



U. S. Department of Energy
 National Nuclear Security Administration
 Livermore Site Office
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DEC 11 2008

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 COR-LSO-11/24/2008-51558

MEMORANDUM FOR BGEN JONATHAN GEORGE, USAF, PRINCIPAL
 ASSISTANT DEPUTY ADMINISTRATOR
 FOR MILITARY APPLICATION

THROUGH: ROBERT L. SMOLEN
 DEPUTY ADMINISTRATOR
 FOR DEFENSE PROGRAMS

FROM: ALICE C. WILLIAMS *Alice C Williams*
 MANAGER

SUBJECT: Contract DE-AC52-07NA27344, Fee and Award Term
 Recommendations

The National Nuclear Security Administration (NNSA)/Livermore Site Office (LSO) has completed its assessment of the Lawrence Livermore National Security, LLC's (LLNS) performance in meeting expectations established in the Fiscal Year 2008 (FY08) Performance Evaluation Plan (PEP) for the period from October 1, 2007 through September 30, 2008. Based on my review and the assessments provided in our FY08 Performance Evaluation Report, the following recommendations are hereby requested for your approval:

	<u>Available</u>	<u>Recommended</u>
DOE Fixed Fee	\$13,662,651	\$13,662,651
WFO Fixed Fee	8,200,000	8,200,000
Total Fixed Fee	21,862,651	21,862,651
DOE At-Risk Fee	28,691,566	12,607,633
DOE Multi-Site Fee	3,187,952	3,187,952
Total DOE At Risk Fee	31,879,519	15,795,584
TOTAL FEE	\$53,742,169	\$37,658,235
RECOMMENDED %		70.1%
<u>Award Term</u>	None	None

APPROVED: _____ X* _____ DISAPPROVED: _____

Alternative Fee as follows: _____

BY: Jonathan George DATE 12 DEC 08

JONATHAN D. GEORGE, Brig Gen, USAF,
Principal Assistant Deputy Administrator for Military Application
National Nuclear Security Administration

* As the Fee Determination Official for Lawrence Livermore National Security, LLC (LLNS) Contract DE-AC52-07NA27344 for the period October 1, 2007 through September 30, 2008, I concur with the recommended fee. However, I consider the Contractor's performance in the area of protective force operations and information security to be "unsatisfactory" based in large part on the Contractor's security failures surrounding the HSS audit and therefore I non-concur with the overall security rating of "satisfactory" even though the Contractor had satisfactory and at times very commendable performance in site security planning, meeting AOP milestones, the strong attempt at recovery following the failed HSS security audit and in counterintelligence.