Department of Energy
Idaho Operations Office
1955 Fremont Avenue
Idaho Falls, ID 83415

June 23, 2009

CCN 217802

Ms. Lisa A. Sehlke, Manager
Prime Contract and Performance Management
Battelle Energy Alliance, LLC
P. O. Box 1625
Idaho Falls, ID 83415-3206

SUBJECT: Contract No. DE-AC07-05ID14517 – Approval of Funds Change Notice CR-FCN-09-013 (AS-CMD-INL-09-234)

REFERENCE: Letter (CCN 217722), Lisa A. Sehlke to Suzette M. Olson, Subject: Contract No. DE- AC07-05ID14517 – Request for Approval of Funds Change Notice CR-FCN-09-013, *Materials and Fuels Complex Radiochemistry Laboratory Project Operating Funding- Additional Project Support,* dated June 15, 2009

Dear Ms. Sehlke:

Funds Change Notice CR-FCN-09-013, "Materials and Fuels Complex Radiochemistry Laboratory Project Operating Funding – Additional Project Support," is approved as submitted.

If you have any questions, please contact Dave Herrin at 520-8104.

Sincerely,

Suzette M. Olson

Suzette M. Olson
Contracting Officer
Contract Management Division

Enclosure

cc: Callin E. Branter, BEA

415.14
10/01/2007
Rev. 00

BASELINE CHANGE PROPOSAL

1. BCP No.: CR-FCN-09-013 Date: June 11, 2009	2. BCP Title: MFC Radiochemistry Laboratory Project Operating Funding—Additional project support	3. ☐ BCP ☒ FCN
4. ☒ Direct ☐ Indirect	5. WBS/Control Acct.: C.R.30.20.11.01	6. External ☒
7. Point of Contact: Robert J. Waters	Phone No.: 526-6013	Internal ☐

8. Is this a 413.3A project? - ☐ Yes ☒ No

9. Prime Contracts (PEMP Impacts) - ☐ Yes ☒ No

10. Approval/Concurrence Signatures:

	(Printed)	(Signature)	Approve	Disapprove	NA	
CAM:	Robert J. Waters	LEW for RJWaters per email				Date: 6/9/09
Project Mgr:	Lisa E. Wolford	Lisa E Wolford	☒	☐		Date: 6/9/09
Funds Mgr:	Robert P. Miklos	[illegible]	☒	☐		Date: 6/11/09
ES&H	NA		☐	☐		Date:
Business Lead / Program Finance:	Callin E. Branter	Callin Branter	☒	☐		Date: 6/11/2009
Other:	Rodney T. Phippen	Rod Phippen	☒	☐	☐	Date: 6/11/09
Other:			☐	☐	☐	Date:

11. Change Control Board Signatures

	(Printed)	(Signature)	Approve	Disapprove	NA	
CCB Deputy Chairman:	Robert P. Miklos	[illegible]	☒	☐	☐	Date: 6/11/09
CCB Chairman:	Art Clark	Art Clark	☒	☐	☐	Date: 6/12/09

12. DOE ID ☐ Notification ☒ Approval

	(Printed)	(Signature)	Approve	Disapprove	NA	
Contracting Officer:	SUZETTE M. OLSON	Suzette M. Olson	☒	☐	☐	Date: 6/23/09
Technical Rep:	David S. Herrin	email approval	☒	☐	☐	Date: 15 June 09
COR:	William Hamel	email approval	☒			22 June 09
Budget Rep:	Faye O. Alexander	email approval	☒	☐	☐	Date: 15 June 09

13. Amount of Change

	Gross	Dist	Net
Current FY Baseline	292,619		
Baseline Change	0		
New Total Current FY Baseline	292,619		
Out-Year Impacts	0		

Comments:

14. Reasons for Change: ☐ Scope ☐ Add ☐ Delete
☐ Budget ☒ Increase ☐ Decrease
☐ Milestone
☒ Other

The design-build subcontractor is nearing completion of the construction of the Radiochemistry Laboratory. Remaining construction activities include tying the steam and condensate to existing lines inside MFC-752, finishing electrical installation, punchlist corrections, and facility testing for acceptance and turnover.

BASELINE CHANGE PROPOSAL

1. BCP No.: CR-FCN-09-013 Date: June 11, 2009	2. BCP Title: MFC Radiochemistry Laboratory Project Operating Funding—Additional project support	3. ☐ BCP ☒ FCN
4. ☒ Direct ☐ Indirect	5. WBS/Control Acct.: C.R.30.20.11.01	6. External ☒
7. Point of Contact: Robert J. Waters	Phone No.: 526-6013	Internal ☐

Delays to finishing electrical installation testing resulted from a warranty issue on the GFE RCL main breaker located in the MFC-752 substation. The main breaker components were installed and tested. When placed in service, the components worked until loads from some of the RCL equipment were placed on line. At that time, some of the components failed, resulting in delays to RCL construction installation and testing activities. The replacement components were installed expeditiously, minimizing the impact; however, capital costs for components and shipping were incurred and operating costs for additional testing, facility electrical engineer support, and outage support were incurred.

The mechanical subcontractor did not get fume hoods until April 24. Installation, including piping and ductwork connections, caused delays in completing other work, including the steam and steam condensate tie-ins in MFC-752.

Delays to the steam and steam condensate terminations are also due to the subcontractor's underestimating the complexities, non-productive hours and durations of performing activities in the MFC-752 nuclear facility. Productivity continues to be far less than planned as a result of work in the basement radiological areas. Additional delays to completing steam and steam condensate terminations resulted from the subcontractor's having to resolve an internal NCR to confirm that weld examinations were proper and to establish requirements for third-party weld inspections. Oversight from BEA, appropriately charged to OPC, was required to monitor and verify that the subcontractor's NCR was properly resolved. Additional oversight will be required to ensure the third party inspection is properly conducted.

As a result of the above-mentioned occurrences, the construction subcontractor experienced delays in construction with respect to their scheduled finish date at the end of May, which was the basis for FCN-CR-09-011.

Construction progress is monitored through daily logs with respect to the detailed level 4 schedule. Work is forecast for planning and coordination using a three-week-rolling short-range schedule. Based on progress to date and work remaining, it is anticipated the construction activities will extend until June week 5 and final testing and punch-list corrections will extend through July week 2, the first week of calendar month July. While there remains some uncertainty due to potential material or workmanship deficiencies that may emerge during testing, or similar factors that could further extend the schedule, the potential additional impact to the completion date is relatively low. The estimated cost of potential further delay is listed below as management reserve.

Additional funds will be needed for ongoing non-dedicated project support in the following areas:

1. Facility support for construction workers in MFC-752. This support by facility personnel is for Analytical Lab operators to provide escorts and for Radcon support during work in the AL radiological areas. ---$20,782
2. Additional construction safety oversight. During the workweek, BEA safety engineering is required to monitor the safety performance of the subcontractor, with particular emphasis on compliance during critical operations, such as work near energized systems---steam, condensate, and electrical power. ---$4,856.
3. Additional outage support. The facility project manager and crafts from MFC-752 are required to support utility tie-ins. Since the steam and condensate tie-ins are in a radiological area, the radcon techs are required to be present. Further, outage support for the main breaker was required, as well as oversight by facility manager and electrical engineers. ---$16,384.
4. Additional environmental / regulatory compliance oversight and additional quality engineering oversight is required while construction is ongoing. Due to the extended project schedule these resources will have additional time in oversight. --- $21,319.
5. Oversight of asbestos removal for abandoned lines. The abandoned lines are being removed and disposed under the construction subcontract; however, during the removal operation, facility support and materials are required of radcon, operators, the facility manager, and industrial hygiene to ensure safe removal without affecting the Analytical Laboratory operation. ---$10,630.
6. Management reserve to account for uncertainty due to potential material or workmanship deficiencies. Management reserve is estimated at 5% for ongoing facility support and safety oversight for construction work for approximately one more week. --- $3,700.

The total estimate for these items is $77,671.

These itemized activities are identified as operating funded activities based on the DOE Accounting Handbook Ch 10, Para 1f. Guidelines for Distinguishing Plant and Capital Equipment Expenditures from Operating Expenditures, Subparagraph (4)(h), which reads as follows:

> Project support covers activities performed by the integrated operating contractor for internal management and technical support of the project manager by non-dedicated personnel. Project support shall be charged to operating expense.

BASELINE CHANGE PROPOSAL

1. BCP No.: CR-FCN-09-013 Date: June 11, 2009	2. BCP Title: MFC Radiochemistry Laboratory Project Operating Funding—Additional project support	3. ☐ BCP ☒ FCN
4. ☒ Direct ☐ Indirect	5. WBS/Control Acct.: C.R.30.20.11.01	6. External ☒
7. Point of Contact: Robert J. Waters	Phone No.: 526-6013	Internal ☐

15. Impact if not Approved:
This project will fall short of completion due to lack of non-dedicated support for final construction work in MFC-752.

16. Budget Impact: (explain the impact to the baseline budget and any out-year impacts)

No change to BCWS.

17. Funding Impact: (Yes ☒ No ☐)
If yes - Impact $ 78K B&R #: AF02

Source of funds: (identify if funds are from DOE or other source)

Funds will be taken from oracle number 101193 (MR)

Funds to go to oracle project number 101268.