639.8A	SECURITY OF FOREIGN INTELLIGENCE INFORMATION AND SENSITIVE COMPARTMENTED INFORMATION FACILITIES
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**NAVAL REACTOR DOE ORDER  
IMPLEMENTATION BULLETINS**

<b>IB NUMBER</b>	<b>SUBJECT</b>	<b>DATE</b>
IB 142.1-28 Rev 2	Unclassified Foreign Visits and Assignments	11-14-02
IB 144.1-117 Rev 0	DEPARTMENT OF ENERGY AMERICAN INDIAN TRIBAL GOVERNMENT INTERACTIONS AND POLICY	01-13-10
IB 151.1C-103 Rev 1	Comprehensive Emergency Management System	09-24-10
IB 203.1-106 Rev 0	Limited Personal Use of Government Office Equipment Including Information Technology	03-09-06
IB 205.1 and IB for Notices 205.8 through 205.12 Rev 0	Cyber Security Management	03-10-05
IB 225.1-95 Rev 2	Accident Investigation	04-18-08
IB 231.1-A-94 Rev 1	Environment, Safety, and Health Reporting	04-29-05
IB 241.1-73 Rev 0	Scientific and Technical Information Management	02-01-00
IB 410.1-114 Rev 0	CENTRAL TECHNICAL AUTHORITY RESPONSIBILITIES REGARDING NUCLEAR SAFETY REQUIREMENTS	04-12-10
IB 410.2-91 Rev 0	MANAGEMENT OF NUCLEAR MATERIALS	04-06-98
IB 413.3A-109 Rev 1	Program and Project Management for the Acquisition of Capital Assets	03-19-08
IB 414.1C-86 Rev 2	Quality Assurance	08-02-05
IB 420.1B-81 Rev 2	Facility Safety	12-31-08
IB 420.2-88 Rev 1	SAFETY OF ACCELERATOR FACILITIES	12-07-98

IB 430.1 Rev 0	Life Cycle Asset Management	08-11-98
IB 430.1B-100 Rev 0	REAL PROPERTY ASSET MANAGEMENT	08-11-98
IB 430.2B-99 Rev 0	DEPARTMENTAL ENERGY RENEWABLE ENERGY AND TRANSPORTATION MANAGEMENT	07-17-98
IB 435.1-6 Rev 1	Radioactive Waste Management	08-10-00
IB 440.1B-93 Rev 1	Worker Protection Management for DOE Federal and Contractor Employees	07-24-98
IB 440.1-96 Rev 0	Interim Chronic Beryllium Disease Prevention Program	09-15-97
IB 440.2B-80 Rev 2	Aviation Management and Safety	08-14-03
IB 450.1A-9 Rev 2	Environmental Protection Program	10-27-08
IB 451.1B-101 REV 1	National Environmental Policy Act Compliance Program	07-09-08
IB 456.1-117 REV 0	Safe Handling of Unbound Engineered Nanoparticles	03-03-09
IB 460.1-97 Rev 1	Packaging and Transportation Safety	09-21-10
IB 460.2A-98 Rev 1	Departmental Materials Transportation and Packaging Management	07-30-08
IB 461.1-102 Rev 0	Packaging And Transfer Or Transportation Of Materials Of National Security Interest	03-28-01
IB 462.1-116 Rev 0	Import and Export of Category 1 and 2 Radioactive Sources and Aggregated quantities	01-07-09
IB 470.4A-24 Rev 1	Safeguards and Security	04-16-96
IB 470.3A-110 Rev 0	Design Basis Threat Policy	12-7-07
IB 470.4-6-25 Rev 5	Nuclear Material Control and Accountability	01-26-07

IB 471.1A-8 Rev 3	Identification and Protection of Unclassified Controlled Nuclear Information (UCNI)	06-29-01
IB 471.2-65 Rev 0	Classified Information Systems Security Manual	02-04-00
IB 471.3-113	Identifying and Protecting Official Use Only Information	07/10/08
IB 475.1-76 Rev 0	Counterintelligence Program	12-16-92
IB 475.1-1-66 Rev 3	Identifying Classified Information	03-25-09
IB 551.1B-45 Rev 3	Official Foreign Travel	11-13-03
IB 1373.1-47 Rev 0	Suitability, Position Sensitivity Designations, And Related Personnel Matters	01-02-92
IB 1450.4-68 Rev 0	Consensual Listening-In To or Recording Telephone/Radio Conversations	02-05-96
IB 5400.5-19 Rev 0	Radiation Protection Of The Public And Environment	01-10-91
IB 5639.8A-44 Rev 2	Security Of Foreign Intelligence Information And Sensitive Compartmented Information Facilities	01-19-95
IB 5670.1A-43 Rev 1	Management and Control of Foreign Intelligence	10-13-92

### **LIST OF POLICIES**

<u>Policy Number</u>	<u>Description</u>
141.1	Department of Energy Management of Cultural Resources
430.1	Land and Facility Use Planning
443.1A	Protection of Human Subjects

### **LIST OF MANUALS**

<u>Manual Number</u>	<u>Description</u>
200.1-1 Chapter 9	Public Key Cryptography and Key Management
205.1-3	Telecommunication Security Manual
470.4-6	Nuclear Material Control and Accountability
471.2-1C	Manual for Classified Matter Protection and Control
473.1-1	Physical Protection Program Manual
473.2-1A	Firearms Qualification Courses Manual
473.2-2	Protective Force Program Manual
475.1-1 Series	Manual for Identifying Classified Information

## ACCOUNTING PRACTICES AND PROCEDURES HANDBOOK

Chapter X

Product Cost Accounting

### LIST OF NOTICES

<u>Notice Number</u>	<u>Description</u>
205.8	Cyber Security Requirements for Wireless Devices and Information Systems
205.9	Certification and Accreditation Process for Information Systems Including National Security Systems
205.10	Cyber Security Requirements for Risk Management
205.11	Security Requirements for Remote Access to DOE and Applicable Contractor Information Technology Systems
205.12	Clearing, Sanitization, and Destroying Information System Storage Media, Memory Devices and other Related Hardware
205.3	Password Generation, Protection, and Use
221.15	Reporting Fraud, Waste, and Abuse
450.4	Assignment of Responsibilities for Executive Order 13148, Greening the Government Through Leadership in Environmental Management
456.1	Safe Handling of Unbound Engineered Nanoparticles
473.8	Security Conditions

### **LIST OF EXECUTIVE ORDERS**

**Executive Orders can be found at the following Internet address:  
<http://library.whitehouse.gov/?request=ExecutiveOrder>**

Executive Order 12843, Procurement Requirements and Policies for Federal Agencies for Ozone-Depleting Substances

Executive Order 12898, Federal Actions To Address Environmental Justice In Minority Populations and Low-Income Populations

Executive Order 13058, Protecting Federal Employees and the Public from Exposure to Tobacco Smoke in the Federal Workplace

Executive Order 13423, Strengthening Federal Environmental, Energy, and Transportation Management

Executive Order 13496, Notification of Employee Rights Under Federal Labor Laws

**Note: This list of applicable directives may not be all inclusive since the Contracting Officer may from time to time update the list by unilateral modification to the contract to add, modify, or delete specific requirements in accordance with paragraph (b) of DEAR 970.5204-2. Naval Reactor Implementation Bulletins provide guidance to the contractor on how to implement orders for specific application to the Naval Nuclear Program. Guidance on implementation by the contractor of certain aspects of directives and executive orders may also be contained in written statements or memoranda that evidence understandings reached by the Government and the contractor in those areas.**

# Bechtel Marine Propulsion Corporation (BMPC)

## Master Subcontracting Plan

Contract No. DE- NR0000031

This Master Subcontracting Plan is submitted by Bechtel Marine Propulsion Corporation, 50 Beale Street, San Francisco, CA 94105-1895 in accordance with the requirements of Federal Acquisition Regulation (FAR) Article 52.219-9, Small Business Subcontracting Plan. The term of this Master Subcontracting Plan shall be concurrent with the Initial Operating Phase of February 1 2009 through September 30, 2013 for Contract No. DE- NR0000031. Subcontracting goals will be updated annually via individual addenda.

**Plan submitted** Bechtel Marine Propulsion Corporation

by:

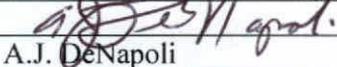
Signature: 

Typed Name: John G. Byrne

Title: Program Director - Prime Contracts, Financial Services

Date: 9/22/2009

**Plan accepted by:** Naval Reactors Laboratory Field Office

Signature: 

Typed Name: A.J. DeNapoli

Title: Assistant Director, Contracts

Date: 9/22/2009

**Bechtel Marine Propulsion Corporation (BMPC)**  
**Master Subcontracting Plan**  
**Contract No. DE-NR0000031**

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This master subcontracting plan describes our approach to involving Small Business (SB), including Alaskan Native Corporations (ANC) and Indian Tribes, Veteran-Owned SB (VOSB), Service Disabled Veteran-Owned SB (SDVOSB), HUBZone SB (HUBZone), Small Disadvantaged Business (SDB), and Women-Owned SB (WOSB) concerns to the maximum extent practicable in work at the Bettis Atomic Power Laboratory (Bettis) and the Knolls Atomic Power Laboratory (KAPL).

We support DOE's strong, long-term commitment to diversity. We believe that diversity is much more than affirmative action in the workplace. For us, it is an operating principle of management that plays a key role in our success. Our belief in diversity - transformed into action - provides us with a competitive advantage over other organizations, both in the workplace and in the business community. Diversity in subcontracting provides vital links to the local community, increases our flexibility in meeting project goals, strengthens the local economy, creates new opportunities, is cost effective, and represents best business practices.

We have a long-established record of involving SB concerns in meaningful roles in government and commercial contracting. By building on our experience and by setting challenging goals, we have made SB participation and development an integral part of our approach to project execution. We will follow this approach at Bettis and KAPL.

In executing the Bettis and KAPL scope of work, we will comply with DFAR 252.219-7003, FAR 52.219-8 and 52.219-9, prime contract requirements, and current DOE policies and practices. Our policy is to aggressively encourage SB participation to the maximum extent practicable consistent with efficient performance of the Bettis and KAPL scopes of work. All procurements are reviewed to identify opportunities for including SB suppliers and contractors, developing good working relationships with them, and encouraging them to offer their products and services.

### **1. and 2. Goals (Percentages and Dollar Values)**

Each annual plan (see attached) shall include the goals expressed in terms of percentages of total planned subcontracting dollars and dollar values for that fiscal year for the use of SB, VOSB, SOVOSB, HUBZone SB, SOB, and WOSB concerns.

### **3. Potential Subcontracting Opportunities for Small Business**

Principal categories of subcontracting opportunities and the dollar value that will be made available for SB concerns will be shown on an annual basis. As additional opportunities are identified, an effort will be made to enlist SB for that work scope.

**Bechtel Marine Propulsion Corporation (BMPC)**  
**Master Subcontracting Plan**  
**Contract No. DE-NR0000031**

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#### **4. Method Used to Develop Subcontracting Goals**

To establish our subcontracting goals and commitments, we gathered available Bettis and KAPL information, forecast probable acquisition needs, and analyzed project estimates. We also used our Naval Reactors Program experience to determine potential requirements and contingencies. Our subcontracting goals are both realistic and attainable.

#### **5. Methods Used to Identify Potential Sources for Solicitation**

We continually identify and review potential sources of supplies and services, including but not limited to, the following:

- Online access to the Central Contractor Registration (CCR) and the Online Representations and Certifications (ORCA) databases;
- Access to Bechtel's corporate proprietary Supplier Information System, which includes past performance data;
- Veteran service organizations;
- The Minority Business Development Agency in the Department of Commerce
- VOSB, SOVOSB, SOB, HUBZone SB, and WOSB trade associations;
- Various directories and source lists such as the
  - Small Business Administration Dynamic Small Business Search and HUBZone Search
  - Local U.S. Small Business Administration listings;
  - National Association of Minority Contractors;
  - Dun & Bradstreet DNBi Supply Management application;
  - Funded Organizations of the U.S. Minority Business Development Agency, including the Minority Business Opportunity Centers (MBOC), the Minority Business Enterprise Centers (MBEC), and Native American Business Enterprise Centers (NABEC);
  - 8(a) Sources - The comprehensive source for current information on federally-certified minority and woman-owned businesses ([www.sba8a.com](http://www.sba8a.com));-and
- Bechtel, Bechtel National, Inc., and Bechtel Marine Propulsion Corporation (BMPC) small business fairs and forums designed to attract additional SB sources.

#### **6. Indirect Costs**

Indirect costs are not included in the goals under this plan.

**Bechtel Marine Propulsion Corporation (BMPC)  
Master Subcontracting Plan  
Contract No. DE-NR0000031**

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### **7. Administrator of Subcontracting Plan**

Robert Dalton - Program Leader, BMPC Acquisition Management is the individual who is responsible for the administration of this subcontracting plan. The Administrator will interact with Acquisition Management personnel to ensure that the following activities are performed efficiently and effectively:

- Maintain source lists of potential SB subcontractors;
- Instruct personnel that when the number of prospective sources is not adequate they should conduct market research to identify the capabilities, including the capabilities of small businesses, that are available in the marketplace for meeting the requirements;
- Mentor SB's currently under subcontract, enhancing their ability to provide timely, cost-effective, quality services;
- Advise and train project management personnel on the purposes of this plan and foster support;
- Keep records measuring performance against the goals established here;
- Submit Individual Subcontracting Reports (ISR) and Summary Subcontracting Reports (SSR) in accordance with the prime contract and instructions provided by the Contracting Officer;
- Verify that subcontracts contain the flowdown clauses pertaining to SB concerns when required and maintain the policies and procedures required by the prime contract;
- Maintain good working relationships with Small Business Administration representatives to obtain assistance and coordination in finding capable SB's;
- Maintain a close working relationship with DOE to ensure that our project objectives and activities are consistent with Naval Reactors Laboratories Field Office (NRLFO) expectations;
- Require lower-tier subcontractors to submit subcontracting plans and monitor for compliance with those plans; and
- Make monthly reports to the Laboratory General Managers concerning progress toward achievement of goals under this program.

### **8. Implementation**

We will perform the following additional functions to effectively implement this plan:

- A full-time supplier advocate, Robert Dalton, will serve as a liaison for Bettis and KAPL among the SB community, internal purchasing agents, and the client;
- Establish a mentor-protégé program to include the development of at least two SB firms--one 8(a) firm to work at Bettis, one 8(a) firm at KAPL, and other SB concerns as desired and warranted;
- Plan solicitations (including time for preparation, scope of work, quantities, specifications, and delivery schedules) in a way that facilitates SB participation in subcontracting opportunities and solicitation, offer, and proposal activities;

**Bechtel Marine Propulsion Corporation (BMPC)**  
**Master Subcontracting Plan**  
**Contract No. DE-NR0000031**

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- Establish and maintain contacts with SB trade associations and business development organizations;
- Conduct workshops, seminars, and training programs to ensure internal customers and buyers are acquainted with Bechtel policies and prime contract requirements and to ensure that external SB's are familiar with the requirements for doing business at Bettis and KAPL;
- Maintain an effective outreach program by sponsoring and attending regional procurement conferences, trade fairs, and other functions to locate additional qualified sources;
- Implement an "in reach" program that gives SB's access and exposure to key project planners and managers on all the Bettis and KAPL sites;
- Develop a comprehensive SB source list (which includes past performance) that is easily accessible and useful to buyers; and
- Preselect and qualify SB concerns to perform specific scopes of work.

#### **9. Subcontract Terms and Conditions**

We incorporate the flowdown clause requirements of FAR 52.219-9 as applicable into subcontracts that offer further subcontracting opportunities. This requires all subcontractors (except SB concerns) that receive subcontracts in excess of \$550,000 (\$1 million for construction of any public facility) to adopt a similar plan. The procurement managers at Bettis and KAPL are responsible for implementing and monitoring this aspect of the subcontracting plan.

#### **10. Reports, Studies, and Surveys**

We will:

- Cooperate in any studies or surveys as may be required;
- Submit periodic reports to allow the government to determine the extent of our compliance with this subcontracting plan;
- Submit the Individual Subcontracting Report (ISR) and Summary Subcontracting Report (SSR) under the Electronic Subcontracting Reporting System (ESRS) in accordance with ESRS instructions; and
- Ensure that our subcontractors agree to submit ISR's and SSR's.

**Bechtel Marine Propulsion Corporation (BMPC)**  
**Master Subcontracting Plan**  
**Contract No. DE-NR0000031**

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## 11. Records

The types of records that we will maintain to demonstrate compliance with the requirements and goals of the subcontracting plan include:

- Source lists (e.g., CCR), guides, and other data that identify SB, VOSB, SDVOSB, HUBZone SB, SDB, and WOSB concerns;
- Organizations contacted in an attempt to locate sources that are SB, VOSB, SDVOSB, HUBZone SB, SDB, and WOSB concerns;
- Records of each subcontract solicitation that results in an award of more than \$100,000, indicating: whether SB concerns were solicited and, if not, why not;
  - Whether VOSB concerns were solicited and, if not, why not;
  - Whether SDVOSB concerns were solicited and, if not, why not;
  - Whether HUBZone SB concerns were solicited and, if not, why not;
  - Whether SDB concerns were solicited and, if not, why not;
  - Whether WOSB concerns were solicited and, if not, why not; and
  - If applicable, the reason the award was not made to a SB concern;
- Records of any outreach efforts to contact
  - Trade associations;
  - Business development organizations;
  - Conferences and trade fairs to locate small, HUBZone SB, SDB, and WOSB sources;
  - Veterans and service-disabled veterans service organizations;
- Records of internal guidance and encouragement provided to buyers through
  - Workshops, seminars, training, etc.; and
  - Monitoring of performance to evaluate compliance with program requirements; and
- On a contract-by-contract basis, records to support award data submitted by the offeror to the government, including the name, address, and business size of each subcontractor.

**Bechtel Marine Propulsion Corporation (BMPC)**  
**FY2010 Master Subcontracting Plan Addendum**  
**Prime Contract No. DE-NR0000031**

<b>Goals (Percentages and Dollar Values)</b>		<b>(\$ in Millions)</b>
Estimated funds available for subcontracting for Fiscal Year 2010 (October 1, 2009 through September 30, 2010)		\$327.00
Category	Percentage of total estimated subcontracting effort	Dollar Amount (Millions)
Other Than Small Business	54.0%	176.58
Small business concerns (including Alaska Native Corporations (ANC) and Indian tribes)	46.0%	150.42
Small disadvantaged business concerns (including ANC and Indian tribes)	5.0%	16.35
Women-owned small business concerns	5.0%	16.35
HUBZone small business concerns	3.0%	9.81
Veteran-owned small business concerns	3.0%	9.81
Service-disabled veteran-owned small business concerns	3.0%	9.81
Total Dollars Planned to be Subcontracted	100.0%	\$327.00
The <i>Estimated funds available for subcontracting</i> amount is the Fiscal Year 2010 DOE Materials and Services budget that is projected to be committed through direct subcontracts.		

<b>Potential Subcontracting Opportunities for Small Business</b>		
The following table lists the principle categories of subcontracting opportunities and the estimated dollar value that will be made available for Small business concerns. The categories shown are for general work groupings only:		
Small Business (SB) Type	Estimated Dollar Value (\$ in Millions)	Product/Service
Any SB concern	\$30.08	23-Construction
Any SB concern	\$22.56	33-Manufacturing
Any SB concern	\$37.61	42-Wholesale Trade
Any SB concern	\$60.17	54-Professional Services
Total	\$150.42	

## FY2011 BMPC Diversity Plan

In accordance with DEAR 970.5226-1, this document is submitted for the BMPC FY2011 Diversity Plan. BMPC is committed to diversity and inclusion. We are working to build a program that truly values and leverages the talents of our employees in a continuing effort to attract and retain the highly skilled workforce that is needed to support the Naval Nuclear Propulsion Program and our Nation. Additional updates to this plan and specific action items will be discussed as appropriate with NRLFO personnel throughout the year.

The mission of Bechtel Marine Propulsion Corporation (BMPC) is to develop the most advanced naval nuclear propulsion technology and provide technical support for the continued safe, reliable operation of all existing naval reactors. The combined efforts of all Bettis and KAPL sites have led to an outstanding record of over 142 million miles safely steamed on nuclear power.

According to the Bettis and KAPL General Managers, "The key reason for our success is our people, and our ability to leverage our collective capability through dynamic, diverse teams whenever and wherever they are needed. At BMPC, all employees respect each other and value the vitality that comes from our different backgrounds, experiences, and beliefs."

### BMPC Diversity Strategy and Mission

Diversity and inclusion begin with the Bechtel vision, values, and covenants and extend to every activity involved in attracting and retaining a talented workforce with the specialized skills that are necessary to support our Nation's fleet of nuclear powered ships and develop new technologies.

BMPC recognizes that success in sustaining a diverse workforce depends upon the following foundational principles:

- A clear sense of vision and mission
- An investment of time, people, and resources
- A long-term commitment
- An avoidance of a "quick-fix" approach
- A realistic view of strategic and competitive realities (flexibility and adaptability to company-specific needs)

These elements underscore the Bechtel Systems and Infrastructures, Inc. Diversity Plan that addresses the organizational challenges of recruiting, hiring, and retaining employees; enhancing the skills and competencies of current employees; and strengthening business, customer, and employee relations.

BMPC recognizes that diversity and inclusion are not just a short-term trend, but a business imperative on which our long-term business success depends. Our diversity strategy is to create an environment throughout that welcomes, respects, develops and leverages employee differences as a competitive strength. We believe that environment is set by both managers and employees. Our managers must lead by example and consistently demonstrate their accountability for diversity. Everyone is expected to value diversity through their respect for others and use their individual talents to better serve our Customer and our Nation.

Our workforce diversity contributes to mission success, productivity, competitiveness and retention by building an inclusive team that values individuals for their talents and empowers them to reach their fullest potential. By taking advantage of our workforce diversity, we provide better value for our Customer and increase the engagement of our entire workforce. BMPC will achieve this through the following specific goals:

- Customer Interaction and Integration
- Workforce Diversity
- Educational Outreach
- Community Involvement and Outreach
- Socioeconomic Subcontracting and Economic Development

## Customer Interaction and Integration

BMPC must maintain and integrate the Naval Reactors Program core values of *Technical Excellence, Integrity, Focus on People, Formality and Discipline, Respect for Health and Environment, Value Consciousness and Personal Ownership and Responsibility for Our Work* with the Bechtel values of *Ethics, Excellence, Fair Return, Mutual Respect, Safety, and Sustainability*. The integration of these two similar sets of values helps BMPC foster a diverse and inclusive work environment. These goals cannot be achieved without fully valuing and harnessing the unique talents and contributions of all employees. Dissenting opinions are a required part of our development culture.

DEAR 970.5226-1 requires BMPC to submit a Diversity Plan that shows our commitment to diversity and building an organization that values and leverages the talents of its employees. The plan is submitted to the contracting officer for approval and review. The plan outlined in DEAR 970.5226-1 must address an approach for promoting diversity through our workforce, educational outreach, community involvement and outreach, subcontracting, economic development (including technology transfer) and the prevention of profiling based on race or national origin. The following information is included as evidence of BMPC's approach for promoting diversity through the above mentioned areas:

## Workforce

BMPC recognizes the value of a diverse workforce in enhancing the technological leadership of the Program. BMPC is an Equal Opportunity Employer that fosters inclusive work environments to value and respect all individuals and their contributions. BMPC's equal opportunity philosophy is strengthened by Bechtel Marine Propulsion Corporation Management Policy Statement, MPS #002, on Nondiscrimination and Equal Employment Opportunity and MPS #003 on Harassment-Free Workplace. BMPC provides training to new managers on diversity and equal opportunity and reviews their Affirmative Action Plans, goals and progress with the General Manager's Staff.

Additionally, BMPC actively works to recruit and retain a highly skilled, diverse work force. This is achieved through strategic recruitment and by providing training opportunities, educational assistance and opportunity programs, work-life balance programs, recognition, and other opportunities that create an inclusive environment for all employees.

Both Laboratories continue to identify and partner in areas where joint initiatives benefit both Laboratories. Shared diversity, retention, mentoring, staffing, and training strategies are in progress at various stages in an effort to direct the retention of our existing workforce, improve employee engagement and attract new talent. Progress on these joint initiatives and updates to this plan as well as specific action items will be communicated as appropriate with NRLFO personnel.

## Educational Outreach

Diversity is advanced by a deliberate plan for seeking new talent. BMPC has a staffing strategy that is focused on increasing the diversity of its new hires by seeking opportunities aggressively to participate in diverse recruiting events locally and nationally. BMPC staffing initiatives help to identify opportunities targeted at improving our effectiveness in recruiting women, minorities, individuals with disabilities, and covered military veterans hiring. Efforts continue to focus on engaging local schools and organizations to establish relationships for locally-sourced new hires, as well as emphasis with professional and student organizations for hiring opportunities.

BMPC also understands the importance of reaching out into the local community to support and prepare students academically for the future. Both laboratories enlist support from current employees to serve as mentors and role models who encourage academic institutions to emphasize mathematics and science to promote scholastic excellence. The investment also includes supporting an effective infrastructure for these students so they are able to excel academically.

## **Community Involvement and Outreach**

BMPC has a well-established, strong presence in their respective communities. Community relations efforts are tied directly to increasing employee attraction, retention and engagement while understanding the needs and concerns of the community surrounding the Laboratories. Employees are encouraged to participate in outreach initiatives and take pride in having a climate of trust and partnership within a diverse community. BMPC focuses the majority of its community relations efforts on educational initiatives and community outreach in the areas of health and human services. BMPC employees participate in numerous community outreach activities through organizations such as those sponsored by the United Way and the Greater Pittsburgh Community Food Bank.

Management fully supports volunteerism. Senior leaders at both Laboratories are active in the community with their employees and are members of boards of directors and other community organizations. Employees witness the support the entire General Manager staff has for volunteerism and our local community through various events sponsored by our Network of Volunteer Associates (NOVA) Society. Employees who make significant contributions to our communities are recognized annually.

As the Laboratories continue to work closely together, we will participate in our local communities and seek opportunities to partner nationwide.

## **Small Business Subcontracting and Economic Development**

BMPC seeks to provide the maximum practical opportunity to qualified small businesses to participate in the performance of procurements consistent with the efficient operation of Program work. These small business categories include Small, Small Disadvantaged, Women-Owned, HUBZones (Historically Underutilized Businesses), Veteran-Owned and, Service-Disabled Veteran-Owned. Through contracting with these businesses, BMPC promotes economic diversification in the local community and assist the economic development and transfer of technology. This collaboration effort establishes mutually beneficial relationships between the Laboratories and their respective communities. It is anticipated that knowledge transfer between both Laboratories will result in a more effective impact in our communities and improved processes for identifying and securing contracts with small businesses.

BMPC has formal plans for managing our Supplier Diversity Program. In compliance with DOE Prime Contract requirements, both Laboratories have developed, negotiated and incorporated into Prime Contract No. DE-AC12-00SN-39357 Small Business Subcontracting Plans that have established goals for the representation of small business concerns in acquisition activity.

BMPC maintains a Mentor-Protégé Program in accordance with a U.S. Department of Energy (DOE) initiative designed to encourage and assist small businesses and enhance their financial, technical, professional, and personnel capabilities. The program seeks to foster long-term business relationships between small business entities and BMPC. Currently, two agreements are in place at Bettis (IT Services subcontractors) and KAPL (Construction subcontractor).

## Inputs, Outputs and Metrics

Finally, the following inputs, outputs and metrics will be used to refine and improve BMPC's Diversity Plan and overall efforts in our targeted areas.

### Inputs

Below are the data that BMPC uses each year to refine our direction and approach.

- BMPC Long Range Strategic Plan
- Employee and leadership demographics
- Results of various surveys (, Exit Interviews, etc.)
- Bechtel Systems and Infrastructures, Inc. Diversity Plan

### Outputs

- Attract, retain and develop talent
- Increased satisfaction and confidence in the way people operate
- Improved productivity and performance
- Increased innovation and creativity to leverage ideas for solutions
- Improved teamwork among colleagues
- Increased employee retention
- Increased representation in our workforce
- Improved awareness and understanding of Equal Employment Opportunity and Affirmative Action requirements and principles
- Decreased Ethics complaints in the areas of personnel and employee conduct

## Metrics

- Visible leadership of diversity activities and commitment
- Communication activities
- Community outreach activities
- External recognition
- Progress toward established Affirmative Action Program goals
- HR Key Metrics (examples)
  - Attrition, Staffing (including Leadership Development and Interns), Overall Demographics, Promotion Metrics, Training Metrics
- Supplier diversity small business utilization metrics

**Bechtel Marine Propulsion Corporation (BMPC)**  
**FY2011 Master Subcontracting Plan Addendum**  
**Prime Contract No. DE-NR0000031**

<b>Goals (Percentages and Dollar Values)</b>		<b>(\$ in Millions)</b>
Estimated Funds Available for Subcontracting for Fiscal Year 2011 (October 1, 2010 through September 30, 2011)		\$341,860,000
<b>Category</b>	<b>Percentage of Total Estimated Subcontracting Effort</b>	<b>Dollar Amount (Millions)</b>
Other Than Small Business	54.00%	\$184,560,000
Small Business Concerns (including Alaska Native Corporations (ANC) and Indian tribes)	46.00%	\$157,300,000
Small Disadvantaged Business Concerns (including ANC and Indian tribes)	5.00%	\$17,100,000
Women-Owned Small Business Concerns	5.00%	\$17,100,000
HUBZone Small Business Concerns	3.00%	\$10,300,000
Veteran-Owned Small Business Concerns	3.00%	\$10,300,000
Service-Disabled Veteran-Owned Small Business Concerns	3.00%	\$10,300,000
<b>Total Dollars Planned to be Subcontracted</b>	<b>100.00%</b>	<b>\$341,860,000</b>
The <i>Estimated Funds Available for Subcontracting</i> amount is the Fiscal Year 2011 DOE Materials and Services budget that is projected to be committed through direct subcontracts.		

<b>Potential Subcontracting Opportunities for Small Business</b>		
The following table lists the principle categories of subcontracting opportunities and the estimated dollar value that will be made available for Small business concerns. The categories shown are for general work groupings only:		
<b>Small Business (SB) Type</b>	<b>Value (\$ in Millions)</b>	<b>Product/Service NAICS</b>
Any SB concern	\$31,460,000	23-Construction
Any SB concern	\$23,595,000	33-Manufacturing
Any SB concern	\$39,325,000	42-Wholesale Trade
Any SB concern	\$62,920,000	54-Professional Services
<b>Total</b>	<b>\$157,300,000</b>	

**Bechtel Marine Propulsion Corporation (BMPC)**  
**FY 2011 Master Subcontracting Plan Addendum**  
**Prime Contract No. DE-NR0000031**

**Cumulative Goals Summary**

BMPC cumulative goals for the utilization of Small Business, Small Disadvantaged Business, Women-Owned Small Business, Hubzone Small Business, Veteran-Owned Small Business, and Service Disabled Veteran Small Business concerns:

<b>Funds Available for Subcontracting - Commitment Basis</b>	
Funds available for subcontracting for Fiscal Year 2009 (Contract Year 1)	\$227,000,000
Funds available for subcontracting for Fiscal Year 2010 Addendum	\$327,000,000
Estimated funds available for subcontracting this FY2011 Addendum	\$341,860,000
Funds available for subcontracting Total-to-Date	\$895,860,000
<b>Planned Subcontract Awards to Other Than Small Business</b>	
Fiscal Year 2009 (Contract Year 1)	\$122,700,000
Fiscal Year 2010 Addendum	\$176,580,000
This FY2011 Addendum	\$184,560,000
Planned subcontract awards to Other Than Small Business Total-to-Date	\$483,840,000
Percentage of planned subcontract awards to Other Than Small Business Total-to-Date	54.0%
<b>Planned Subcontract Awards to Small Business</b>	
Fiscal Year 2009 (Contract Year 1)	\$104,300,000
Fiscal Year 2010 Addendum	\$150,420,000
This FY2011 Addendum	\$157,300,000
Planned subcontract awards to Small Business Total-to-Date	\$412,020,000
Percentage of planned subcontract awards to Small Business Total-to-Date	46.0%
<b>Planned Subcontract Awards to Small Disadvantaged Business</b>	
Fiscal Year 2009 (Contract Year 1)	\$11,300,000
Fiscal Year 2010 Addendum	\$16,350,000
This FY2011 Addendum	\$17,100,000
Planned subcontract awards to Small Disadvantaged Business Total-to-Date	\$44,750,000
Percentage of planned subcontract awards to Small Disadvantaged Business Total-to-Date	5.0%
<b>Planned Subcontract Awards to Women-Owned Small Business</b>	
Fiscal Year 2009 (Contract Year 1)	\$11,300,000
Fiscal Year 2010 Addendum	\$16,350,000
This FY2011 Addendum	\$17,100,000
Planned subcontract awards to Women-Owned Small Business Total-to-Date	\$44,750,000
Percentage of planned subcontract awards to Women-Owned Small Business Total-to-Date	5.0%
<b>Planned Subcontract Awards to HUBZone Small Business</b>	
Fiscal Year 2009 (Contract Year 1)	6,800,000
Fiscal Year 2010 Addendum	9,810,000
This FY2011 Addendum	10,300,000
Planned subcontract awards to HUBZone Small Business Total-to-Date	26,910,000
Percentage of planned subcontract awards to HUBZone Small Business Total-to-Date	3.0%
<b>Planned Subcontract Awards to Veteran-Owned Small Business</b>	
Fiscal Year 2009 (Contract Year 1)	6,800,000
Fiscal Year 2010 Addendum	9,810,000
This FY2011 Addendum	10,300,000
Planned subcontract awards to Veteran-Owned Small Business Total-to-Date	26,910,000
Percentage of planned subcontract awards to Veteran-Owned Small Business Total-to-Date	3.0%
<b>Planned Subcontract Awards to Service Disabled Veteran-Owned Small Business</b>	
Fiscal Year 2009 (Contract Year 1)	6,800,000
Fiscal Year 2010 Addendum	9,810,000
This FY2011 Addendum	10,300,000
Planned subcontract awards to Service Disabled Veteran-Owned Small Business Total-to-Date	26,910,000
Percentage of planned subcontract awards to Service Disabled Veteran-Owned Small Business Total-to-Date	3.0%

**AMENDMENT NO. 1  
TO THE  
SPECIAL FINANCIAL INSTITUTION ACCOUNT AGREEMENT FOR  
USE WITH THE PAYMENTS CLEARED FINANCING ARRANGEMENT  
Rev. 2**

Agreement entered into the 6th day of January, 2009, between the United States of America, represented by the Department of Energy (hereinafter referred to as "DOE"), and Bechtel Marine Propulsion Corporation, a corporation/legal entity under the laws of the state of Delaware (hereinafter referred to as the Contractor) and The Bank of New York Mellon, a financial institution, located at Pittsburgh PA (hereinafter referred to as the Financial Institution) is hereby amended as follows:

**Delete Covenant (5) in its entirety and substitute the following Covenant (5) in lieu thereof:**

- (5) DOE shall authorize funds that shall remain available to the extent that obligations have been incurred in good faith thereunder by the Contractor to the Financial Institution for the benefit of the special demand deposit account. The Financial Institution agrees to honor upon presentation for payment all payments issued by the Contractor and to restrict all withdrawals against the funds authorized to an amount sufficient to maintain the account balance as close to zero as administratively possible each day.

The Financial Institution agrees to service the account in this manner based on the requirements and specifications contained in the Contractor solicitation dated 11/14/08 inclusive of the latest revisions of documents referenced herein. The Financial Institution agrees that per-item prices, detailed in the form "Schedule of Financial Institution Processing Charges, Document DOE-NAV Rev.1", will remain constant during the term of this Agreement. The Financial Institution shall calculate the monthly fees based only on services rendered in accordance with this Agreement. The Contractor shall issue a check or authorize the Financial Institution to initiate an automated clearing house transfer to the Financial Institution in payment thereof.

The Contractor is not liable for any payment for performance under this Agreement beyond the prices included in the form "Schedule of Financial Institution Processing Charges, Document DOE-NAV Rev. 1". Any services provided by the Financial Institution under this Agreement resulting in payment demands for services not required under this Agreement shall be at the Financial Institution's own risk.

**Delete the following section in its entirety,**

The following documents, with all documents referenced herein, are incorporated herein by reference and form an integral part of this Agreement:

1. Description of Services, Rev. 2 dated 12/17/08.
2. Financial Institution's Information on Payments Cleared Financing Arrangement, Rev. 0 dated 11/14/08.

3. Technical Representations and Certifications, Rev. 0 dated 11/14/08, as submitted by the Financial Institution.
4. Schedule of Financial Institution Processing Charges, Rev. 2 dated 12/17/08, as submitted by the Financial Institution.

In the event of any inconsistency between any parts of this Agreement, the order of precedence shall be as follows: (1) the provisions contained in the Agreement; and (2) the documents 1. through 4. referenced above, in the order listed.

**and replace with the following in lieu thereof:**

The following documents, with all documents referenced herein, are incorporated herein by reference and form an integral part of this Agreement:

1. Financial Institution's Information on Payments Cleared Financing Arrangement, Rev. 0 dated 11/14/08.
2. Technical Representations and Certifications, Rev. 0 dated 11/14/08, as submitted by the Financial Institution.
3. Schedule of Financial Institution Processing Charges, Document DOE-NAV Rev. 1, dated 6/21/10, as submitted by the Financial Institution.

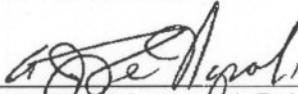
In the event of any inconsistency between any parts of this Agreement, the order of precedence shall be as follows: (1) the provisions contained in the Agreement; and (2) the documents 1. through 3. referenced above, in the order listed.

All other provisions of the agreement, as revised, remain in full force and effect.

The following parties concur with the changes identified herein:

**The United States of America**

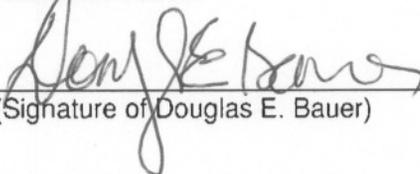
By Anthony J. DeNapoli

  
\_\_\_\_\_  
(Signature of Anthony J. DeNapoli)

7/16/10  
Date

**Bechtel Marine Propulsion Corporation**

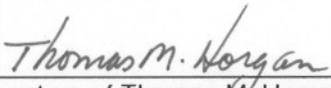
By Douglas E. Bauer

  
\_\_\_\_\_  
(Signature of Douglas E. Bauer)

7/21/10  
Date

**The Bank of New York Mellon**

By Thomas M. Horgan

  
\_\_\_\_\_  
(Signature of Thomas M. Horgan)

7-29-2010  
Date



SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES											Document: DOE - NAV						
											Rev: 1 dtd 6/21/2010						
Contractor: Bechtel Marine Propulsion Corporation																	
Financial Institution: BNY Mellon Treasury Services																	
Account Names: Department of Energy & Navy Accounts																	
BNY Mellon Billing Process											Year 1	Year 2	Year 3	Year 4	Year 5		
LMellon Svc Code	New Acct Analysis Svc Code	Orig Contract Line #	Price Schedule Amnd Spt Doc Line #	Services (Descriptions)							Unit of Measure	Price	Price	Price	Price	Price	
38	976	77009760	9	Check Imaging (both sides)							Each Check	\$ 0.0100	\$ 0.0100	\$ 0.0104	\$ 0.0108	\$ 0.0112	
39	977	77009779	9c	Image - CD-ROM per Item							Each	\$ 0.0100	\$ 0.0100	\$ 0.0104	\$ 0.0108	\$ 0.0112	
40	1454 / 21153	77211535	10b	Positive Pay Suspects - iTelecash Xmit							Each	\$ 1.2500	\$ 1.2500	\$ 1.2950	\$ 1.3416	\$ 1.3899	
<b>Disbursement Services</b>																	
43	889	77008896	16	Stop Payments via Terminal							Each	\$ 5.5000	\$ 5.5000	\$ 5.6980	\$ 5.9031	\$ 6.1156	
<b>Account Reconciliation</b>																	
46	347	77003479	12	6	Full Reconciliation Per Item [Positive Pay per item]							Each	\$ 0.0630	\$ 0.0630	\$ 0.0653	\$ 0.0677	\$ 0.0701
47	375	77003754	11a	Reconcilement - CPU/CPU Output Fixed							Month	\$ 15.3000	\$ 15.3000	\$ 15.8508	\$ 16.4214	\$ 17.0126	
48	991	77009914	7	Account reconcilement-AR/CPU/CPU input fixed							Month	\$ 75.0000	\$ 75.0000	\$ 77.7000	\$ 80.5000	\$ 83.4000	
49	992	77009922	6	Account reconcilement-AR/CPU/CPU input tier1							Each	\$ 0.0600	\$ 0.0600	\$ 0.0622	\$ 0.0644	\$ 0.0667	
50	3047	77030476	11	7	Full Reconcilement Reporting [Positive Pay Fixed]							Month	\$ 69.7700	\$ 69.7700	\$ 72.2817	\$ 74.8838	\$ 77.5796
<b>ACH / EDI</b>																	
53	81	77000810	33g	ACH - New Company ID Set Up							Each	\$ 150.0000	\$ 150.0000	\$ 150.0000	\$ 150.0000	\$ 150.0000	
54	103	77001034	28c	ACH Payment Recall - Received Funds							Each	\$ 58.0000	\$ 58.0000	\$ 60.0880	\$ 62.2512	\$ 64.4922	
55	201	77002014	26	ACH Data Transmission Input Files [Files Originated]							Each	\$ 28.2600	\$ 28.2600	\$ 29.2774	\$ 30.3314	\$ 31.4233	
56	211	77002111	28	ACH Returns							Each	\$ 2.1100	\$ 2.1100	\$ 2.1860	\$ 2.2647	\$ 2.3462	
57	238	77002383		8	ACH- ACH <i>received</i> addenda							Each	\$ 0.0150	\$ 0.0150	\$ 0.0155	\$ 0.0161	\$ 0.0167
58	307	77003070	28a	ACH Notification of Change - when activity							Each	\$ 0.4200	\$ 0.4200	\$ 0.4351	\$ 0.4508	\$ 0.4670	
59	322	77003223	23a	ACH Credits Originated (1-1,000/month)							Each	\$ 0.2060	\$ 0.2060	\$ 0.2134	\$ 0.2211	\$ 0.2291	
60	322	77003223	23b	ACH Credits Originated (1,001-15,000/month)							Each	\$ 0.1960	\$ 0.1960	\$ 0.2031	\$ 0.2104	\$ 0.2180	
61	374	77003746	6	ACH Transactions Received (both ACH Debits & ACH Credits)							Each	\$ 0.1940	\$ 0.1940	\$ 0.2010	\$ 0.2082	\$ 0.2157	
62	443	77004432	27b	ACH Adjustments Assisted [ACH Adjustments Tier 1]							Each	\$ 18.2500	\$ 18.2500	\$ 18.9070	\$ 19.5877	\$ 20.2929	
63	603	77006036	23c	ACH Prenotifications (when establishing new ACH Transaction Acct)							Each	\$ 0.2060	\$ 0.2060	\$ 0.2134	\$ 0.2211	\$ 0.2291	
64	842	77008420		9	ACH - ACH Originated Return							Each	\$ 17.5000	\$ 17.5000	\$ 18.1300	\$ 18.7827	\$ 19.4589
65	1002	77010025	24	8	ACH CTX Addendum Records <i>Originated</i>							Each	\$ 0.0150	\$ 0.0150	\$ 0.0155	\$ 0.0161	\$ 0.0167
66	3067	77030670	27a	ACH Adjustments via Terminal							Each	\$ 7.0000	\$ 7.0000	\$ 7.2520	\$ 7.5131	\$ 7.7836	
67	20234	77202340		10	ACH- operator assist controls total							Each	\$ 28.2600	\$ 28.2600	\$ 29.2774	\$ 30.3314	\$ 31.4233
68	20461	77204610	33h	ACH - Set Up Outgoing ACH Transmission							Each	\$ 345.0000	\$ 345.0000	\$ 345.0000	\$ 345.0000	\$ 345.0000	
69	20671	77206710		11	ACH - Correct/Reject Rpt-AutFx Daily							Each	\$ 5.0000	\$ 5.0000	\$ 5.1800	\$ 5.3665	\$ 5.5597
70	20674	77206744	27c	ACH - Email Corrections Report - when Activity							Each Day	\$ 5.5000	\$ 5.5000	\$ 5.6980	\$ 5.9031	\$ 6.1156	
71	20677	77206779	25	ACH Profile Maintenance [ACH Monthly Fixed]							Each	\$ 42.5000	\$ 42.5000	\$ 44.0300	\$ 45.6151	\$ 47.2572	
72	20766	77207660		12	ACH - ACH Item Rejects							Each	\$ 2.1100	\$ 2.1100	\$ 2.1860	\$ 2.2647	\$ 2.3462

	A	B	C	D	E	I	J	K	L	M	N	O	P	Q
1	<b>SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES</b>										<b>Document: DOE - NAV</b>			
2											<b>Rev: 1 dtd 6/21/2010</b>			
3	<b>Contractor: Bechtel Marine Propulsion Corporation</b>													
4														
5	<b>Financial Institution: BNY Mellon Treasury Services</b>													
6														
7	<b>Account Names: Department of Energy &amp; Navy Accounts</b>													
8														
9	<b>BNY Mellon Billing Process</b>							<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>		
10	<b>LMellon Svc Code</b>	<b>New Acct Analysis Svc Code</b>	<b>Orig Contract Line #</b>	<b>Price Schedule Amnd Spt Doc Line #</b>	<b>Services (Descriptions)</b>	<b>Unit of Measure</b>	<b>Price</b>	<b>Price</b>	<b>Price</b>	<b>Price</b>	<b>Price</b>	<b>Price</b>		
73	20769	77207694	28d		ACH Payment Recall - No Funds Received	Each	\$ 40.0000	\$ 40.0000	\$ 41.4400	\$ 42.9318	\$ 44.4773			
74	20911	77209115	28b		ACH Returns - Email Returns Report - when activity	Per Day	\$ 5.7500	\$ 5.7500	\$ 5.9570	\$ 6.1715	\$ 6.3937			
75	21903	77219030		13	Summary File Confirmation - Fax	Each	\$ 6.5000	\$ 6.5000	\$ 6.7340	\$ 6.9764	\$ 7.2276			
76	21904	77219048	27		ACH Input File Confirmation	Each	\$ -	\$ -	\$ -	\$ -	\$ -			
77	21904	77219048	27d		ACH - Email EchoBack Report / <i>Summary File Confirmatin - Email</i>	Each	\$ 5.7500	\$ 5.7500	\$ 5.9570	\$ 6.1715	\$ 6.3937			
78	22050	77220500		14	ACH - APA Report (Hardcopy)	Each	\$ 30.0000	\$ 30.0000	\$ 31.0800	\$ 32.2000	\$ 33.3592			
79	22485	77224858		15	ACH - File reject	Each	\$ 10.7500	\$ 10.7500	\$ 11.1370	\$ 11.5379	\$ 11.9533			
80	3026	81223637	33e		ACH Payment Approval Manual Set Up [ACH Filter Setup Fee]	Each	\$ 18.7500	\$ 18.7500	\$ 18.7500	\$ 18.7500	\$ 18.7500			
81	25300	81223645	29		ACH Full Debit Block (1-3 accounts) [ACH Filter Monthly Fixed]	Month	\$ 10.0000	\$ 10.0000	\$ 10.3600	\$ 10.7330	\$ 11.1194			
82	3023	81223653	30		ACH Debit Filter - per Transaction Routing Number	Each	\$ 1.4000	\$ 1.4000	\$ 1.4504	\$ 1.5026	\$ 1.5567			
83	3023	81223653	33f		ACH Payment Approval Maintenance/ Instruction per Transaction Routin	Each	\$ 1.4000	\$ 1.4000	\$ 1.4504	\$ 1.5026	\$ 1.5567			
84		99999999	23		ACH Batch Transactions	Each	\$ -	\$ -	\$ -	\$ -	\$ -			
85														
86	<b>Wire Transfer</b>													
87	455	77004556	33d		Wire Transfer-Repetitive Request Number Set Up	Each	\$ 12.1500	\$ 12.1500	\$ 12.1500	\$ 12.1500	\$ 12.1500			
88	456	77004564	20		Beneficiary Information Template Storage / SVC-RRN Storage Charge	Each	\$ 0.7300	\$ 0.7300	\$ 0.7563	\$ 0.7835	\$ 0.8117			
89	467 / 3549	81223823	17h	16	Wire - Investigation Inquiry / Payment Repair	Each	\$ 14.5800	\$ 14.5800	\$ 15.1049	\$ 15.6487	\$ 16.2121			
90	242	81223866	18	19	Incoming Wire Transfers	Each	\$ 9.1100	\$ 9.1100	\$ 9.4380	\$ 9.7778	\$ 10.1298			
91	23011	81223866	18	19	Wire Transfer - Auto FT Deposit - FED/CHIP/BOOK	Each	\$ 9.1100	\$ 9.1100	\$ 9.4380	\$ 9.7778	\$ 10.1298			
92	23008	81223947	17d	17	Wire Transfer - Automated FT Book Transfer	Each	\$ 6.6000	\$ 6.6000	\$ 6.8376	\$ 7.0838	\$ 7.3388			
93	429	81223955	17a	18	Outgoing Wires initiated via Terminal	Each	\$ 15.5000	\$ 15.5000	\$ 16.0580	\$ 16.6361	\$ 17.2350			
94	23009	81223955	17a	18	Wire Transfer - FT Payment FED/CHIP	Each	\$ 15.5000	\$ 15.5000	\$ 16.0580	\$ 16.6361	\$ 17.2350			
95	22058	81253846	17g		Wire - Returned Wires	Each	\$ 22.0500	\$ 22.0500	\$ 22.8438	\$ 23.6662	\$ 24.5182			
96	155	90000497	17b		Outgoing Wires initiated via Operator Assisted Repetitive	Each	\$ 18.2300	\$ 18.2300	\$ 18.8863	\$ 19.5662	\$ 20.2706			
97	21378	90000497	17c	20	Outgoing International Wires initiated via Operator Assisted Non-Repetitive	Each	\$ 42.0000	\$ 42.0000	\$ 43.5120	\$ 45.0784	\$ 46.7012			
98	154	99999999	22		Manual Non-Repetitive Wire	Each	\$ 24.3100	\$ 24.3100	\$ 25.1852	\$ 26.0919	\$ 27.0312			
99	192	99999999	19		Drawdown Transfers From Federal Reserve	Each	\$ 15.9500	\$ 15.9500	\$ 16.5242	\$ 17.1191	\$ 17.7354			
100	3123	99999999	17f		Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive	Each	\$ 17.3600	\$ 17.3600	\$ 17.9850	\$ 18.6325	\$ 19.3033			
101	20913	99999999		20	Wire Transfer - Out International automated	Each	\$ 32.0000	\$ 32.0000	\$ 33.1520	\$ 34.3455	\$ 35.5819			
102		99999999	17		Outgoing Wire Transfers, including Sweep Backs	Each	\$ -	\$ -	\$ -	\$ -	\$ -			
103		99999999	17e		Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive	Each	\$ 12.3600	\$ 12.3600	\$ 12.8050	\$ 13.2660	\$ 13.7436			
104														
105	<b>Treasury Assistance</b>													
106	178	77001786	21	21	Treasury Assistance Service (Manual)	Calculated per review but billed as monthly charge	\$ 8.3000	\$ 8.3000	\$ 8.5988	\$ 8.9084	\$ 9.2291			
107	184	77001840	21		Treasury Assistance Service (Automated process)	Per review	\$ 8.3000	\$ 8.3000	\$ 8.5988	\$ 8.9084	\$ 9.2291			

	A	B	C	D	E	I	J	K	L	M	N	O	P	Q
1	<b>SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES</b>										<b>Document: DOE - NAV</b>			
2											<b>Rev: 1 dtd 6/21/2010</b>			
3	Contractor: Bechtel Marine Propulsion Corporation													
4	Financial Institution: BNY Mellon Treasury Services													
5	Account Names: Department of Energy & Navy Accounts													
6														
7														
8														
9	BNY Mellon Billing Process							Year 1	Year 2	Year 3	Year 4	Year 5		
10	LMellon Srv Code	New Acct Analysis Srv Code	Orig Contract Line #	Price Schedule Amnd Spt Doc Line #	Services (Descriptions)	Unit of Measure	Price	Price	Price	Price	Price			
108	916	77009167	21	21	Treasury Assistance Service (Customized)	Calculated per review but billed as monthly charge	\$ 8.3000	\$ 8.3000	\$ 8.5988	\$ 8.9084	\$ 9.2291			
109														
110	<b>Security Services</b>													
111	3049	77030492	13a		Sentry Token Maintenance	Each Token	\$ 8.2500	\$ 8.2500	\$ 8.5470	\$ 8.8547	\$ 9.1735			
112	3758	77037586	33b		Sentry per Issue of Sentry Token Device	Each Token	\$ 131.2500	\$ 131.2500	\$ 131.2500	\$ 131.2500	\$ 131.2500			
113	3759	77037594	33c		Sentry per Set Up Charge for adding/changing /deleting accounts	Each	\$ 5.2500	\$ 5.2500	\$ 5.2500	\$ 5.2500	\$ 5.2500			
114	25311	77253114	33		One Time Set Up Charge	Each	\$ -	\$ -	\$ -	\$ -	\$ -			
115	25311	77253114	33a		Encryption Service Set Up	Each	\$ 400.0000	\$ 400.0000	\$ 400.0000	\$ 400.0000	\$ 400.0000			
116	25312	77253122	2		Encryption Service	Month	\$ 60.7700	\$ 60.7700	\$ 62.9577	\$ 65.2242	\$ 67.5723			
117														
118	<b>Telecash / Electronic Banking</b>													
119	20385	77203850	13b		Account Maintenance per Account/Module	Each	\$ 6.8900	\$ 6.8900	\$ 7.1380	\$ 7.3950	\$ 7.6612			
120	20390	77203907	15		Balance & Transaction Reporting [Reports Access]	Reports	\$ 4.6800	\$ 4.6800	\$ 4.8485	\$ 5.0230	\$ 5.2038			
121	20395	77203958	13c		Check Storage (Qty = .02% of checks qty)	Storage Unit	\$ 90.4000	\$ 0.9040	\$ 0.9365	\$ 0.9703	\$ 1.0052			
122	20400	77204008		22	Telecash services - export/trans rpt (record change)	Per record	\$ 0.0600	\$ 0.0600	\$ 0.0622	\$ 0.0644	\$ 0.0667			
123	20402	77204024		23	Telecash services - export reporting (MDL account)	Per report	\$ 4.6800	\$ 4.6800	\$ 4.8485	\$ 5.0230	\$ 5.2038			
124	20406	77204067	13d		Demand Deposit Account Statement Access	Month	\$ 10.5000	\$ 10.5000	\$ 10.8780	\$ 11.2696	\$ 11.6753			
125	20409	77204091	13		On-line Monitoring / Banking	Month	\$ 27.5600	\$ 27.5600	\$ 28.5522	\$ 29.5801	\$ 30.6450			
126	20426	77204261		24	Telecash services - event notification maintenance	Per event	\$ 5.0000	\$ 5.0000	\$ 5.1800	\$ 5.3665	\$ 5.5597			
127	20427	77204270		25	Telecash services - event manager message	Each	\$ 1.0000	\$ 1.0000	\$ 1.0360	\$ 1.0733	\$ 1.1119			
128														
129	<b>Banking Services</b>													
130	3053	77030530	7a		Mail Deposit with Deposit Ticket	Each	\$ 2.7300	\$ 2.7300	\$ 2.8283	\$ 2.9301	\$ 3.0356			
131														
132														
133	<b>FDIC/FICO Assessment</b>													
134	3946	77039465		26	Other services - FICO/1000 avg ldgr demand dep	Month	\$ 0.0095	\$ 0.0095	pass-through *	pass-through *	pass-through *			
135	3946	77039465		26	Other services - FICO/1000 avg ldgr demand dep	Month	\$ 0.0087	\$ 0.0087	pass-through *	pass-through *	pass-through *			
136	22920	77229205		26	Other services - FDIC TAGP/1000 Qtr End Ldgr DD	Month			pass-through *	pass-through *	pass-through *			
137	23105	77231056		26	Other services - FDIC Special / 1000 3Mo Avg Ldgr	Month	\$ 0.5000	\$ 0.5000	pass-through *	pass-through *	pass-through *			
138	968	81280037		26	Other services - FDIC/1000 avg ldgr demand dep	Month	\$ 0.1000	\$ 0.1000	pass-through *	pass-through *	pass-through *			
139	3946	81280428		26	Other services - FICO/1000 avg ldgr demand dep	Month	\$ 0.0085	\$ 0.0085	pass-through *	pass-through *	pass-through *			
140	* FDIC & FICO charges can be adjusted by the FDIC at its own discretion. This is a pass-thru charge.													
141														
142														