10/26/54 3.15R00 UNCLASSIFIED

SAVANNAH RIVER OPERATIONS OFFICE
Principal Contractor

Box 112
FOLDER: BRIEFING MANUAL SAVANNAH RIVER OPERATIONS OFFICE NOVEMBER 1954

1. Name and Address

E. I. du Pont de Nemours & Company, Inc.
Wilmington 98, Delaware

2. Contract Number

AT(07-2)-1

3. Statement of the Work (Article II)

The contractor is authorized to furnish or procure in the shortest practicable time the labor, materials, tools, machinery, equipment, facilities, supplies and services (not provided or procured by the Government) and to do all things which in the contractor's judgment are necessary or desirable for the development, design, construction, installation and operation of the Savannah River production facilities.

4. Term of Contract (Article XI)

August 1, 1950 to July 31, 1957 unless this period is extended or terminated as provided by the terms of the contract.

5. Type of Contract

Cost-Plus-Fixed-Fee

Reason for selection of Contractor: The great resources of the du Pont Company and its broad experience in the design, construction and operation of the Hanford Project makes it uniquely fitted to undertake this task.

6. Amount Obligated and Authorized (Article XIV)

Contract amount	$1,234,000,000
Increased by letter 10/28/53	92,000,000
Increased by letter 5/21/54	190,000,000
Increased by letter 6/28/54	1,570,000
Increased by Supplement No. 1 9/27/54	2,430,000
Total obligated	$1,520,000,000

Consideration (Article XIV)

a. Reimbursement for costs and expenses as provided in Article XV.

b. Fixed fee of one dollar ($1.00)

E. I. du Pont de Nemours & Company, Inc.

7. Authorization (Article XXXVI)

The contract was authorized and was negotiated under the Atomic Energy Act of 1946 in the interest of common defense and security. By action of the President of the United States pursuant to Section 12(b) of the Act, the Contract is exempt from the provisions of law relating to contracts to the extent that such provisions raise any questions as to the validity or enforceability of any provision of the contract.

Classification Changed To
UNCLASSIFIED
By Authority of
J.M. BAUER J.M. Bauer
SR Classification Officer 7/9

8. Summary of Termination Provisions (Article XXXIII)

The Commission may terminate by giving six months written notice and the Contractor may terminate by giving twelve months written notice. The Contractor shall terminate existing subcontracts and shall make every reasonable effort to effect settlement of terminated subcontracts. Each settlement shall be subject to the written approval of the Commission. The Government shall reimburse the Contractor for all costs and expenses incurred pursuant to the article on termination. No settlement shall prejudice the Contractor's right to reimbursement for claims later determined to have been incurred in the performance of this contract and not known at the time of settlement.

9. Summary of Reimbursable Cost Provisions (Article XV)

The Contractor shall be reimbursed for its costs and expenses arising out of the performance of the work as expressly provided and for all other costs and expenses not expressly provided for which are incurred in connection with work under the Contract.

10. Summary of Advance Payment Provisions (Article XVII)

Upon request of the Contractor, Government funds shall be advanced from time to time in amounts adequate to finance the performance of the work under this contract. The Contractor has no obligation to pay interest on such funds. All such funds shall be deposited in special bank accounts with banks designated as depositories of public money by the Secretary of the Treasury of the U. S. The Contractor may make advance payments to subcontractors out of the special accounts when authorized by the Commission. Government funds are currently being advanced to the Contractor on a semi-imprest system, with daily reimbursement. At the present time, the size of the advance payments in the Contractor's control approximates $10,000,000.

11. Summary of Provisions Relating to Reimbursements For Costs of Awards of Extra Compensation (Article XVI)

The Contract recognizes that Contractor employees assigned to work under the Contract will be treated no less favorably than are Contractor employees assigned to the Contractor's commercial operations; and also recognizes that the Contractor maintains Bonus Plans "A" and "B" to provide incentives to employees by rewarding them with additional compensation.

Awards under these bonus plans are to be granted only to employees directly assigned full or part time to the work during the year for which the award is made and only to employees whose salary or wages constitute costs directly reimbursable under the contract. Extra compensation awards to Contractor employees engaged in work under this contract are to be on the same basis as, awards to employees engaged in the Contractor's commercial work. Details of awards made

Classification Changed To
UNCLASSIFIED
By Authority of
J.M. BAUER J.M. Bauer 7/9
Classification Officer

to employees engaged on the Contract work are furnished by the Commission. The Contractor is reimbursed by the Commission for the cost of such awards, and funds so received by the Contractor are deposited in a special bank account. Funds paid to beneficiaries from such account are subject to audit by the Commission prior to release.

12. Summary of Provisions Relating to Reimbursement for Pension Costs (Article XVI)

It is the policy of the Contractor to provide a pension and retirement plan for payment of pensions to retired employees. The contract between du Pont and AEC provides that such a plan be adopted for du Pont Savannah River Project employees in order to make employment on the Savannah River Project no less favorable than employment by du Pont elsewhere.

In order to provide for appropriate reimbursement to the Contractor for pension cost with respect to employees assigned to work under the Savannah River contract and to place the Commission in a position to recognize pension-wise the accrued service of those employees who may continue to work on the Atomic Energy Program after leaving the employment of the Contractor, a pension accrual and reimbursement program embodying deposit administration account fund has been established by a Tri-parte agreement between du Pont, AEC and Connecticut General Life Insurance Company.

Under the plan, periodic deposits are made from AEC funds into the Deposit Administration Fund. The deposits are based upon a percentage of payrolls, the percentages being determined each year through an actuarial calculation. Funds on deposit with the Deposit Administration Fund earn interest at the rate of $2\frac{1}{2}\%$ per annum. Withdrawals from the Fund are made only at the time an employee is transferred to du Pont commercial Operations or is retired. The Connecticut General Life Insurance Company makes a service charge of 4% for each withdrawal from the Fund.

13. Responsibility of Contractor - Contingencies (Article XXXIV)

The Government deems the work to be performed under this contract to be essential in the interest of the common defense and security and has urgently requested the Contractor to undertake such work. In view of the fact that the Contractor is undertaking the work for a fixed fee of one dollar ($1.00) and in view of the unusual and unpredictable hazards involved in carrying out the work under this contract, and in view of the nature, scope, and magnitude of the work, it is agreed that all work under this contract is to be performed at the expense of the Government, and that the Contractor shall not be liable for, and the Government shall indemnify and hold the Contractor harmless against any delay, failure, loss, expense (including expense of litigation) or damages (including personal injuries and deaths of persons and damage to property) of any kind and for any cause whatsoever, arising out of

Classification Changed To
UNCLASSIFIED
By Authority of
J.M. BAUER J. M. Bauer
SR Classification Officer 7/9/6

or connected with the work, and whether or not any employee or employees of the Contractor is or are responsible therefor, unless such delay, failure, loss, expenses or damage shall be established by the Government to have been caused directly by bad faith or wilful misconduct on the part of some corporate officer or corporate officers (i.e., the Chairman of the Board of Directors, President, Vice Presidents, Secretary, Assistant Secretaries, Treasurer, Assistant Treasurers) of the Contractor acting within the scope of his or their authority and employment.

14. Summary of Disputes Provisions (Article XXVII)

All disputes which may arise under or in connection with this Contract and which are not disposed of by mutual agreement shall be decided by the Manager of the Commission's Savannah River Operations Office, who shall reduce his decision to writing and mail a copy to the Contractor. The Contractor may appeal such decision to the Atomic Energy Commission Advisory Board of Contract Appeals within ninety days. The written decision on appeal of the Commission shall be final and conclusive on the parties unless within ninety days the Contractor notifies the Commission that it reserves the right to contest the matter further in the Court of Claims or such other court or courts as may have jurisdiction.

15. Summary of Method for Allocating Indirect Administrative Expense (Appendix "B")

The allowance for indirect administrative expense applicable to the work under this contract is determined on the basis of gross operating investments which is in accord with the Contractor's commercial practice for a great many years.

a. The total investment for purposes of allocating indirect administrative expense to the commercial operations and to work under this contract is computed as follows:

The Commission's total investment is represented by the following estimated amounts which may be changed from time to time by the Contractor subject to approval by the Commission:

August 1, 1950 thru December 31, 1950	$ 263,000,000
January 1, 1951 thru October 31, 1951	696,100,000
November 1, 1951 thru June 30, 1952	868,100,000
July 1, 1952 thru August 31, 1953	1,117,000,000
September 1, 1953 to Present	1,260,000,000

The estimated total investment of the Commission shall be reduced for indirect administrative expense allocation purposes to a percentage thereof by multiplying the estimated total investment by a weighting factor to give recognition to the fact that the Contractor does not

Classification Changed To
UNCLASSIFIED
By Authority of
J.M. BAUER J.M. Bauer
SR Classification Officer 7/9/5

have to provide financing for the Commission's investment and the fact that no sales effort is required. For the amounts of estimated total investment, the weighting factors shall be as follows:

$0 thru	$ 500,000,000 - 66-2/3%
in excess of $500,000,000 thru	$ 750,000,000 - 50%
in excess of $750,000,000 thru	$1,000,000,000 - 25%
in excess of $1,000,000,000 thru	$1,250,000,000 - 15%
in excess of $1,250,000,000 thru	$1,500,000,000 - 10%
in excess of	$1,500,000,000 - 0%

In the event the scope of work under this contract is increased, the weighting factor to be applied to that part of the estimated total investment allocable to such increased scope shall be subject to mutual agreement.

The Contractor's gross operating investment shall be computed by deducting from the total Contractor gross assets taken from the consolidated balance sheet, investments in General Motors common stock and other securities and investments (except marketable securities), goodwill, cash or equivalent sufficient to cover bonus fund and liability and accrued Federal taxes on income not otherwise provided for, and cash advances from the Atomic Energy Commission.

b. The following procedure is followed in determining the amount of indirect administrative expense to be prorated to the Commission's contract:

Total contractor administrative expenses (exclusive of "B" bonuses) are reduced for (1) direct administrative expense incurred for the account of and allocated to a specific operation and undertaking, and (2) indirect administrative expense applicable only to the commercial operations of the Contractor. The remainder is allocated each calendar month to the contract in the proportion that the Commission's investment bears to the total investment for allocation purposes (Section a. above).

16. Summary of Provisions Relating to Reimbursement for Indirect Administrative Expense (Article XV)

The Contractor is reimbursed for indirect administrative expense deemed to be incident to the work under this contract in the predetermined amount of $150,000 per month from 8/1/50 until 6/30/52 and in the predetermined amount of $210,000 beginning 7/1/52. Such amount shall be adjusted at such times as it is mutually determined that the monthly payments are not reasonably consistent with the Contractor's actual costs.

Actual costs shall be determined each year by the Contractor as of July 31, and shall be certified by a firm of independent public accountants. Any excess amounts paid to the Contractor shall be refunded to the

Government, or, at the option of the Commission, credited to the cost of the work; and deficit in such amounts shall be paid by the Government to the Contractor.

17. Summary of Delegation of Procurement Authority (Article XXII)

The Contractor has the right to sublet such portions of the work as may be necessary or desirable in the judgment of the Contractor; provided (1) each subcontract in excess of $2,000 shall be in writing, and (2) each subcontract or any individual alteration thereto in excess of $10,000 shall be subject to the written approval of the Commission. In letting subcontracts and in carrying out procurement hereunder, the Contractor shall follow procedures, used by it in its commercial operations, provided such procedures, reduced to writing, shall be subject to the approval of the Commission.

Any modification which increased the compensation payable to the subcontractor without consideration shall be subject to the prior written approval of the Commission.

The Contractor is authorized to establish items of labor expense for subcontracts which conform to the plans, policies and practices of the subcontractor without Commission approval; such labor expense items which do not conform to practices of the subcontractor will be subject to Commission approval.

18. Payments made as of June 30, 1954

	ACTUAL			
	FY 1951	FY 1952	FY 1953	FY 1954
Fee	- 0 -	- 0 -	- 0 -	- 0 -
Indirect Admin. Expense	$ 1,650,000	$ 1,800,000	$ 2,520,000	$ 2,100,000
Other	70,184,500	437,376,293	441,480,000	262,500,000
Total	$ 71,834,500	$439,176,293	$444,000,000	$264,600,000

	ESTIMATED
	FY 1955
Fee	- 0 -
Indirect Admin. Expense	$ 2,520,000
Other	209,480,000
Total	$212,000,000

Classification Changed To
UNCLASSIFIED
By Authority of
J.M. BAUER J. M. Bauer
SR Classification Officer 7/9/56

Savannah River Operations Office

CURRENT PRIME CONTRACTS

In Excess of $100,000

Prime Contractor	Type	Estimated Cost of Work	Fee	Description of Work
E. I. du Pont de Nemours & Company	Cost-type Construction & Operation	$1,520,000,000[1/]	$ 1	Design, construct and operate the Savannah River facilities including Dana.
Horizons, Incorporated[2/]	CPFF Research	570,734	29,320	Development of a process to produce thorium metal by electrolysis of salts.
Superior Steel[3/] Corporation	Unit Price Supply	255,000	—	Produce a minimum of 1500 pounds of flat plate uranium fuel elements.
Sylvania Electric[4/] Products, Inc.	CPFF Supply	4,761,813	209,340	Canning of uranium alloy slugs for Savannah River.

1/ Includes $161,570,000 obligated for Operations as of 9/30/54.

2/ Transferred from OROO on 10/15/54. Arrangements are in progress to extend the existing scope of work to include assistance to du Pont in designing semiworks equipment and to increase the Commission's obligation by approximately $85,000 per month through 6/30/55.

3/ Transferred from OROO on October 15, 1954. No change in scope or obligation contemplated.

4/ Transferred from NYOO on July 1, 1954, scope of work increased to include canning of uranium alloy slugs for an estimated cost of $699,153.

UNCLASSIFIED

October 26, 1954

Savannah River Operations Office

CURRENT DU PONT SUBCONTRACTS

Design and Development

Subcontractor	Type	Estimated Cost of Work	Fee	Description of Work
*Allstates Engineering Company	Drafting Service Agreement 1/	$ 1,330,000	—	Supply qualified Engineering design and drafting technicians.
*American Machine & Foundry Company	A-E CPFF	12,405,523	$1,091,900	Development, design experimental construction of special mechanisms. Perform engineering work, purchase necessary materials and perform the fabrication of holding racks.
*Blaw-Knox Company	A-E CPFF	13,600,000	976,000	A-E services on the process buildings and equipment in the 200 Area and separations problems in the 100 Area.
*Gibbs & Hill, Inc.	A-E CPFF	7,000,000	1,250,000	Layout, planning, design, and partial procurement of power, water pumping and treatment, water distribution, electric distribution, sewers and outside lines in the 100 and 200 Areas.
*Lummus Company, The	A-E CPFF	1,630,000	425,000	Design and partial procurement of six GS Units including the DW and E Plants. Design "A" line of 221 F and H Buildings in 200 Area.

*Scope of work completed.

1/ Overhead and profit at a fixed dollar rate per man hour.

October 26, 1954

UNCLASSIFIED

Savannah River Operations Office

CURRENT DU PONT SUBCONTRACTS

Design and Development (Cont'd)

Subcontractor	Type	Estimated Cost of Work	Fee	Description of Work
*New York Shipbuilding Corporation	A-E CPFF	$16,683,500	$1,102,200	Develop, construct and test a full scale mockup of a production reactor. Fabricate and assemble reactors for SRP.
*Voorhees, Walker, Foley & Smith	A-E CPFF	9,000,000	950,000	Design and partial procurement for general service facilities (roads, walks, fences, RR'S sewers, grading, etc.) and service buildings in all areas.
Construction				
Colorado Fuel & Iron Corporation	Unit Price	580,301	--	Furnish and erect chain link fence and accessories for SRP.
Graver Tank & Mfg. Co., Inc.	Lump Sum	1,948,777	--	Furnish, fabricate, place and erect on foundation 12 waste disposal steel tanks with accompanying steel pans in 200 Area.

*Scope of work completed.

October 26, 1954

UNCLASSIFIED

Savannah River Operations Office

CURRENT DU PONT SUBCONTRACTS

Construction (Cont'd)

Subcontractor	Type	Estimated Cost of Work	Fee	Description of Work
Interstate Painting Company	CPFF	$13,500,000	$ 79,000	Furnish labor and supervision for completion of all painting work at SRP. To handle all employment and termination of labor in connection with work.
Johns-Manville Sales Corporation	CPFF	10,500,000	1	Furnish labor and supervision for installation of all thermal insulation at SRP.
Johnson Service Company	Lump sum	133,138	—	Furnish and install 70 pneumatic temperature control systems.
Kolinski Concrete Company	Unit Price	17,881,148	—	Furnish labor, materials, and facilities to manufacture and deliver approximately 1,400,000 cu. yds. of concrete and grout for permanent SRP construction.
Lewis & McDowell, Inc.	Unit Price	1,051,657	—	Labor, material, equipment, and services to furnish and install membrane waterproofing of building foundation walls, sides, and tops of concrete encasements for waste disposal tanks.

October 26, 1954

UNCLASSIFIED

Savannah River Operations Office

CURRENT DU PONT SUBCONTRACTS

Construction (Cont'd)

Subcontractor	Type	Estimated Cost of Work	Fee	Description of Work
Lyles & Lang Construction Company	Guarantee of Rental	Amount paid to 1-5-54, $1,897,864 2-9-53 - Civil Trial filed in Columbia, S. C. 7-14-53- Trial began 7-29-53- Testimony ended 10-15-53- Briefs submitted by the parties. 5-7-54 - Court decided substantially every issue in favor of Lyles and Lang ($854,527.27) 6-3-54 - Department of Justice filed Notice of Intent to appeal. 10-18-54- Oral argument heard by U. S. Court of Appeal in Richmond, Virginia.		Supply materials and perform work for the construction, furnishing and operation of 75 dormitory-type buildings containing 50 2-man rooms each for temporary housing of single men. On March 5, 1952, 30 buildings at Beech Island were terminated before construction. On October 15, 1952, 15 completed buildings at Allendale and 15 at Williston were terminated. On January 11, 1953, 15 completed buildings at Barnwell were terminated.
Miller Electric Company and Dunn Electric	CPFF	$55,000,000	$186,000	Furnish labor and supervision for completion of electrical work.
Monarch Elevator and Machine Company, Inc.	Unit Price	120,935	—	Furnish materials and perform work for erection of five electric traction freight elevators.
Pittsburgh Testing Laboratory, Inc.	CPFF	874,000	36,012	Furnish labor and supervision for testing concrete mixes and various construction materials used at SRP.

UNCLASSIFIED

Savannah River Operations Office

CURRENT OPERATIONS SUBCONTRACTS

In Excess of $100,000

Subcontractor	Type	Estimated Cost of Work	Fee	Description of Work
Battelle Memorial Institute	Cost-Type	$ 170,000 20,000 (Equipment)	$ 8,500	Development of improved fuel elements.
Trustees of Columbia University	Cost-Type	1,871,000 1/	—	Research & development in the fields of heat transfer and corrosion.
Harding-Williams Dixie Corporation	Concession Agreement	For services rendered, subcontractor receives a management fee equal to 6% of total gross sales for each month provided, however, that such fee shall not be less than $500 for any one monthly period.		Provide cafeteria service which includes the sale of food, non-alcoholic beverages, tobacco and confections of good quality including that sold through vending machines located in the cafeterias.
South Carolina Generating Co., South Carolina Electric & Gas Co., and First National Bank of South Carolina of Columbia, South Carolina	Negotiated cost-type utility	a. Capacity Charge - at the rate of $19.00 per KW per annum based on an estimated Generating Plant construction cost of $24,400,000. This rate is subject to adjustment upward and downward, dependent upon the actual cost of the Plant. In addition to the $19.00 per KW, there is an annual capacity charge of 15% of the actual cost of transmission from the Generating Station to the point of delivery at Savannah River Plant. b. Energy Charge - Based on actual generating costs.		Generating Company will design, purchase and construct, and operate and maintain its Urquhart steam electric station consisting of two 75,000 KW Turbo-generators. Electric and Gas will design, construct, operate and maintain a single 115 KV transmission line. The Savannah River Plant is allocated 30,000 KW of the 150,000 KW capacity of the Urquhart Statior The AEC granted a license to Electric and Gas with rights of ingress, egress and access to the Savannah River Plant during the life of the power agreement plus one year.

1/ Includes fixed amount of $246,000 for overhead expenses.

DECLASSIFIED

Savannah River Operations Office

CURRENT OPERATIONS SUBCONTRACTS (CONTINUED)

In Excess of $100,000

Subcontractor	Type	Estimated Cost of Work	Fee	Description of Work
South Carolina Electric and Gas Co.	Negotiated Cost-type Utility	$814,000 for the period October 1954 to December 1955		To provide for the supply of 20,000 KW Interim Power from October to December 31, 1954 and 20,000 KW Scheduled Power for the six-months period January 1 to June 30, 1955, reduced to 10,000 KW for the six-months period July 1 to December 31, 1955.
Southern Bell Telephone & Telegraph Company	Service Contract	Minimum monthly guarantee of revenue of $5,036 for a ten year period (Based on regular tariff mileage charge.)		To provide necessary telephone and communication service for the Savannah River Plant including toll trunking circuits from Augusta, Georgia to Savannah River Plant.

October 26, 1954

UNCLASSIFIED

Savannah River Operations Office

CURRENT DU PONT SUBCONTRACTS

Construction (Cont'd)

Subcontractor	Type	Estimated Cost of Work	Fee	Description of Work
Robbins, John A.	Guarantee of Rental	Cumulative net cost to AEC as of 9-30-54: $7,287,564.25		To provide and operate 4,000 independent family type trailer type units to be placed in trailer parks off the Project. On April 21, 1953, termination was effected for convenience of the Government; trailers sold to Continental Supply Co. at $625 per trailer on 6-22-53 with delivery until 12-30-54. As of September 30, 1954, 39 trailers remain to be terminated.
Shaw Company, B. F.	CPFF	$ 89,000,000	$ 136,250	Furnish labor and supervision for piping and plumbing work.
Tennessee Roofing Company	Unit Price	646,389	—	Furnish labor and material, and install built up roofing, roof flashing and mop coating of roofs for buildings.

UNCLASSIFIED