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FINAL PHASE-IN REPORT

VOLUME 7 OF 15

DOE/OR/21620--TI-Vol. 7

LEGAL AND CONTRACTS MANAGEMENT

(Period October 25, 1985 thru December 31, 1985)

TO: U. S. DEPARTMENT OF ENERGY

Contract No. DE-AC05-86OR21620

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1. Findings
2. Recommendations
3. Corrective Action

I. BACKGROUND

The NLO Legal Department consisted of the Counsel, two Attorneys and one Staff level Legal Secretary. The Department responsibilities included all legal support of the FMPC and the subcontract coordination. In the planned reorganization of the NLO Procurement function, subcontract coordination will become the responsibility of Procurement and the legal support in that area will be decreased to consulting. The position of Counsel will be assumed by a Westinghouse Attorney as the incumbent is retiring. A Westinghouse Attorney has been assigned to WMCO on a temporary basis pending final identification of the Counsel. Final resolution of the NLO/WMCO litigation responsibility is pending further discussion.

Several of the work tasks identified herein have been performed by personnel from WMCO, Westinghouse Headquarters, Westinghouse Advanced Energy Systems Division and Westinghouse Power Systems Division.

II. WORK TASKS

A. DEVELOP A SATISFACTORY CONTRACT REPORTING STRUCTURE TO ENSURE COMPLIANCE WITH ALL GOVERNMENT REQUIREMENTS

NOTE: This task is deferred to January 31, 1986. The Prime Contract was finalized on December 24, 1985. That document will be the basis for identifying to each WMCO Staff organization the specific requirements relating to their individual function. Existing NLO reporting structures will be revised as necessary to accommodate any new requirements. This task will be complete when the Prime Contract requirements are identified. Subsequent reporting will be periodically reviewed by Westinghouse Advanced Energy Systems Division Contracts personnel to confirm compliance.

B. NEGOTIATE A CPFF CONTRACT FOR FIRST NINE MONTHS PERIOD AFTER TAKEOVER.

1. Findings

- a. WMCO and DOE executed Prime Contract DE-AC05-86OR21600 on December 24, 1985. This contract expires on September 30, 1991 and contains a unilateral option whereby DOE can grant an extension of up to five additional years. The Prime Contract is a Cost-Type Fixed

Fee arrangement from January 1, 1986 through September 30, 1986 and an Award Fee basis thereafter. The Fixed Fee has been negotiated. The Award Fee Evaluative Criteria remain an open issue.

2. Recommendation

- a. Negotiate the Award Fee Evaluative Criteria by June 30, 1986.

3. Corrective Action - None

C. REVIEW AND EVALUATE ANY OUTSTANDING LITIGATION

1. Findings

- a. This item is the subject of continuing discussions between DOE, NLO and WMCO. It is considered complete for purposes of this report.

2. Recommendations - None

3. Corrective Action - None

D. REVIEW PATENT REGULATIONS AND POLICIES

1. Findings

- a. The review disclosed no items requiring further action.

2. Recommendations - None

3. Corrective Action - None

E. NEGOTIATE A CONTRACT WITH KELLOGG RUST CONSTRUCTORS TO BE EFFECTIVE AT THE TAKEOVER DATE

1. Findings

- a. Letter-Subcontract S-1182 was executed on December 31, 1985, for Rust Engineering to provide construction services for the FMPC on a subcontract basis for a two month period beginning January 1, 1986. Due to several open issues not related to actual work performance and inadequate time for DOE to review the final subcontract, the Letter-Subcontract form was utilized to provide continuity of construction services to the FMPC.

- b. It is WMC0's intent to finalize a Cost-Type Subcontract with Rust Engineering to run concurrent with the WMC0 Prime Contract. The Fee arrangement will be similiar to the WMC0 Prime Contract.

2. Recommendation

- a. To recommend to DOE by February 14, 1986, award of the finalized Subcontract to Rust Engineering.
- b. To recommend to DOE by June 30, 1986, the Rust Engineering Award Fee Evaluative Criteria.

3. Corrective Action - None

F. WESTINGHOUSE LEGAL PERSONNEL MEET WITH NLO PERSONNEL

1. Findings

- a. This work task is considered complete for purposes of this report.
- b. WMC0/NLI legal personnel interface will continue until it is no longer necessary.

2. Recommendations - None

3. Corrective Action - None