

U.S. Department of Energy
Washington, D.C.

ORDER

DOE 2110.1A

Approved: 07-14-88

Change 2: 5-18-92

This directive was reviewed and certified as current and necessary by (Enter Name), (Enter Title) Director, Office of Management, Budget and Evaluation/Chief Financial Officer, XX-XX-XXXX.

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

1. PURPOSE. To establish policy for establishing prices and charges for materials and services sold or provided by the Department, either directly or through Departmental contractors, including management and operating (M&O) contractors, to external organizations.
2. CANCELLATION. DOE 2110.1, Pricing OF DEPARTMENTAL MATERIALS AND SERVICES, of 2-16-84.
3. SCOPE. The provisions of this Order apply to all Departmental Elements and contractors performing work for the Department as provided by law and/or contract and as implemented by the appropriate contracting officer.
4. BACKGROUND. This Order implements the Department's rule (10 CFR 1009) and is a comprehensive update of its internal pricing policy.
5. REFERENCES.
 - a. DOE 2100.8, COST ACCOUNTING. COST RECOVERY, AND INTERAGENCY SHARING OF DATA PROCESSING FACILITIES, of 3-3-83, which prescribes policies for cost accounting, cost recovery, and interagency sharing of data processing facilities.
 - b. DOE 2200.6, FINANCIAL ACCOUNTINGS, of 10-24-88, which provides financial policy guidance for certain interagency reimbursable actions and reimbursable actions within non-Federal Government entities, including foreign and commercial entities, States, and political subdivisions.
 - c. DOE 4300.2B, NON-DEPARTMENT OF ENERGY FUNDED WORK, of 7-16-91, which establishes policy, responsibilities, and procedures for authorizing and administering non-DOE funded work performed under DOE contracts.
 - d. Title 5 CFR 334, Intergovernmental Personnel Act, which provides policy and procedures for temporary assignment of employees between Federal agencies and State, local, and Indian tribal governments, institutions of higher education and other eligible organizations.
 - e. Title 10 CFR 725, Regulations and Rulings of the Department of Energy, which establishes procedures and standards for the issuance of permits for access to restricted data.
 - f. Title 10 CFR 1009, DOE General Provisions, which outlines a general policy for pricing and charging for materials and services sold by the Department.

DISTRIBUTION:

All Departmental Elements
Vertical line denotes change.

INITIATED BY:

Office of Chief Financial Officer

- g. Title 41 CFR 109-1.5102, Department of Energy Property Management Regulations, which establish policy for official use of property.
- h. Title 5 U.S.C. 552, Freedom of Information Act, which establishes policy for providing information to the public on agency rules, opinions, orders, records, and proceedings.
- i. Title 5 U.S.C. 552a, Privacy Act, which establishes policy for records maintained on individuals.
- j. Title 31 U.S.C. 1535, 1536, and 3324 Economy Act of June 1932, as amended, which authorizes agencies to place orders with other Government agencies when the head of the ordering agency determines that it is in the interest of the Government to do so.
- k. Title 31 U.S.C. 9701, Fees and Charges for Government Services and Things of Value, which establishes policy for selling services and products.
- l. Title 42 U.S.C. 2011, Atomic Energy Act 1954, as amended, which establishes the policy that atomic energy is capable of application for peaceful as well as military purposes.
- m. Title 42 U.S.C. 2061, 2053, and 2201, Atomic Energy Act of 1954, as amended, which authorizes the Department to establish prices and charges for nuclear materials and other related materials and services that are sold or provided by the Department.
- n. Title 42 U.S.C. 2073 and 2093, Atomic Energy Act of 1954, which establishes policy for domestic distribution of special nuclear material and source material respectively.
- o. Title 42 U.S.C. 2074 and 2094, Atomic Energy Act of 1954, as amended, which authorizes foreign distribution of special nuclear material.
- p. Title 42 U.S.C. 2111 and 2112, Atomic Energy Act of 1954, as amended, which establishes authority for domestic and foreign distribution of by-product material.
- q. Title 42 U.S.C. 2201, Atomic Energy Act of 1954, as amended, which provides for disposition of radioactive materials and any other property for which special disposition is in the interest of the national security.
- r. Title 42 U.S.C. 7259 (Public Law 95-91, section 649), Department of Energy Organization Act, which states that in carrying out its functions, the Department, under terms and rates for periods not exceeding 5 years

- and as deemed to be in the public interest may permit the use of any real property, facility, structure, or other improvement, by public and private agencies, corporations, associations, organizations, or individuals.
- s. Public Law 85-162 (71 Stat. 410), Appropriations Act for the Atomic Energy Commission, which amended-section 35 of the Atomic Energy Community Act of 1955 to establish the appraised value of the Government's interest in commercial property, where renegotiation of the lease is requested.
 - t. Office of Management and Budget (OMB) Circulars:
 - (1) OMB Circular A-25, "User Charges," of 9-23-59, as amended, which refers to the Federal Governments policy of recovering full cost for services rendered or material provided to recipients.
 - (2) OMB Circular A-45, "Policy Governing Charges for Rental Quarters and Related Facilities," of 10-31-64, which establishes subject policy and procedures.
 - (3) OMB Circular A-97, "Rules and Regulations Permitting Federal Agencies to Provide Special or Technical Services to State and Local Units of Government Under Title III of the Intergovernmental Cooperation Act of 1968," of 8-29-69, which covers subject rules and regulations.
 - (4) OMB Circular A-130, "Appendix II, Cost Accounting, Cost Recovery and Interagency Sharing of Information Technology Facilities," of 12-12-85, which establishes subject procedures.
 - u. Latest supplement to OMB Circular A-76, "Performance of Commercial Activities" which establishes Federal policy regarding the operation of commercial activities.
 - v. Comptroller General Decision B-136318, as amended by 57 Comp. Gen. 674, of 8-14-78, which states that unless they are necessary to accomplish competing congressional goals, policies, or interests, the cost comparisons and billings to requisitioning agencies under section 601 of the Economy Act of 1932, as amended, (Title 31 U.S.C. 1535-1536, 3324) should not include items of indirect cost that are not significantly related to costs incurred by the performing agency in the execution of the requisitioning agency's work and that are not funded from currently available appropriations.
 - w. Joint Committee on Printing, Pricing and Binding Regulation No. 24, 4-77, Title III, 39-1 to 39-3, which establishes quantity limitations and also procedures for free distribution in bulk for redistribution to private individuals.

6. DEFINITIONS.

- a. Allocable Cost. A cost is allocable to a particular cost objective (i.e., a specific function, project, process, or organization) if the costs incurred are chargeable or assignable to such cost objectives in accordance with the relative benefits received or other equitable relationships. Subject to the foregoing, a cost is allocable if (1) it is incurred solely for materials or services sold; (2) it benefits both the customer and the Department in proportions that can be approximated through use of reasonable methods; or (3) it is necessary to the overall operation of the Department and is deemed to be assignable in part to materials or services sold.
- b. Byproduct Material. Any radioactive material (except special nuclear material) yielded in or made radioactive by exposure to the radiation incident to the process for producing or utilizing special nuclear material.
- c. Charges. An accumulation of job-related costs for materials and services sold by the Department.
- d. Commercial Price. The price that a willing buyer is currently paying or would pay a willing seller for materials and services in the market.
- e. Direct Cost. Any cost that can be identified specifically with a particular final cost objective.
- f. Full Cost. All direct costs and all allocable costs of producing the material or providing the service consistent with generally accepted accounting principles. Direct costs and allocable costs may include, but are not limited to, the following cost elements:
 - (1) Direct labor (including fringe benefits), direct materials, other direct costs, processing materials and chemicals, power and other utilities, and maintenance.
 - (2) Indirect costs, i.e., common costs that cannot be directly assigned to specific cost objectives and are therefore allocated to cost objectives in a systematic cost allocation process.
 - (3) Contractor profit/fees and management allowances paid by DOE.
 - (4) Depreciation includes depreciation costs that are directly associated with facilities and equipment utilized, and allocated depreciation costs for support and general facilities and equipment.

(5) Added Factor includes general and administrative costs and other support costs that are incurred for the benefit of the Department, an organizational unit, or a material or service as a whole. The base to which the added factor percentage is to be applied includes direct costs, indirect costs, and depreciation assignable or allocable to the material or service being priced.

g. Prices. The monetary amounts generally established and published for recurring sales of the same materials and services.

h. Source Material. Uranium and thorium.

i. Special Nuclear Material. Plutonium or uranium enriched in the Isotope 235, or any materials artificially enriched by any of the foregoing. Special nuclear material does not include source material.

7. RESPONSIBILITIES.

a. Program Secretarial Officers (PSOs) shall:

(1) Determine that prices for materials and services for which they are responsible are in accordance with this Order.

(2) Develop and approve, after appropriate consultation with the Departmental Chief Financial Officer (CFO), full cost recovery prices for materials and services provided by Headquarters.

(3) Submit requests for exceptions to the pricing policy to the Departmental CFO for appropriate consultation and approval, for those materials and services provided by Headquarters. A standard format as outlined on page I-5, Attachment I-1, shall be used.

(4) Review and approve prices recommended by Heads of Field Elements for materials and services for which program responsibility is retained in accordance with page 7, paragraph 7f(3).

(5) Consult with the Departmental CFO on matters relating to costs and prices.

b. Assistant Secretary for Defense Programs, with the concurrence of the Departmental CFO, shall develop and approve prices for plutonium.

c. Assistant Secretary for Domestic and International Energy Policy may:

(1) Conduct preliminary meetings with foreign governments and organizations for reduced charges for research and development activities provided the following conditions are met: (a) the

Vertical line denotes change.

PSO determines that the exception from full cost recovery is made in consideration of direct benefits to a DOE program from such work and (b) the exception is approved by the Departmental CFO.

- (2) Authorize, in coordination with the appropriate Head of Field Element and responsible PSO, minor miscellaneous services or research quantities of materials, including nuclear materials distributed under 42 U.S.C. 2074 and 2094 to be furnished without charge for use at DOE-owned or controlled facilities in connection with foreign activities when it is determined that furnishing such services or materials is in the public interest and involves insignificant costs.

Assistant Secretary for Nuclear Energy, with concurrence of the Departmental CFO, shall develop and approve prices for enriched Uranium-233 and Uranium-235.

Departmental Chief Financial Officer (CFO), shall:

- (1) Interpret DOE pricing policy and determine the applicability of such policy in any given case in cooperation with the appropriate PSO.
- (2) Prior to implementation, review prices and charges developed by PSOs and Heads of Field Elements for compliance with this Order.
- (3) Approve requests to use the exception provisions to the Department's pricing and charging policy for all materials and for services provided by Headquarters.
- (4) Recall the authority redelegate to Heads of Field Elements to approve exceptions on a case-by-case basis, if the Departmental CFO determines that a specific request for an exception to the Department's pricing policy is of a sensitive nature and/or the request should be resolved by Headquarters.
- (5) Furnish advisory reports and recommendations on prices to the Secretary and other organizations as considered necessary.
- (6) Develop uniform prices for comparable materials and services that are available from two or more field organizations.

- (7) Develop principles, procedures, criteria, and formats for the preparation of cost/price studies.
- (8) Develop added factor rates and disseminate to field organizations for use in determining full cost of products, materials, and services sold or provided.
- (9) Review and approve requests for new and revised standing exceptions.

f. Heads of Field Elements.

- (1) Shall develop cost/price studies for new materials and services furnished to others by DOE. The scope of any such study shall be commensurate with the cost of the materials and/or services to be provided.
- (2) Shall develop revised cost/price studies whenever there is a significant change in cost as the result of a change in operations or other conditions. At a minimum, develop cost/price studies each fiscal year for recurring sales of materials and services producing significant amounts of revenue.
- (3) Shall develop and approve prices for materials and/or services when the prices are based on full cost recovery and based on costs originating within the operations of the particular office. When the price determination is prepared for the purpose of establishing a DOE-wide price for the material or service the cost/price study, and other documents used in establishing the price shall be furnished to the Departmental CFO and the responsible PSO at least 30 days prior to the effective date of the price. The authority to develop and approve prices may be retained by PSOs. However, this retention of authority shall be explicit and in writing. When this option is exercised, cost/price studies and recommended prices shall be submitted for approval to the PSO responsible for the program with a copy to the Departmental CFO. If a final price is not determined within 30 days, the responsible field organization may approve a provisional price.
- (4) Shall disseminate new and revised prices and charges to customers and to organizations and persons within and outside DOE.
- (5) Shall calculate applicable depreciation costs and rates from field organization plant and equipment records, consistent with guidance in DOE's Accounting Practices and Procedures Handbook (APPH), for use in determining the full cost of products, materials, and services sold or provided. (The APPH provides accounting systems guidance that shall be followed until it is replaced by the accounting directives (DOE 2200.4 - 2200,10.))

Vertical line denotes change.

- (6) May use the standing exceptions in this Order.
 - (7) May approve requests to use the exception provisions to the Department's pricing and charging policy for services provided by that particular office only, unless the Departmental CFO has recalled this authority pursuant to paragraph 7e(4) above.
 - (8) Shall provide the Departmental CFO with the name(s) and title(s) of the designated approving official(s) for exceptions to the Department's pricing and charging policy.
 - (9) Shall provide the Departmental CFO with a report on a quarterly basis for each exception approved during the current quarter as detailed in Chapter I and formatted in Attachment I-1.
 - (10) Shall ensure that the policies, procedures, and reporting requirements contained in this Order are carried out.
 - (11) Shall select purchasers and determine prices when sale is by competition in the open market.
- g. General. Heads of Departmental Elements may not delegate, to a non-DOE official, the authority and responsibility for the establishment of prices and charges for materials or services being provided by DOE or through a DOE contractor to a third party.

8. GENERAL PRICING POLICY.

- a. Other Federal Agencies. The policy of the Department of Energy shall be to establish prices and charges to the other Federal agencies at the Department's full cost less depreciation and the Department's added factor except: (1) when the charges are to become part of the cost of a product or service to be provided by the other Federal agency to organizations and persons outside the Federal Government or (2) when the material or service has a price established by DOE or (3) when the charges are for work involving excess data processing capacity and/or related dedicated services, e.g., application systems, programmers or analysts, software unique to a particular application, and remote terminals and modems. With respect to the latter, the Departmental policy of recovering full cost, including the DOE added factor as described in DOE 2100.8, shall apply.
- (1) Full cost (which includes both depreciation and the Department's added factor) may be charged to other Federal agencies, with approval on a case-by-case basis by the Controller, provided a full cost sale is necessary to accomplish a Congressional goal, policy, or interest.

Vertical line denotes change.

- (2) Full cost also may be charged when the statutory authority for an agreement with another Federal agency is other than the Economy Act and is consistent with the particular statutory authority.

b. Organizations Outside the Federal Government. The price or charge for materials and services sold by DOE to persons and organizations outside the Federal Government shall be the Government's full cost for those materials and services, unless otherwise provided in this Order. Exceptions to this pricing and charging policy may be authorized in accordance with the following provisions:

- (1) Prices and charges for byproduct material sold pursuant to 42 U.S.C. 2111 and 2112 et seq. shall be either the full cost recovery price or the commercial price, whichever is higher, except that lower prices and charges may be established if it is determined that such lower prices and charges will provide reasonable compensation to the Government for such material, will not discourage the use of or the development of sources of supply independent of the DOE of such material, and will encourage research and development.
- (2) Prices and charges for materials and services sold pursuant to 42 U.S.C. 2201 shall be either the full cost recovery price or the commercial price, whichever is higher, except that lower prices and charges may be established if it is determined that such lower prices and charges will provide reasonable compensation to the Government and will not discourage the development of sources of supply independent of the DOE of such material.
- (3) Charges for the use of real property or any facility, structure, or other improvement thereon may be authorized under such terms, at such rates, and for such periods not exceeding 5 years, as is deemed to be in the public interest, pursuant to 42 U.S. C. 7259.
- (4) Pursuant to OMB Circular A-25, exceptions to the general pricing policy may be authorized under any of the following conditions:
 - (a) The incremental cost of collecting the fees (charges) would be an unduly large part of the receipts from the activity.
 - (b) The furnishing of material or service without charge is an appropriate courtesy to a foreign country or international organization, or comparable fees are set on a reciprocal basis with a foreign country.

(c) The domestic recipient of the material or service is engaged in a nonprofit activity that promotes public safety, health, or welfare.

(d) Payment of full cost by a State or local government, *or* by a nonprofit organization would not be in the Interest of the program.

(5) Prices and charges for materials and services provided to organizations or persons may be at less than full cost when it is determined by Heads of Field Elements on a case-by-case basis that a benefit to the Department results. In such cases, depreciation and added factor costs may be waived to organizations outside the Federal Government or, stated otherwise, it authorizes the use of the same prices and charges normally charged to other Federal agencies. Full costs, including depreciation and added factor, will be recovered for ADP services

9. EXCLUSIONS. The general pricing policy shall not apply when the amount to be priced or charged is otherwise provided for by statute, Executive order, or regulation. The provisions of this Order shall not apply to:

- a. Fees, penalties, and fines established by the Economic Regulatory Administration;
- b. Power marketing and related activities of the Alaska, Bonneville, Southeastern, Southwestern, and Western Area Power Administrations;
- c. Prices for crude oil and related materials and services from the Naval Petroleum and Oil Shale Reserves;
- d. Prices for uranium enriching and other related services, source material, and special nuclear material;
- e. Costs incurred in processing requests for information under the Freedom of Information and Privacy Acts;
- f. Costs relating to energy data and information provided by the Energy Information Administration;
- g. Prices for crude oil and related materials and services from the Strategic Petroleum Reserve;
- h. Costs relating to the disposal of excess and surplus property;
- f. Costs for access permits for uranium enrichment technology issued in accordance with 10 CFR part 725;

- j. Materials and services provided pursuant to a cooperative agreement, research assistance contract or grant, or made available to a DOE contractor in connection with a contract, the primary purpose of which is to procure materials or services for DOE;
 - k. Prices for byproduct energy from the Hanford New Production Reactor;
 - l. Fees established for and costs relating to the storage and disposal of radioactive waste provided under the Nuclear Waste Policy Act;
 - m. Prices determined under the provisions of DOE 2100.8; or
 - n. Costs related to temporary assignments under the Intergovernmental Personnel Act, Title 5 CFR 334.
10. USE OF EXCEPTION PROVISIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Any request or approval for an exception to full cost recovery shall also include an evaluation of the work to be performed. Work shall be accepted only if it meets the criteria outlined in DOE 4300.26.
- a. Any request for a case-by-case exception will include a narrative justifying the exception and, where applicable, a cost/price study, an estimate of unit sales and revenues, and an estimate of the revenue lost.
 - b. Standing exceptions to the DOE full cost recovery policy are authorized in Chapter III. No further justification is required.
 - c. Before granting an exception, Heads of Field Elements will determine and document:
 - (1) The benefiting program(s) at the most practical budget and reporting classification(s) and
 - (2) The direct benefits to DOE programs, e.g., these benefits may be defined as knowledge acquired through basic or applied research on new technologies or may be demonstrated by a cost-benefit analysis.
11. DISSEMINATION OF PRICES AND CHARGES. Current prices and charges for specific materials and services are available from the DOE laboratory or organization providing the materials or services or from the responsible program office. If this office cannot be determined, inquiries regarding the appropriate contact office should be addressed to the Department of Energy, Office of Chief Financial Officer, CR-1, Washington, DC 20585.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resource Management

U.S. Department of Energy
Washington, D.C.

PAGE CHANGE

DOE 2110.1A Chg 2
5-18-92

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

1. PURPOSE. To transmit revised pages to DOE 2110.1A, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 7-14-88.
2. EXPLANATION OF CHANGE. This Order has been revised to reflect organizational changes set forth in SEN-6D-91, DEPARTMENTAL ORGANIZATIONAL AND MANAGEMENT ARRANGEMENTS, of 5-16-91.
3. FILING INSTRUCTIONS.

a.	<u>Remove Page</u>	<u>Dated</u>	<u>Insert Page</u>	<u>Dated</u>
	1	7-14-88	1	5-18-92
	2	7-14-88	2	7-14-88
	5	7-14-88	5	5-18-92
	6	7-14-88	6	5-18-92
	7	7-14-88	7	5-18-92
		10-5-88	8	5-18-92
	11 (and 12)	7-14-88	11 (and 12)	5-18-92
	I-1	7-14-88	I-1	5-18-92
	I-2	10-5-88	I-2	5-18-92
	11-5 thru	7-14-88	II-5	5-18-92
	11-10		II-6	7-14-88
			II-7	5-18-92
			II-8	7-14-88
			II-9	5-18-92
			II-10	7-14-88
	III-3	7-14-88	III-3	7-14-88
	III-4	7-14-88	III-4	5-18-92
	IV-1	7-14-88	IV-1	5-18-92
	IV-2	7-14-88	IV-2	7-14-88

b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resources Management

DISTRIBUTION:

All Departmental Elements

INITIATED BY:

Office of Chief Financial
Officer

TABLE OF CONTENTS

<u>CHAPTER I - GENERAL INFORMATION</u>	<u>Page</u>
1. Principles for Cost/Price Studies.....	I-1
2. Documentation of the Use of Exceptions to the Department's General Pricing Policy	
3. Reports.....	I-1
4. Labor Costs.....	I-2
5. Fringe Benefits.....	I-3
Attachment I-1 - DOE F 2110.1, "Exception to Full Cost Recovery".....	I-5
 <u>CHAPTER II - COSTING AND PRICING OF SELECTED MATERIALS, PRODUCTS, AND SERVICES</u>	
1. General.....	II-1
2. Use-Charge on Leased Nuclear Material.....	II-1
3. Nuclear Fuel Preparation and Fabrication.....	II-1
4. Chemical Processing of Nuclear Materials.....	II-1
5. Processing Irradiated Reactor Fuel.....	II-2
6. Heavy Water.....	II-2
7. Conversion of Purified Plutonium Nitrate into Plutonium Metal	II-2
8. Base Charge for Conversion of Plutonium Nitrate to Dioxide	II-2
9. Conversion of U-233 Uranyl Nitrate to Oxide or Metal	II-2
10. Isotopes, Sources, Irradiations, and Reference Materials	II-3
11. Reactor Charges.....	II-4
12. Use of DOE Facilities and Equipment.....	II-5
Figure II-1 Schedule of Rental Rates	II-6
13. Analytical Samples and Services.....	II-6
14. High-Efficiency Particulate Filters.....	II-6
15. Uranium Enrichment Services.....	II-6
16. Sale of Normal Uranium.....	II-6
17. UF6 Packaging, Handling, and Container Rental Charges	II-7
18. Leases of Normal Uranium.....	II-7
19. Plutonium and Uranyl Nitrate.....	II-7
20. Access Authorizations.....	II-7
Figure II-2 Annual Change.....	II-8
21. Consultations and Personal Services.....	II-9
22. Computer Software Dissemination.....	II-10
23. Reports and Related Information.....	II-11
24. Requests to DOE for Information.....	II-11
25. Transportation Provided to Private Individuals <i>in</i> DOE Chartered Aircraft.....	II-12

CHAPTER III - STANDING EXCEPTIONS TO THE FULL COST RECOVERY POLICY

1.	Access Permits.....	III-1
2.	Access Authorizations.	III-1
3.	Use Permits.	III-1
4.	Assistance for the Protection of Health and Safety in the Event of Radiological Incidents.....	III-1
5.	Museums and Exhibits.	III-1
6.	Housing, Utilities, and Commercial Property.....	III-2
7.	Repairs to Material and Equipment.....	III-2
8.	Reports and Photographs.....	III-2
9.	Research Reactors Operated by Nonprofit Educational and Medical Institutions.....	III-2
10.	Office of Energy Research Facilities.....	III-3
11.	Miscellaneous Materials and Services.....	III-3
12.	Cost of Billing and Collecting Exceeds the Amount Collected	III-4
13.	Liquified Gaseous Fuels Spill Test Facility	III-4
14.	International Atomic Energy Agency.....	III-4

CHAPTER IV - BILLING

1.	General.....	IV-1
2.	To Domestic Organizations.....	IV-1
3.	To Foreign Governments	IV-1
4.	Basis for Billings.....	IV-2
5.	Records.....	IV-2

CHAPTER I

GENERAL INFORMATION

1. PRINCIPLES FOR COST/PRICE STUDIES.

- a. Cost/price studies shall contain sufficient information and be in a format that facilitates review by all appropriate levels of management.
- b. Normally, the cost/price study shall be a fiscal year(s) or within a fiscal year. However, if the study cannot be on a fiscal-year basis, a representative production run period and sales period may be used.
- c. In addition to production costs, a complete inventory and sales forecast in units and dollars shall be prepared, which shall include, at a minimum, the beginning inventory, sales in units, and ending inventory for the prior fiscal year, current fiscal year, and the budget fiscal year.
- d. Cost of materials, products, and services shall be assembled in a format that is consistent with full cost as defined in this chapter.
- e. Price recommendations shall be consistent with DOE's full cost recovery policy. Variable unit selling prices shall not be recommended unless the prices reflect DOE's production cost curve. If it is desired to encourage the sale or the use of a product, a variable cost unit selling price may be authorized. However, this may require approval of an exception to the Department's general pricing policy when the variable prices do not recover full costs.

2. DOCUMENTATION OF THE USE OF EXCEPTIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Exceptions, other than the determined standing exceptions, shall be fully documented and provide an audit trail. Documentation must be available for subsequent audit or review. Page 11, paragraph 10, details those requirements. A standard format, as outlined on page I-5, Attachment I-1, shall be used.

3. REPORTS.

- a. New Items or Price Revisions. An immediate report of the cost of, and proposed new or revised Departmental prices for, materials and services shall be submitted to the Departmental Chief Financial Officer (CFO) and to the responsible Program Secretarial Officer.

- b. Added Factor Report. An annual Added Factor Report shall be prepared in accordance with Chapter XI, paragraph 6, of the DOE Accounting Practices and Procedures Handbook. From this report added factor rates are developed for specific materials and services of the Department.
- c. Exceptions Granted. A report, as detailed in Attachment I-1, of all exceptions to the general pricing policy approved by the Head of a Field Element during the current quarter must be furnished to the Departmental Chief Financial Officer 30 days after the close of each quarter. Standing exceptions should not be included in this report.
4. LABOR COSTS. Labor costs of Federal Government employees are composed of two factors: the first is the time it takes to do the job, and the second is the rate(s) of pay for the labor skills required. These two factors are equally important and each must be estimated as precisely as possible. For this reason, they are treated separately in the following paragraphs:
- a. Time requirements can be expressed in hours or years. A year consists of 2087 hours and for Federal Government employees it normally includes a factor of 19.7 percent for nonworking hours (annual leave earned, sick leave taken, holidays, and other leave taken). Because various methods are used to prepare labor costs, care must be taken to ensure that the 19.7 percent factor is not included in costs more than one time nor excluded from costs.
- b. Normally, the skills required to perform a task will specify Wage Board (WB) or General Schedule (GS) employees. For positions that are not occupied, step 3 of the WB schedule and step 5 of the GS schedule should be used. When a wage or salary increase is expected during the first year of performance, the amount of the increase should be included in the estimated labor costs.
- (1) Wage Board rates are expressed normally as hourly rates and will be applied to all hours worked and to all hours of annual leave earned, sick leave taken, holidays, and other leave taken to ascertain the total pay of a WB employee. Night and/or differential pay also should be included in WB labor costs.
- (2) General Schedule rates normally are expressed as annual rates of pay. To convert this annual rate of pay to an hourly rate comparable to a WB employee, the annual rate of pay must be divided by 2087 hours.

5. FRINGE BENEFITS. Fringe benefits are allowances and services provided by the Government to its employees as compensation in addition to the wages or salaries used in determining the basic-hourly rate or annual rate of pay. For purposes of estimating the cost of a Government operation, fringe benefits will include only the normal, recurring benefit costs attributable to an ongoing operation. Costs such as termination and separation allowances of Government personnel are not fringe benefits, but rather are to be included as termination costs, as applicable, when associated with the opening or closing of a Government-operated activity.
 - a. Leave and holiday time is included in labor costs and is not included in fringe benefits.
 - b. Refer to the latest supplement to OMB Circular A-76 for current rates to be applied to annual or periodic labor costs to determine fringe benefit costs for the following categories:
 - (1) Retirement and Disability (includes employees under Civil Service Retirement System, Federal Employees Retirement System, and intermittent employees under FICA).
 - (2) Health and Life Insurance.
 - (3) Other Benefits (including work disability, unemployment programs, bonuses, and awards).
 - (4) Medicare.
 - c. For employees under the Federal Employees Retirement System also include:
 - (1) Government match for the Social Security component.
 - (2) Government match for the Savings Plan.
 - d. Additional benefits received by Government employees will be computed separately. Cost estimates will be required for offsite pay, hazardous duty pay, uniform allowances, incentive pay, cost of living differential, night differential for GS employees, in the development of individual rates for the local area. Where allowances are not uniformly distributed among local personnel, it may be necessary to compute separate rates or amounts for individual employees or employee groupings, such as GS and MB employees.

- e. Overtime premiums and premium pay for working holidays are not included as additional benefits. Overtime and holiday premiums are either indirect costs (to be included in the appropriate indirect cost pool), or other direct-costs. In either case, they are not included in the determination of additional benefits nor in the total annual or periodic labor costs. Overtime and holiday premiums are direct costs only when it is known that the work required to provide the product or service being estimated must be performed on overtime. Otherwise, overtime and holiday premiums are indirect costs because the incurrence of overtime provides equal benefit to all work scheduled. Although night and environmental differentials are considered additional benefits for GS employees, they are added to the hourly rate and included in the annual or periodic labor costs for WB employees. Firefighters' and law enforcement officers' premiums are also included in the annual or periodic labor costs in the same manner.

DOE 2110.1A
7-14-88

Attachment I-1
Page I-5 (and I-6)

DOE F 2110.1
(11-87)

U.S. DEPARTMENT OF ENERGY
EXCEPTION TO FULL COST RECOVERY

☒ Report ☐ Request

EXAMPLE

Project Title Jamaican National Energy Planning Analysis

Proposal No. Amendment No. 5 Contractor Smith & Co.

M&O Facility Atlanta, Georgia

1. Cost/Price Study:

a) DOE direct and allocable cost, excluding depreciation	<u>115,000</u>
b) Depreciation	<u>8,000</u>
c) Added factor	<u>18,500</u>
d) DOE full cost	<u>141,500</u>
e) Unbilled cost	<u>26,500</u>
f) Cost Charged (billed)	<u>115,000</u>

2. Budget and Reporting Classification of Benefiting Program: NA02

3. Benefiting DOE Program: Energy and Nuclear Power Evaluation Program

4. Authority: DOE 2110.1A, paragraph 7f(7)

5. Responsible Program Manager: Name Henry Brown

Title Assistant Manager for Project and Techno-
logy Management

6. Brief description of work and narrative justifying the exception:

See attached page

Based on determination of benefit to DOE program, I waive depreciation and DOE added factor.

Signature: John Doe, Manager, Atlanta Operations Office

Date: 7/22/88

Concurrences: George Smith, Assistant Secretary for International Affairs and
Energy Emergencies

CHAPTER II

COSTING AND PRICING OF SELECTED MATERIALS PRODUCTS, AND SERVICES

1. GENERAL. This chapter provides costing and pricing information on selected materials, products, and services available from DOE. Prices are free-on-board (f.o.b.), DOE location, unless stated otherwise.
2. USE-CHARGE ON LEASED NUCLEAR MATERIAL.
 - a. Basis for Use-Charge. Billings for use-charges shall be computed by multiplying the dollars for which the lessee is financially responsible to DOE by the DOE's published use-charge rate in effect during the period covered. A 365-day year shall be used in computing the use-charge.
 - b. Frequency of Billings for Use-Charges. Billings for use-charges shall be made semiannually, except where the lease agreement provides otherwise. All billings shall be made as of the end of a predetermined billing period, i.e., 3-31 and 9-30 for both foreign and domestic lessees.
 - c. Transactions Involving Waiver of Use-Charges. The DOE office administering contracts containing an agreement for waiver of use-charges shall furnish the field organization administering the lease a copy of the waiver and any amendments to the agreement affecting the waiver.
3. NUCLEAR FUEL PREPARATION AND FABRICATION. Full costs shall include, at a minimum, costs relating to:
 - a. Acquisition, processing, and fabrication of fuels materials.
 - b. Transportation.
 - c. Setup time and development identified with the specific job.
 - d. Process or fabrication losses.
 - e. An amount equivalent to use-charges during the normal processing or fabrication period.
4. CHEMICAL PROCESSING OF NUCLEAR MATERIAL.
 - a. The contracting office shall account for all costs and revenues applicable to financial settlement under chemical processing and conversion contracts

or storage contracts, except for burnup and isotopic dilution (degradation) adjustments resulting from differences between provisional and final measurements which shall be accounted for by the appropriate field organization. This includes, at a minimum:

- (1) Processing charges.
- (2) Conversion charges.
- (3) Transportation charges from the process' plant to the conversion plant.
- (4) Use-charges for the applicable processing and conversion periods.
- (5) Charges for processing and conversion losses.
- (6) Other applicable costs and charges.

b. Financial settlements with reactor operators for the payment of nuclear material, and for processing and conversion costs, shall be made by the contracting office.

5. PROCESSING IRRADIATED REACTOR FUEL. When DOE determines that it will process irradiated reactor fuel, terms and conditions shall be as specified in notices published in the "Federal Register."
6. HEAVY WATER. The sales of heavy water were suspended as of 5-24-82, but heavy water may be leased.
7. CONVERSION OF PURIFIED PLUTONIUM NITRATE INTO PLUTONIUM METAL. Conversion charges and losses shall be available on request. Conversion charges shall be expressed as the cost per gram of total contained plutonium. Conversion losses shall be expressed in grams per kilogram plutonium contained in the nitrate.
8. BASE CHARGE FOR CONVERSION OF PLUTONIUM NITRATE TO DIOXIDE. Conversion charges and losses shall be available on request. Conversion charges shall be expressed as the cost per gram of plutonium delivered by DOE. Conversion losses shall be expressed as a percentage of plutonium delivered as dioxide.
9. CONVERSION OF U-233 URANYL NITRATE TO OXIDE OR METAL. Standard and special conversion charges are available on request. However, conversions are subject to availability as to quantity and decontamination factor. Conversion charges shall be expressed as to the cost per gram to convert nitrate to an oxide or to a metal in the form of a button or biscuit.

10. ISOTOPES, SOURCES, IRRADIATIONS, AND REFERENCE MATERIALS.

a. Radioisotopes.

- (1) Reactor produced isotopes shall include, at a minimum, the following costs:
 - (a) Target materials and their containers.
 - (b) Reactor operating costs.
 - (c) Net fuel costs.
 - (d) Interproject transportation, handling, and analytical work.
 - (e) Decay losses.
 - (f) Chemical processing, purification, and so forth.
- (2) No cost shall be assigned to unprocessed fission product isotopes contained in the waste storage tanks at the separation plants. All applicable costs of handling, interproject transportation, and chemical processing, as indicated above, shall be considered in determining full costs for processed fission product isotopes.
- (3) Prices for radioisotopes available from DOE are listed in the Oak Ridge National Laboratory catalog of "Isotopes" and in the Mound Facility Catalog.

- b. Stable Isotopes. Prices for individual isotopes available from DOE shall be contained in the Oak Ridge National Laboratory catalog of "Isotopes" and "The Mound Facility Stable Isotopes Catalog."
- c. Special Research Isotopes. Prices for individual isotopes can be obtained by contacting the Isotopes Distribution Office.
- d. Sources. Prices for sources can be obtained by contacting the Oak Ridge National Laboratory and Mound Facility.
- e. Irradiations. Argonne, Brookhaven, and Oak Ridge National Laboratories and the Idaho National Engineering Laboratory offer nuclear reactor irradiation services. Cyclotron irradiations are available at Brookhaven, Los Alamos Scientific National Laboratory, Westinghouse Hanford Company, Argonne, and Lawrence Berkeley Laboratory. Requests for price quotations and all orders shall be placed with the Isotope Distribution Office, Oak Ridge National Laboratory or with the Mound Facility.

- f. Certified Reference Materials. Prices for source, depleted, normal, and special nuclear reference materials available from DOE shall be contained in catalogs provided by the DOE-Chicago, New Brunswick Laboratory.

11. REACTOR CHARGES.

- a. The total of the reactor operating costs and net fuel cost normally shall be allocated to the various reactor facilities or locations used for research experiments, isotope production, and irradiation services on a time-space-flux basis. However, appropriate modifications may be made due to special conditions such as neutron absorption cross section of target material, contributions to reactivity, temperature requirements or limitations, and special research uses of major facilities in the reactor.
- b. Reactor operating costs shall include the cost of operating auxiliary facilities and depreciation on these facilities as well as the reactor. Auxiliary facilities shall include such items as steam plants, pumping stations, electrical distribution systems, retention basins, waste storage tanks, and central service shops that are needed for the operation of the reactor.
- c. Net fuel cost shall consist of the cost of the nuclear material consumed (burnup, isotope dilution (degradation), scrap recovery, and losses), fuel fabrication, transportation, fuel separation and recovery, including waste storage costs, with a credit for the material recovered or produced as a result of the reactor operation. The credit shall be based on the value of the material at the time it is recovered or produced.
- d. A utilization factor shall be used in determining unit costs to allow for unused space while the reactor is operating and for the time when the reactor is not in operation.
- e. Based on these factors, fixed or flat charges shall be established when possible.
- f. In determining the total charges for reactor facilities used for research experiments, consideration shall be given to allowing a credit for significant reactivity contributed by a customer's experiment. If such reactivity should result in a substantial fuel saving during the period of irradiation, a credit would be justified.

- g. No charge shall be made for Irradiating fuel elements If:
- (1) The customer's fuel element is essentially similar to, and may be considered as a replacement of, a DOE fuel element and as a result of such substitution there is no reduction in performance (flux and reactivity values) of the reactor during the test period.
 - (2) There is no substantial interference with other experimental requirements or with the normal operating and service requirements of the reactor. If such fuel elements are left in the reactor beyond the time when their net reactivity contribution is positive, they shall be subject to the standard irradiation charge. The customer will be required to pay all transportation charges and any costs incurred by the operator in inspecting, handling, loading, and unloading which are over and above those normally involved for a DOE element.

12. USE OF DOE FACILITIES AND EQUIPMENT.

- a. Privately Sponsored Research and Development. Criteria for accepting privately sponsored research and development work is outlined in DOE 4300.2B.
- b. Facilities and Equipment. Unless otherwise provided for in this directive, the DOE pricing policy of full cost recovery shall apply to the use of facilities and equipment.
 - (1) Special Equipment. Use of special equipment such as cyclotrons, spectrometers, and accelerators shall be charged at a fixed rental sufficient to recover actual costs or estimated full costs. Fixed hourly or daily rates shall be prescribed for such services whenever possible. Exceptions from full cost recovery may be authorized for users of high energy and nuclear physics accelerators under the standing exception to DOE pricing policy, page III-3, paragraph 10.
 - (2) Other Equipment and Facilities.
 - (a) Charges for equipment and facilities which are neither special nor production type shall be based on commercial rent for comparable equipment and facilities, plus a flat rate or charge to cover the applicable share of the cost of indirect services rendered provided that such charges recover full costs. Where a comparable rent cannot be determined, the charge shall be based upon full costs or reasonable estimates. DOE shall ensure that the use of Government facilities does not give the user an unfair

advantage over competitors. Federal Property Management Regulation 41 CFR 109-1.5102 establishes when property may be used.

(b) Temporary use of DOE facilities normally shall be charged for on a fixed hourly or daily rate. In determining the total charge for the use of DOE facilities, each field organization and contractor shall give consideration to establishing a minimum period of time such as a day or week for which a charge will be made even though the facility may be used for a lesser period of time than the minimum established. This minimum period may vary depending upon the circumstances, such as the type and kind of facilities to be used and preparation, setup requirements, and other factors required to put the facility in readiness for use.

(3) Production Equipment. Government-owned production equipment shall be charged according to acquisition cost and age of the equipment. Determine the charge by applying a monthly rental rate to the installed acquisition cost of the production equipment according to the schedule in Figure 11-1.

<u>Age of Equipment (Years)</u>	<u>Monthly Rental Rate (percentage)</u>
0 to 2	3
Over 2 to 3	2
Over 3 to 6	1 1/2
Over 6 to 10	1
Over 10	3/4

Figure II-1
Schedule of Rental Rates

13. ANALYTICAL SAMPLES AND SERVICES. Prices and charges for analytical samples and services shall be available from the performing laboratory.
14. HIGH-EFFICIENCY PARTICULATE FILTERS. Prices for inspecting and testing high-efficiency particulate filters shall be available from the field organizations providing the service (Oak Ridge, Albuquerque, and Richland).
15. URANIUM ENRICHMENT SERVICES. Prices for uranium enrichment services are published in a memorandum to customers as needed.
16. SALE OF NORMAL URANIUM. The price for any sale of normal uranium is available at the Uranium Enrichment Program Office.

17. UF6 PACKAGING, HANDLING, AND CONTAINER RENTAL CHANGES. Charges shall be available from the Director of Enriching, U.S. Department of Energy, DOE Oak Ridge Field Office, Oak Ridge, TN 37830.
18. LEASES OF NORMAL URANIUM. Normal uranium may be leased from DOE. The use-charge rate for leased nuclear material on page II-1, paragraph 2, shall apply. The rate in effect should be applied to value of the normal uranium at the "one-time" supply agreement price.
19. PLUTONIUM AND URANYL NITRATE.
 - a. Sale of Material. Prices for the sale of plutonium and uranium **233** will be developed on request.
 - b. Lease of Material. Charges for material losses and consumption of leased plutonium and uranium 233 will be based on the standard inventory value for the material.
20. ACCESS AUTHORIZATIONS.
 - a. An access authorization or security clearance is an administrative determination by DOE that an individual is eligible for access to classified information or special nuclear material. Clearances granted by the Department are designated Q, L, Top Secret, or Secret.
 - b. Charges for access authorizations to access permittees shall be in accordance with the following procedure.
 - (1) Charges for "Q" and "L" type access authorizations shall be based upon requests for access authorization and not for access authorization granted. If a "Q" access authorization is requested for a person who already has an "L" access authorization, the employer shall be liable for the full cost of the "Q" access authorization.
 - (2) A particular individual shall be charged only once (except for reinvestigations), provided that DOE has been paid fully for that individual's authorization. No additional charge shall be made for a person when he or she moves from one private employer to another, or when he or she changes geographic location for the same employer, or when supplementary investigations are made subsequent to the original access authorization request being fully paid for by a holder of an access permit. If the individual was cleared originally for DOE work and has been employed only by

Vertical line denotes change.

DOE or one of its contractors, and if his or her access authorization is subsequently transferred to an access permit, this transfer shall be considered an access authorization request and the regular charge shall be made.

- (3) The required payment for access authorizations shall accompany each request unless the permittee has signified that he or she has elected to be billed for access authorization requests for persons on both contract and access permit work under the formulation outlined in subparagraph (7).
- (4) Payment shall be refunded or credited for access authorization requests if the access permittee notified the field organization of his or her desire to cancel such request prior to the time DOE forwards the request for investigation to the investigative agency.
- (5) Heads of Field Elements shall establish the necessary procedures to maintain a record of access authorization requests for each holder of an access permit under their administration.
- (6) Heads of Field Elements shall maintain records sufficient to determine whether DOE had been paid in full for the access authorization, or access authorization request granted or acted on under their administration.
- (7) In cases where a DOE contractor is also a holder of an access permit and DOE contractor personnel are working on both private and DOE work, the permittee may elect either to pay full costs as prescribed in subparagraph (3), or an annual charge based on the following formula:

A = number of person with both a clearance and an access permit authorization on the contract payroll during the year.

B = cost of access authorizations.

c = hours (estimated, if necessary) performed on non-DOE work by persons included in A.

D = total hours of persons included in A.

E = cost of access authorizations previously paid on personnel included in A above.

$A \times B \times D \times E = \text{Annual Charge.}$

Figure II-2

- (8) The charges for "L" and "Q" access authorizations shall be separated and then rounded to the nearest multiple of the current charge for each, and any remainder of 50 percent or more shall be considered a full access authorization. The amount of access authorization charges determined under the formula shall be applied as payment in full for access authorizations of specific individuals named by the contractor. If the permittee does not provide a list of individuals to whom payments were applied, the field organization shall apply the payments for "Q" cleared personnel on a chronological basis as "Q" access authorizations are granted. At the same time, the access permittee shall be notified of the allocation made by the field organization and given a reasonable time to request a change in allocation.
- (9) In cases where an individual for whom an access authorization has been fully paid transfers employment from an access permittee to DOE or to a DOE contractor, full credit shall be given to the access permittee. This credit may be used for new access authorizations for individuals replacing those who have transferred employment to DOE or DOE contractors. However, cash may not be paid to the access permittee as settlement for the credit.
- (10) The charges for "L" and "Q" access authorizations shall be developed by the Departmental Chief Financial Officer.
- (11) Refer to page III-1, paragraph 2, for standing exceptions to the DOE full cost recovery policy.

21. CONSULTANTS AND PERSONNEL SERVICES.

a. Charges to Non-Federal Entities.

- (1) When DOE employees render authorized services, charges shall be made in accordance with the following:
 - (a) Employees' salaries or wages; plus
 - (b) Employees' fringe benefits; plus
 - (c) Apply the current DOE added factor - all other to subparagraphs (a) and (b); plus
 - (d) Any other directly associated costs, such as -travel and communications.
- (2) When DOE contractor employees perform authorized work for non-Federal entities whether onsite or offsite, charges shall be in accordance with the following:
 - (a) Employees' salaries or wages; plus

Vertical line denotes change.

- (b) Employees' fringe benefits; plus
- (c) Properly allocable share of contractor overhead; plus
- (d) Properly allocable share of contractor profit/fees and management allowances paid by DOE; plus
- (e) Apply the current DOE added factor - all other to subparagraphs (a), (b), (c), and (d); plus
- (f) Any other directly associated costs, such as travel and communications.

b. Charges to Other Federal Agencies.

- (1) When DOE employees render authorized services, charges shall be made in accordance with the following:
 - (a) Employees' salaries or wages; plus
 - (b) Employees' fringe benefits; plus
 - (c) Any other directly associated costs, such as travel and communications.
- (2) When DOE contractor employees perform authorized work for other Federal agencies, whether onsite or offsite, charges shall be in accordance with the following:
 - (a) Employees' salaries or wages; plus
 - (b) Employees' fringe benefits; plus
 - (c) Properly allocable share of contractor overhead; plus
 - (d) Properly allocable share of contractor profit/fees and management allowances paid by DOE; plus
 - (e) Any other directly associated costs, such as travel and communications.

- c. Organizations requesting consultations or personal services shall be notified, at the time arrangements are made for the services, of the approximate amount of the charge.

22. COMPUTER SOFTWARE DISSEMINATION.

- a. Costs of disseminating existing DOE-developed computer software shall include, but shall not be limited to, the following:

- (1) Material , labor, and overhead associated with preparation of the information for dissemination (magnetic tape, cards, paper, keypunching, computer run time; computer operators, reproduction, plus applicable overhead).
 - (2) Packaging, handling, and mailing costs.
 - (3) Depreciation.
 - (4) DOE added factor.
- b. If a request is honored for computer software which requires modification to an existing program, the full cost of modification shall be charged in addition to the above, in accordance with DOE 2100.8.

23. REPORTS AND RELATED INFORMATION.

- a. Reports Sold to Access Permittees. Classified and limited distribution reports, available through the Office of Scientific and Technical Information (ST), Oak Ridge, TN 37831, shall be sold to access permittees at prices determined by ST.
- b. Educational Materials.
- (1) DOE's educational booklets and other educational publications shall be available to the public free of charge in accordance with the regulations established by the Joint Committee on Printing (Government Pricing and Binding Regulation No. 24, 4-77, Title III, 39-1 to 39-3).
 - (2) When it is established to be in the interest of the Government, these materials may be offered to the public for sale by the Superintendent of Documents, U.S. Government Printing Office (GPO), or his or her designee, at prices established by GPO.
 - (3) Free distribution of DOE's educational and public information materials shall be made by the Office of Scientific and Technical Information, Oak Ridge, TN 37831.
- c. Engineering Drawings. Contractor engineering drawings are sold by the Office of Scientific and Technical Information, Oak Ridge, TN 37831.

24. REQUESTS TO DOE FOR INFORMATION.

- a. Requests Under the Privacy Act and the Freedom of Information Act. Charges shall be in accordance with the Department's rule published in the "Federal Register. "

- b. Requests Not Under the Privacy Act or Freedom of Information Act.
Charges shall be in accordance with the Department's Freedom of Information Act rule.

- 25. TRANSPORTATION PROVIDED TO PRIVATE INDIVIDUALS IN DOE CHARTERED AIRCRAFT.
The charge made to private individuals who are provided transportation on aircraft-chartered by DOE shall be at comparable common carrier coach fare, except when the private individual accompanies a DOE employee who is authorized to travel first-class, in which case, the charge shall be at comparable common carrier first-class fare.

CHAPTER III

STANDING EXCEPTIONS TO THE FULL COST RECOVERY POLICY

1. ACCESS PERMITS. An access permit is a permit issued by DOE authorizing access by the named permittee to Restricted Data applicable to civil uses of atomic energy in accordance with the terms and conditions stated on the permit. No charge shall be made for access permits issued by DOE with the exception of enrichment technology access permits which are charged in accordance with 10 CFR 725.
2. ACCESS AUTHORIZATIONS. No charges shall be made for access authorizations *when:*
 - a. An access authorization is transferred from a study agreement to an access permit held by the same organization. However, the access authorization shall not be considered as one for which DOE has been paid when the individual transfers to another organization.
 - b. The access authorization is for an employee or staff member of an accredited, nonprofit educational institution having, at a minimum, a 2-year program of college level studies, and the work sponsored by the permittee related to the civilian application of nuclear energy. However, such an access authorization should not be considered as one for which DOE has been paid when the individual transfers to another organization.
 - c. An access authorization is granted to obtain full and free competition.
3. USE PERMITS. No charge shall be made for the preparation of a permit which authorizes the use of DOE facilities or services as distinguished from a charge for use of the facilities or services.
4. ASSISTANCE FOR THE PROTECTION OF HEALTH AND SAFETY IN THE EVENT OF RADIOLOGICAL incidents. Charges shall not be made to outside organizations for the services of DOE radiological emergency assistance team personnel or the use of DOE resources needed to cope with radiological health and safety hazards resulting from incidents associated with DOE and DOE contractor operations, licensed activities, transportation, or other activities involving radioactive materials. However, DOE may determine that it is appropriate to request reimbursement of such assistance when DOE resources are requested by another Federal agency or a State or local government in accordance with agreements which provide for reimbursement to DOE.
5. MUSEUMS AND EXHIBITS. No charges shall be made for admission to DOE museums and exhibits.

6. HOUSING, UTILITIES, AND COMMERCIAL PROPERTY. Charges for rental quarters and related utility services shall be governed by requirements of OMB Circular A-45. The sale of utility services, not related to rental quarters, to non-Federal entities is made at full cost recovery. Rental rates for commercial properties shall be established normally by competitive bids. However, rental rates on commercial property may be negotiated in certain cases in accordance with Public Law 85-162 (71 Stat. 410).
7. REPAIRS TO MATERIAL AND EQUIPMENT. Charges for the following types of reimbursable work performed in DOE facilities shall be determined as follows:
 - a. Repairs on Privately Owned Trucks. Where privately owned trucks used to transport material for DOE require emergency repairs, and the Head of the Field Element determines that performing such work is in the interest of DOE, the charge for the work done in DOE shops shall include material, labor, and shop overhead (including depreciation) costs.
 - b. Work on Materials Supplied by Vendors Which Have Not Met Specifications. The charges for such work shall be based on the costs of labor, material, and overhead (including depreciation) of the shop or cost center in which the work is performed. When such cost is in excess of what it would have cost the vendor to do the work in his plant, the cognizant contracting officer may negotiate charges for performing the work when such work is performed by, and in the interest of, DOE
8. REPORTS AND PHOTOGRAPHS. No charges shall be made for reports or photographs furnished:
 - a. Other Federal agencies under exchange agreements.
 - b. Research institutions and universities under exchange agreements.
 - c. Publishers when furnished for review purposes.
 - d. Foreign governments under agreements for cooperation under the 42 U.S.C. 2011 et seq., or under approved cooperation programs.
9. RESEARCH REACTORS OPERATED BY NONPROFIT EDUCATIONAL AND MEDICAL INSTITUTIONS. The following provisions shall apply to nonprofit educational and medical institutions acquiring or possessing nuclear reactors:
 - a. Use-charges on nuclear materials and heavy water shall be waived.
 - b. Burnup charges on nuclear materials shall be waived.
 - c. The fabrication of fuel elements, preparation of fuel solutions, processing of fuel after use, and acquisition of neutron sources shall be provided without charge.

- d. No charge shall be made for normal losses of material. However, the borrowing institution shall be charged for other than normal losses of material.
- e. No charge shall be made for the use of DOE-owned shipping casks used to transport spent reactor fuel elements.

10. OFFICE OF ENERGY RESEARCH FACILITIES. Research facilities such as accelerators and light sources managed by the Office of Energy Research are built by the Government with the express purpose of being available for the performance of research by a broad community of qualified users on the basis of programmatic interest, scientific merit of research proposals and competence of proposers.

- a. Use of Office of Energy Research facilities by a qualified performer shall be provided on a no-charge basis for research which is of direct DOE programmatic interest and which is approved by the laboratory management, usually with the advice of its Program Advisory Committee(s). This no-charge procedure shall apply to approved experiments conducted during periods in which the facility operates in its normal mode of operation for its primary purpose. The facility manager shall determine which requests meet these criteria and report periodically to the appropriate DOE program manager. In the event of dedicated use of a facility for a purpose other than its primary purpose, the user will be charged for costs to operate the facility.
- b. Any other program which uses an Office of Energy Research facility for work which is not within the supporting program's primary purpose for the facility, but which is determined to be of direct programmatic benefit to some other Department program, shall be charged for the cost to operate the facility for that work. For work that is conducted in a mode which is parasitic or corollary to the prime mode of the facility, the program requiring the parasitic use of the facility shall be charged the incremental costs. For dedicated use that is beyond the normal operating schedule or mode of the facility, the user program shall be charged the full cost less depreciation and added factor charges.
- c. Office of Energy Research facilities may be made available to a user to conduct proprietary research. Under such circumstances, the user shall be charged a fee that realizes full cost recovery for the service provided.
- d. When there is no justification for reduced charges as identified in subparagraphs a and b above, full cost will be recovered from non-Federal users and full cost less depreciation and added factor will be recovered from Federal users.

11. MISCELLANEOUS MATERIALS AND SERVICES. Miscellaneous services and research quantities of materials other than nuclear material distributed under 42 U.S.C. 2073 and 2093 may be furnished at DOE-owned-controlled facilities without charge when it is determined that furnishing such service and materials is in the public interest and involves insignificant costs.

12. COST OF BILLING AND COLLECTING EXCEEDS THE AMOUNT COLLECTED. When the amount to be billed for materials and services is so minor that the cost of billing and collection would exceed the amount collected, billings for such amounts may be waived. In such cases, however, consideration shall be given to combining such amount with other charges, or to offset the amount against credits due the customer. When the amounts to be billed for use-charges, computed on the basis of the entire period of time of the lease, are so minor that costs of billing and collecting would exceed the amount collected, billings for such amounts may be waived.
13. LIQUIFIED GASEOUS FUELS SPILL TEST FACILITY. The purpose of this facility is to conduct research experiments which will provide knowledge and understanding of how gases are dispersed when a spill occurs, with the objective of enhancing the general public's safety and protection. This Nevada facility is managed by the DOE Nevada Field Office.
- a. The organization users of this facility whether commercial entities, non-profit organizations, or other Federal agencies do not receive goods or services as they are usually received for other reimbursable work. The product of these experiments is the knowledge and understanding ascertained which shall be available to the user and the general public.
 - b. Users of the facility should be charged for the direct and indirect costs of their experiments. Capital costs are considered as sunk costs of the program and not recovered from the users. As such, users will not be billed for depreciation and added factor costs.
14. INTERNATIONAL ATOMIC ENERGY AGENCY. The International Atomic Energy Agency (IAEA) is an essential part of the international nuclear non-proliferation regime. IAEA's safeguards programs are deemed vital to United States (U. S.) policy goals and are a requirement for U.S. exports of nuclear equipment and materials. The IAEA also promotes the peaceful uses of nuclear energy and, thereby, nuclear commerce.
- a. In support of IAEA, the U.S. has been providing experts from DOE and its national laboratories to the IAEA's program of promoting the peaceful uses of nuclear energy by assisting other countries in nuclear-related programs.
 - b. In consideration of the continuing expected benefits to DOE's international and other nuclear related programs and the international implications, the performing organizations billing IAEA for DOE's consultation and personal services shall waive depreciation, the Department's added factor, and allocable share of indirect laboratory costs for expert services furnished by DOE contractors.

Vertical line denotes change.

CHAPTER IV

BILLING

1. GENERAL. Invoices for materials and services shall be prepared and issued promptly in accordance with the terms of the applicable contract or agreement.
2. TO DOMESTIC ORGANIZATIONS. Operating contractors designated by Field Office Managers shall bill for sales or materials rendered, except that:
 - a. The DOE Oak Ridge Field Office shall bill for use-charges and consumption associated with leased enriched uranium.
 - b. The DOE Richland Field Office shall bill for use-charges and consumption associated with leased plutonium.
 - c. The processing office shall perform financial settlement for the purchase of nuclear material produced by lessees and for processing and conversion costs.
 - d. The DOE Savannah River Field Office shall bill for use-charges and consumption associated with leased heavy water.
3. TO FOREIGN GOVERNMENTS.
 - a. Field organizations shall bill for all sales or leases of nuclear material, other material, and services rendered directly to foreign governments, except those transactions for which the Departmental Chief Financial Officer (CFO) may designate the responsibility for billing to the Office of Chief Financial Officer.
 - b. Where materials are delivered to a lessee to perform work thereon prior to shipment to a foreign government, the responsible field organization bills the lessee for the materials in the same manner as is done for any other lessee.
 - c. Where the billing function has been assigned to the Office of Chief Financial Officer, the appropriate performing organization shall accrue all costs and revenues and shall transfer the receivable to Headquarters. Such receivable shall be supported by sufficient detailed cost and price information to enable Headquarters personnel to handle the transaction properly.
 - d. The DOE Oak Ridge Field Office shall bill for all uranium enriching services.
 - e. The DOE Savannah River Field Office shall bill for the lease of heavy water and related services.

Vertical line denotes change.

4. BASIS FOR BILLINGS. Unless specifically expected by the Department, charges and credits shall be made in "accordance with contract terms or official schedules of charges and prices established by the Department or, if none exist, in accordance with the general pricing policy of the Department. Where charges and credits are specified in a contract, the contract provision shall apply.
- a. Sales and Returns of Materials.
- (1) Materials sold for which an official DOE price or charge has been established shall be billed in accordance with the price in effect at the time of delivery. If such material is returned and accepted by DOE for credit, the amount recorded to inventory shall be based on the price in effect at the time of return.
- (2) If, at the buyer's request, DOE furnishes material ordered in a different form or specification than that listed in established schedules of prices or charges, the buyer shall be billed for the full costs of conversion to the desired form or specification, plus a use-charge on the material for the period of time required for such conversion, plus the full costs of any material consumed or lost in the conversion process.
- b. Lease of Material. Lessees shall be financially responsible to DOE for the value of the material as determined in accordance with the terms of the applicable lease agreement in effect.
5. RECORDS. Each field organization and cost-type contractor selling or leasing materials or furnishing services shall develop procedures for accumulating charges and other information on the materials sold or leased and services rendered. These procedures, among other things, shall provide for the prompt furnishing of all necessary data and documents to the organizational unit responsible for performing the billing function. The quantity information reflected by the documents, records, and reports under DOE's nuclear materials information system shall be used when applicable as the support for the billing of charges.

U.S. Department of Energy
Washington, D.C.

PAGE CHANGE

DOE 2110.1A Chg

10-5-88

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

-
1. PURPOSE. To transmit revised pages to DOE 2110.1A, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 7-14-88.
 2. EXPLANATION OF CHANGE.
 - a. A subparagraph is added to the RESPONSIBILITIES paragraph to clarify that Heads of Departmental Elements may not delegate, to a non-DOE official, the authority and responsibility for the establishment of prices and charges for materials or services being provided by DOE or through a DOE contractor to a third party.

- b. The factor to be applied to labor costs (Chapter I, subparagraph 4a.) to include nonworking hours is updated.

3. FILING INSTRUCTIONS.

a.	<u>Remove Page</u>	<u>Dated</u>	<u>Insert Page</u>	<u>Dated</u>
	7	7-14-88	7	7 - 14 - 88
	8	7-14-88	8	10-5-88
	I-1	7-14-88	I-1	7-14-08
	I-2	7-14-88	I-2	10-5-88

- b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



LAWRENCE F. DAVENPORT
Assistant Secretary
Management and Administration

DISTRIBUTION:
All Departmental Elements

INITIATED BY:
Office of the Controller

U.S. Department of Energy
Washington, D.C.

PAGE CHANGE

DOE 2110.1A Chg 2

5-18-92

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

1. PURPOSE. To transmit revised pages to DOE 2110.1A, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 7-14-88,
2. EXPLANATION OF CHANGE. This Order has been revised to reflect organizational changes set forth in SEN-6D-91, DEPARTMENTAL ORGANIZATIONAL AND MANAGEMENT ARRANGEMENTS, of 5-16-91.
3. FILING INSTRUCTIONS.

a.	<u>Remove Page</u>	<u>Dated</u>	<u>Insert Page</u>	<u>Dated</u>
	1	7-14-88	1	5-18-92
	2	7-14-88	2	7-14-88
	5	7-14-88	5	5-18-92
	6	7-14-88	6	5-18-92
	7	7-14-88	7	5-18-92
	8	10-5-88	8	5-18-92
	11 (and 12)	7-14-88	11 (and 12)	5-18-92
	I-1	7-14-88	I-1	5-18-92
	I-2	10-5-88	I-2	5-18-92
	II-5 thru	7-14-88	I-5	5-18-92
	II-10		II-6	7-14-88
			II-7	5-18-92
			II-8	7-14-88
			II-9	5-18-92
			II-10	7-14-88
	III-3	7-14-88	III-3	7-14-88
	III-4	7-14-88	III-4	5-18-92
	IV-1	7-14-88	IV-1	5-18-92
	IV-2	7-14-88	IV-2	7-14-88

b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resources Management

DISTRIBUTION:

All Departmental Elements

INITIATED BY:

Office of Chief Financial
Officer

U.S. Department of Energy
Washington, D.C.

ORDER

DOE 2110.1A

7-14-88

Change 2: 5-18-92

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

-
1. PURPOSE. To establish policy for establishing prices and charges for materials and services sold or provided by the Department, either directly or through Departmental contractors, including management and operating (M&O) contractors, to external organizations.
 2. CANCELLATION. DOE 2110.1, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 2-16-84.
 3. SCOPE. The provisions of this Order apply to all Departmental Elements and contractors performing work for the Department as provided by law and/or contract and as implemented by the appropriate contracting officer.
 4. BACKGROUND. This Order implements the Department's rule (10 CFR 1009) and is a comprehensive update of its internal pricing policy.
 5. REFERENCES.
 - a. DOE 2100.8, COST ACCOUNTING. COST RECOVERY, AND INTERAGENCY SHARING OF DATA PROCESSING FACILITIES, of 3-3-83, which prescribes policies for cost accounting, cost recovery, and interagency sharing of data processing facilities.
 - b. DOE 2200.6, FINANCIAL ACCOUNTINGS, of 10-24-88, which provides financial policy guidance for certain interagency reimbursable actions and reimbursable actions within non-Federal Government entities, including foreign and commercial entities. States, and political subdivisions.
 - c. DOE 4300.2B, NON-DEPARTMENT OF ENERGY FUNDED WORK, of 7-16-91, which establishes policy, responsibilities, and procedures for authorizing and administering non-DOE funded work performed under DOE contracts.
 - d. Title 5 CFR 334, Intergovernmental Personnel Act, which provides policy and procedures for temporary assignment of employees between Federal agencies and State, local, and Indian tribal governments, institutions of higher education and other eligible organizations.
 - e. Title 10 CFR 725, Regulations and Rulings of the Department of Energy, which establishes procedures and standards for the issuance of permits for access to restricted data.
 - f. Title 10 CFR 1009, DOE General Provisions, which outlines a general policy for pricing and charging for materials and services sold by the Department.

DISTRIBUTION:
All Departmental Elements

INITIATED BY:
Office of Chief Financial Officer

Vertical line denotes change.

- g. Title 41 CFR 109-1.5102, Department of Energy Property Management Regulations, which establish policy for official use of property.
- h. Title 5 U.S.C. 552, Freedom of Information Act, which establishes policy for providing information to the public on agency rules, opinions, orders, records, and proceedings.
- i. Title 5 U.S.C. 552a, Privacy Act, which establishes policy for records maintained on individuals.
- j. Title 31 U.S.C. 1535, 1536, and 3324 Economy Act of June 1932, as amended, which authorizes agencies to place orders with other Government agencies when the head of the ordering agency determines that it is in the interest of the Government to do so.
- k. Title 31 U.S.C. 9701, Fees and Charges for Government Services and Things of Value, which establishes policy for selling services and products.
- l. Title 42 U.S.C. 2011, Atomic Energy Act 1954, as amended, which establishes the policy that atomic energy is capable of application for peaceful as well as military purposes.
- m. Title 42 U.S.C. 2061, 2053, and 2201, Atomic Energy Act of 1954, as amended, which authorizes the Department to establish prices and charges for nuclear materials and other related materials and services that are sold or provided by the Department.
- n. Title 42 U.S.C. 2073 and 2093, Atomic Energy Act of 1954, which establishes policy for domestic distribution of special nuclear material and source material respectively.
- o. Title 42 U.S.C. 2074 and 2094, Atomic Energy Act of 1954, as amended, which authorizes foreign distribution of special nuclear material.
- p. Title 42 U.S.C. 2111 and 2112, Atomic Energy Act of 1954, as amended, which establishes authority for domestic and foreign distribution of by-product material.
- q. Title 42 U.S.C. 2201, Atomic Energy Act of 1954, as amended, which provides for disposition of radioactive materials and any other property for which special disposition is in the interest of the national security.
- r. Title 42 U.S.C. 7259 (Public Law 95-91, section 649), Department of Energy Organization Act, which states that in carrying out its functions, the Department, under terms and rates for periods not exceeding 5 years

(5) Added Factor includes general and administrative costs and other support costs that are incurred for the benefit of the Department, an organizational unit, or a material or service as a whole. The base to which the added factor percentage is to be applied includes direct costs, indirect costs, and depreciation assignable or allocable to the material or service being priced.

- g. Prices. The monetary amounts generally established and published for recurring sales of the same materials and services.
- h. Source Material. Uranium and thorium.
- i. Special Nuclear Material. Plutonium or uranium enriched in the Isotope 235, or any materials artificially enriched by any of the foregoing. Special nuclear material does not include source material.

7. RESPONSIBILITIES.

a. Program Secretarial Officers (PSOs) shall:

- (1) Determine that prices for materials and services for which they are responsible are in accordance with this Order.
- (2) Develop and approve, after appropriate consultation with the Departmental Chief Financial Officer (CFO), full cost recovery prices for materials and services provided by Headquarters.
- (3) Submit requests for exceptions to the pricing policy to the Departmental CFO for appropriate consultation and approval, for those materials and services provided by Headquarters. A standard format as outlined on page I-5, Attachment I-1, shall be used.
- (4) Review and approve prices recommended by Heads of Field Elements for materials and services for which program responsibility is retained in accordance with page 7, paragraph 7f(3).
- (5) Consult with the Departmental CFO on matters relating to costs and prices.

b. Assistant Secretary for Defense Programs, with the concurrence of the Departmental CFO, shall develop and approve prices for plutonium.

c. Assistant Secretary for Domestic and International Energy Policy may:

- (1) Conduct preliminary meetings with foreign governments and organizations for reduced charges for research and development activities provided the following conditions are met: (a) the

Vertical line denotes change.

PSO determines that the exception from full cost recovery is made in consideration of direct benefits to a DOE program from such work and (b) the exception is approved by the Departmental CFO.

- (2) Authorize, in coordination with the appropriate Head of Field Element and responsible PSO, minor miscellaneous services or research quantities of materials, including nuclear materials distributed under 42 U.S.C. 2074 and 2094 to be furnished without charge for use at DOE-owned or controlled facilities in connection with foreign activities when it is determined that furnishing such services or materials is in the public interest and involves insignificant costs.

d. Assistant Secretary for Nuclear Energy, with concurrence of the Departmental CFO, shall develop and approve prices for enriched Uranium-233 and Uranium-235.

e. Departmental Chief Financial Officer (CFO), shall:

- (1) Interpret DOE pricing policy and determine the applicability of such policy in any given case in cooperation with the appropriate PSO.
- (2) Prior to implementation, review prices and charges developed by PSOs and Heads of Field Elements for compliance with this Order.
- (3) Approve requests to use the exception provisions to the Department's pricing and charging policy for all materials and for services provided by Headquarters.
- (4) Recall the authority redelegate to Heads of Field Elements to approve exceptions on a case-by-case basis, if the Departmental CFO determines that a specific request for an exception to the Department's pricing policy is of a sensitive nature and/or the request should be resolved by Headquarters.
- (5) Furnish advisory reports and recommendations on prices to the Secretary and other organizations as considered necessary.
- (6) Develop uniform prices for comparable materials and services that are available from two or more field organizations.

- (7) Develop principles, procedures, criteria, and formats for the preparation of cost/price studies.
- (8) Develop added factor rates and disseminate to field organizations use in determining full cost of products, materials, and services sold or provided.
- (9) Rev few and approve requests for new and revised standing exceptions

f. Heads of Field Elements.

- (1) Shall develop cost/price studies for new materials and services furnished to others by DOE. The scope of any such study shall be commensurate with the cost of the materials and/or services to be provided.
- (2) Shall develop revised cost/price studies whenever there is a significant change in cost as the result of a change in operations or other conditions. At a minimum, develop cost/price studies each fiscal year for recurring sales of materials and services producing significant amounts of revenue.
- (3) Shall develop and approve prices for materials and/or services when the prices are based on full cost recovery and based on costs originating within the operations of the particular office. When the price determination is prepared for the purpose of establishing a DOE-wide price for the material or service the cost/price study, and other documents used in establishing the price shall be furnished to the Controller and the responsible Headquarters program office at least 30 days prior to the effective date of the price. The authority to develop and approve prices may be retained by Secretarial Officers. However, this retention of authority shall be explicit and in writing. When this option is exercised, cost/price studies and recommended prices shall be submitted for approval to the Secretarial Officer responsible for the program with a copy to the Controller. If a final price is not determined within 30 days, the responsible field organization may approve a provisional price.
- (4) Shall disseminate new and revised prices and charges to customers and to organizations and persons within and outside DOE.
- (5) Shall calculate applicable depreciation costs and rates from field organization plant and equipment records, consistent with guidance in DOE'S Accounting Practices and Procedures Handbook, for use in determining the full cost of products, materials, and services sold or provided. (The handbook provides accounting system guidance that shall be followed until it is replaced by the accounting directives (DOE 2200.4 - 2200.10).)

- (6) May use the standing exceptions in this Order.
- (7) May approve requests to use the exception provisions to the Department's pricing and charging policy for services provided by that particular office only, unless the Controller has recalled this authority pursuant to paragraph 7e(4) above.
- (8) Shall provide the Controller with the name(s) and title(s) of the designated approving official(s) for exceptions to the Department's pricing and charging policy.
- (9) Shall provide the Controller with a report on a quarterly basis for each exception approved during the current quarter as detailed in Chapter I and formatted in Attachment 1-1.
- (10) Shall ensure that the policies, procedures, and reporting requirements contained in this Order are carried out.
- (U) Shall select purchasers and determine prices when sale is by competition in the open market.
- g. General. Heads of Departmental Elements may not delegate, to a non-DOE Official, the authority and responsibility for the establishment of prices and charges for materials or services being provided by DOE or through a DOE contractor to a third party.

8. GENERAL PRICING POLICY.

- a. Other Federal Agencies. The policy of the Department of Energy shall be to establish prices and charges to the other Federal agencies at the Department's full cost less depreciation and the Department's added factor except: (1) when the charges are to become part of the cost of a product or service to be provided by the other Federal agency to organizations and persons outside the Federal Government or (2) when the material or service has a price established by DOE or (3) when the charges are for work involving excess data processing capacity and/or related dedicated services, e.g., application systems, programmers or analysts, software unique to a particular application, and remote terminals and modems. With respect to the latter, the Departmental policy of recovering full cost including the DOE added factor, as described in DOE 2100.8, shall apply.
 - (1) Full cost (which includes both depreciation and the Department's added factor) may be charged to other Federal agencies, with approval on a case-by-case basis by the Controller, provided a full cost sale is necessary to accomplish a congressional goal, policy, or interest.

Vertical line denotes change

- (7) Develop principles, procedures, criteria, and formats for the preparation of cost/price studies.
- (8) Develop added factor rates and disseminate to field organizations for use in determining full cost of products, materials, and services sold or provided.
- (9) Review and approve requests for new and revised standing exceptions.

f. Heads of Field Elements.

- (1) Shall develop cost/price studies for new materials and services furnished to others by DOE. The scope of any such study shall be commensurate with the cost of the materials and/or services to be provided.
- (2) Shall develop revised cost/price studies whenever there is a significant change in cost as the result of a change in operations or other conditions. At a minimum, develop cost/price studies each fiscal year for recurring sales of materials and services producing significant amounts of revenue.
- (3) Shall develop and approve prices for materials and/or services when the prices are based on full cost recovery and based on costs originating within the operations of the particular office. When the price determination is prepared for the purpose of establishing a DOE-wide price for the material or service the cost/price study, and other documents used in establishing the price shall be furnished to the Departmental CFO and the responsible PSO at least 30 days prior to the effective date of the price. The authority to develop and approve prices may be retained by PSOs. However, this retention of authority shall be explicit and in writing. When this option is exercised, cost/price studies and recommended prices shall be submitted for approval to the PSO responsible for the program with a copy to the Departmental CFO. If a final price is not determined within 30 days, the responsible field organization may approve a provisional price.
- (4) Shall disseminate new and revised prices and charges to customers and to organizations and persons within and outside DOE.
- (5) Shall calculate applicable depreciation costs and rates from field organization plant and equipment records, consistent with guidance in DOE's Accounting Practices and Procedures Handbook (APPH), for use in determining the full cost of products, materials, and services sold or provided. (The APPH provides accounting systems guidance that shall be followed until it is replaced by the accounting directives (DOE 2200.4 - 2200.10.))

- (6) May use the standing exceptions in this Order.
 - (7) May approve requests to use the exception provisions to the Department's pricing and charging policy for services provided by that particular office only, unless the Departmental CFO has recalled this authority pursuant to paragraph 7e(4) above.
 - (8) Shall provide the Departmental CFO with the name(s) and title(s) of the designated approving official(s) for exceptions to the Department's pricing and charging policy.
 - (9) Shall provide the Departmental CFO with a report on a quarterly basis for each exception approved during the current quarter as detailed in Chapter I and formatted in Attachment I-1;
 - (10) Shall ensure that the policies, procedures, and reporting requirements contained in this Order are carried out.
 - (11) Shall select purchasers and determine prices when sale is by competition in the open market.
- g. General. Heads of Departmental Elements may not delegate, to a non-DOE official, the authority and responsibility for the establishment of prices and charges for materials or services being provided by DOE or through a DOE contractor to a third party.

8. GENERAL PRICING POLICY.

- a. Other Federal Agencies. The policy of the Department of Energy shall be to establish prices and charges to the other Federal agencies at the Department's full cost less depreciation and the Department's added factor except: (1) when the charges are to become part of the cost of a product or service to be provided by the other Federal agency to organizations and persons outside the Federal Government or (2) when the material or service has a price established by DOE or (3) when the charges are for work involving excess data processing capacity and/or related dedicated services, e.g., application systems, programmers or analysts, software unique to a particular application, and remote terminals and modems. With respect to the latter, the Departmental policy of recovering full cost, including the DOE added factor as described in DOE 2100.8, shall apply.
- (1) Full cost (which includes both depreciation and the Department's added factor) may be charged to other Federal agencies, with approval on a case-by-case basis by the Controller, provided a full cost sale is necessary to accomplish a Congressional goal, policy, or interest.

Vertical line denotes change.

- j. Materials and services provided pursuant to a cooperative agreement, research assistance contract or grant, or made available to a DOE contractor in connection with a contract, the primary purpose of which is to procure materials or services for DOE;
 - k. Prices for byproduct energy from the Hanford New Production Reactor;
 - l. Fees established for and costs relating to the storage and disposal of radioactive waste provided under the Nuclear Waste Policy Act;
 - m. Prices determined under the provisions of DOE 2100.8; or
 - n. Costs related to temporary assignments under the Intergovernmental Personnel Act, Title 5 CFR 334.
10. USE OF EXCEPTION PROVISIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Any request or approval for an exception to full cost recovery shall also include an evaluation of the work to be performed. Work shall be accepted only if it meets the criteria outlined in DOE 4300.26.
- a. Any request for a case-by-case exception will include a narrative justifying the exception and, where applicable, a cost/price study, an estimate of unit sales and revenues, and an estimate of the revenue lost.
 - b. Standing exceptions to the DOE full cost recovery policy are authorized in Chapter III. No further justification is required.
 - c. Before granting an exception, Heads of Field Elements will determine and document:
 - (1) The benefiting program(s) at the most practical budget and reporting classification(s) and
 - (2) The direct benefits to DOE programs, e.g., these benefits may be defined as knowledge acquired through basic or applied research on new technologies or may be demonstrated by a cost-benefit analysis.
11. DISSEMINATION OF PRICES AND CHARGES. Current prices and charges for specific materials and services are available from the DOE laboratory or organization providing the materials or services or from the responsible program office. If this office cannot be determined, inquiries regarding the-appropriate contact office should be addressed to the Department of Energy, Office of Chief Financial Officer, CR-1, Washington, DC 20585.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resource Management

- g. No charge shall be made for irradiating fuel elements if:
- (1) The customer's fuel element is essentially similar to, and may be considered as a replacement of, a DOE fuel element and as a result of such substitution there is no reduction in performance (flux and reactivity values) of the reactor during the test period.
 - (2) There is no substantial interference with other experimental requirements or with the normal operating and service requirements of the reactor. If such fuel elements are left in the reactor beyond the time when their net reactivity contribution is positive, they shall be subject to the standard irradiation charge. The customer will be required to pay all transportation charges and any costs incurred by the operator in inspecting, handling, loading, and unloading which are over and above those normally involved for a DOE element.

12. USE OF DOE FACILITIES AND EQUIPMENT.

- a. Privately Sponsored Research and Development. Criteria for accepting privately sponsored research and development work is outlined in DOE 4300.2B.
- b. Facilities and Equipment. Unless otherwise provided for in this directive, ~~the~~ pricing policy of full cost recovery shall apply to the use of facilities and equipment.
 - (1) Special Equipment. Use of special equipment such as cyclotrons, spectrometers, and accelerators shall be charged at a fixed rental sufficient to recover actual costs or estimated full costs. Fixed hourly or daily rates shall be prescribed for such services whenever possible. Exceptions from full cost recovery may be authorized for users of high energy and nuclear physics accelerators under the standing exception to DOE pricing policy, page III-3, paragraph 10.
 - (2) Other Equipment and Facilities.
 - (a) Charges for equipment and facilities which are neither special nor production type shall be based on commercial rent for comparable equipment and facilities, plus a flat rate or charge to cover the applicable share of the cost of indirect services rendered provided that such charges recover full costs. Where a comparable rent cannot be determined, the charge shall be based upon full costs or reasonable estimates. DOE shall ensure that the use of Government facilities does not give the user an unfair

Advantage over competitors. Federal Property Management Regulation 41 CFR 109-1.5102 establishes when property may be used.

- (b) Temporary use of DOE facilities normally shall be charged for on a fixed hourly or daily rate. In determining the total charge for the use of DOE facilities, each field organization and contractor shall give consideration to establishing a minimum period of time such as a day or week for which a charge will be made even though the facility may be used for a lesser period of time than the minimum established. This minimum period may vary depending upon the circumstances, such as the type and kind of facilities to be used and preparation, setup requirements, and other factors required to put the facility in readiness for use.
- (3) Production Equipment. Government-owned production equipment shall be charged according to acquisition cost and age of the equipment. Determine the charge by applying a monthly rental rate to the installed acquisition cost of the production equipment according to the schedule in Figure II-1,

<u>Age of Equipment (Years)</u>	<u>Monthly Rental Rate (Percentage)</u>
0 to 2	3
Over 2 to 3	
Over 3 to 6	1 1/2
Over 6 to 10	1
Over 10	3/4

Figure II-1
Schedule of Rental Rates

13. ANALYTICAL SAMPLES AND SERVICES. Prices and charges for analytical samples and services shall be available from the performing laboratory.
14. HIGH-EFFICIENCY PARTICULATE FILTERS. Prices for inspecting and testing high-efficiency particulate filters shall be available from the field organizations providing the service (Oak Ridge, Albuquerque, and Richland).
15. URANIUM ENRICHMENT SERVICES. Prices for uranium enrichment services are published in a memorandum to customers as needed.
16. SALE OF NORMAL URANIUM. The price for any sale of normal uranium is available at the Uranium Enrichment Program Office.

17. UF6 PACKAGING, HANDLING, AND CONTAINER RENTAL CHANGES. Charges shall be available from the Director of Enriching, U.S. Department of Energy, DOE Oak Ridge Field Office, Oak Ridge, TN 37830.
18. LEASES OF NORMAL URANIUM Normal uranium may be leased from DOE. The use-charge rate for leased nuclear material on page II-1, paragraph 2, shall apply. The rate in effect should be applied to value of the normal uranium at the "one-time" supply agreement price.
19. PLUTONIUM AND URANYL NITRATE.
 - a. Sale of Material. Prices for the sale of plutonium and uranium 233 will be developed on request.
 - b. Lease of Material. Charges for material losses and consumption of leased plutonium and uranium 233 will be based on the standard inventory value for the material.
20. ACCESS AUTHORIZATIONS.
 - a. An access authorization or security clearance is an administrative determination by DOE that an individual is eligible for access to classified information or special nuclear material. Clearances granted by the Department are designated Q, L, Top Secret, or Secret.
 - b. Charges for access authorizations to access permittees shall be in accordance with the following procedure.
 - (1) Charges for "Q" and "L" type access authorizations shall be based upon requests for access authorization and not for access authorization granted. If a "Q" access authorization is requested for a person who already has an "L" access authorization, the employer shall be liable for the full cost of the "Q" access authorization.
 - (2) A particular individual shall be charged only once (except for reinvestigations), provided that DOE has been paid fully for that individual's authorization. No additional charge shall be made for a person when he or she moves from one private employer to another, or when he or she changes geographic location for the same employer, or when supplementary investigations are made subsequent to the original access authorization request being fully paid for by a holder of an access permit. If the individual was cleared originally for DOE work and has been employed only by

Vertical line denotes change.

DOE or one of its contractors, and if his or her access authorization is subsequently transferred to an access permit, this transfer shall be considered an access authorization request and the regular charge shall be made.

- (3) The required payment for access authorizations shall accompany each request unless the permittee has signified that he or she has elected to be billed for access authorization requests for persons on both contract and access permit work under the formulation outlined in subparagraph (7).
- (4) Payment shall be refunded or credited for access authorization requests if the access permittee notified the field organization of his or her desire to cancel such request prior to the time DOE forwards the request for investigation to the investigative agency.
- (5) Heads of Field Elements shall establish the necessary procedures to maintain a record of access authorization requests for each holder of an access permit under their administration.
- (6) Heads of Field Elements shall maintain records sufficient to determine whether DOE had been paid in full for the access authorization, or access authorization request granted or acted on under their administration.
- (7) In cases where a DOE contractor is also a holder of an access permit and DOE contractor personnel are working on both private and DOE work, the permittee may elect either to pay full costs as prescribed in subparagraph (3), or an annual charge based on the following formula:

A = number of person with both a clearance and an access permit authorization on the contract payroll during the year.

B = cost of access authorizations.

c = hours (estimated, if necessary) performed on non-DOE work by persons included in A.

D = total hours of persons included in A.

E = cost of access authorizations previously paid on personnel included in A above.

C

$A \times B \times D \times E = \text{Annual Charge.}$

Figure II-2

- (8) The charges for "L" and "Q" access authorizations shall be separated and then rounded to the nearest multiple of the current charge for each, and any remainder of 50 percent or more shall be considered a full access authorization. The amount of access authorization charges determined under the formula shall be applied as payment in full for access authorizations of specific individuals named by the contractor. If the permittee does not provide a list of individuals to whom payments were applied, the field organization shall apply the payments for "Q" cleared personnel on a chronological basis as "Q" access authorizations are granted. At the same time, the access permittee shall be notified of the allocation made by the field organization and given a reasonable time to request a change in allocation.
- (9) In cases where an individual for whom an access authorization has been fully paid transfers employment from an access permittee to DOE or to a DOE contractor, full credit shall be given to the access permittee. This credit may be used for new access authorizations for individuals replacing those who have transferred employment to DOE or DOE contractors. However, cash may not be paid to the access permittee as settlement for the credit.
- (10) The charges for "L" and "Q" access authorizations shall be developed by the Departmental Chief Financial Officer.
- (11) Refer to page III-1, paragraph 2, for standing exceptions to the DOE full cost recovery policy.

21. CONSULTANTS AND PERSONNEL SERVICES.

a. Charges to Non-Federal Entities.

- (1) When DOE employees render authorized services, charges shall be made in accordance with the following:
 - (a) Employees' salaries or wages; plus
 - (b) Employees' fringe benefits; plus
 - (c) Apply the current DOE added factor - all other to subparagraphs (a) and (b); plus
 - (d) Any other directly associated costs, such as travel and communications.
- (2) When DOE contractor employees perform authorized work for non-Federal entities whether onsite or offsite, charges shall be in accordance with the following:
 - (a) Employees' salaries or wages; plus

Vertical line denotes change.

- (b) Employees' fringe benefits; plus
- (c) Properly allocable share of contractor overhead; plus
- (d) Properly allocable share of contractor profit/fees and management allowances paid by DOE; plus
- (e) Apply the current DOE added factor - all other to subparagraphs (a), (b), (c), and (d); plus
- (f) Any other directly associated costs, such as travel and communications.

b. Charges to Other Federal Agencies.

(1) When DOE employees render authorized services, charges shall be made in accordance with the following:

- (a) Employees' salaries or wages; plus
- (b) Employees' fringe benefits; plus
- (c) Any other directly associated costs, such as travel and communications.

(2) When DOE contractor employees perform authorized work for other Federal agencies, whether onsite or offsite, charges shall be in accordance with the following:

- (a) Employees' salaries or wages; plus
- (b) Employees' fringe benefits; plus
- (c) Properly allocable share of contractor overhead; plus
- (d) Properly allocable share of contractor profit/fees and management allowances paid by DOE; plus
- (e) Any other directly associated costs, such as travel and communications.

c. Organizations requesting consultations or personal services shall be notified, at the time arrangements are made for the services, of the approximate amount of the charge.

22. COMPUTER SOFTWARE DISSEMINATION.

a. Costs of disseminating existing DOE-developed computer software shall include, but shall not be limited to, the following:

- d. No charge shall be made for normal losses of material. However, the borrowing institution shall be charged for other than normal losses of material.
- e. No charge shall be made for the use of DOE-owned shipping casks used to transport spent reactor fuel elements.

10. OFFICE OF ENERGY RESEARCH FACILITIES. Research facilities such as accelerators and light sources managed by the Office of Energy Research are built by the Government with the express purpose of being available for the performance of research by a broad community of qualified users on the basis of programmatic interest, scientific merit of research proposals and competence of proposers.

- a. Use of Office of Energy Research facilities by a qualified performer shall be provided on a no-charge basis for research which is of direct DOE programmatic interest and which is approved by the laboratory management, usually with the advice of its Program Advisory Committee(s). This no-charge procedure shall apply to approved experiments conducted during periods in which the facility operates in its normal mode of operation for its primary purpose. The facility manager shall determine which requests meet these criteria and report periodically to the appropriate DOE program manager. In the event of dedicated use of a facility for a purpose other than its primary purpose, the user will be charged for costs to operate the facility.
- b. Any other program which uses an Office of Energy Research facility for work which is not within the supporting program's primary purpose for the facility, but which is determined to be of direct programmatic benefit to some other Department program, shall be charged for the cost to operate the facility for that work. For work that is conducted in a mode which is parasitic or corollary to the prime mode of the facility, the program requiring the parasitic use of the facility shall be charged the incremental costs. For dedicated use that is beyond the normal operating schedule or mode of the facility, the user program shall be charged the full cost less depreciation and added factor charges.
- c. Office of Energy Research facilities may be made available to a user to conduct proprietary research. Under such circumstances, the user shall be charged a fee that realizes full cost recovery for the service provided.
- d. When there is no justification for reduced charges as identified in subparagraphs a and b above, full cost will be recovered from non-Federal users and full cost less depreciation and added factor will be recovered from Federal users.

11. MISCELLANEOUS MATERIALS AND SERVICES. Miscellaneous services and research quantities of materials other than nuclear material distributed under 42 U.S.C. 2073 and 2093 may be furnished at DOE-owned-controlled facilities without charge when it is determined that furnishing such service and materials is in the public interest and involves insignificant costs.

12. COST OF BILLING AND COLLECTING EXCEEDS THE AMOUNT COLLECTED. When the amount to be billed for materials and services is so minor that the cost of billing and collection would exceed the amount collected, billings for such amounts may be waived. In such cases, however, consideration shall be given to combining such amount with other charges, or to offset the amount against credits due the customer. When the amounts to be billed for use-charges, computed on the basis of the entire period of time of the lease, are so minor that costs of billing and collecting would exceed the amount collected, billings for such amounts may be waived.
13. LIQUIFIED GASEOUS FUELS SPILL TEST FACILITY. The purpose of this facility is to conduct research experiments which will provide knowledge and understanding of how gases are dispersed when a spill occurs, with the objective of enhancing the general public's safety and protection. This Nevada facility is managed by the DOE Nevada Field Office.
- a. The organization users of this facility whether commercial entities, non-profit organizations, or other Federal agencies do not receive goods or services as they are usually received for other reimbursable work. The product of these experiments is the knowledge and understanding ascertained which shall be available to the user and the general public.
 - b. Users of the facility should be charged for the direct and indirect costs of their experiments. Capital costs are considered as sunk costs of the program and not recovered from the users. As such, users will not be billed for depreciation and added factor costs.
14. INTERNATIONAL ATOMIC ENERGY AGENCY. The International Atomic Energy Agency (IAEA) is an essential part of the international nuclear non-proliferation regime. IAEA's safeguards programs are deemed vital to United States (U. S.) policy goals and are a requirement for U.S. exports of nuclear equipment and materials. The IAEA also promotes the peaceful uses of nuclear energy and, thereby, nuclear commerce.
- a. In support of IAEA, the U.S. has been providing experts from DOE and its national laboratories to the IAEA's program of promoting the peaceful uses of nuclear energy by assisting other countries in nuclear-related programs.
 - b. In consideration of the continuing expected benefits to DOE's international and other nuclear related programs and the international implications, the performing organizations billing IAEA for DOE's consultation and personal services shall waive depreciation, the Department's added factor, and allocable share of indirect laboratory costs for expert services furnished by DOE contractors.

Vertical line denotes change.

(5) Added Factor includes general and administrative costs and other support costs that are incurred for the benefit of the Department, an organizational unit, or a material or service as a whole. The base to which the added factor percentage is to be applied includes direct costs, indirect costs, and depreciation assignable or allocable to the material or service being priced.

g. Prices. The monetary amounts generally established and published for recurring sales of the same materials and services.

h. Source Material. Uranium and thorium.

i. Special Nuclear Material. Plutonium or uranium enriched in the Isotope 235, or any materials artificially enriched by any of the foregoing. Special nuclear material does not include source material.

7. RESPONSIBILITIES.

a. Program Secretarial Officers (PSOs) shall:

- (1) Determine that prices for materials and services for which they are responsible are in accordance with this Order.
- (2) Develop and approve, after appropriate consultation with the Departmental Chief Financial Officer (CFO), full cost recovery prices for materials and services provided by Headquarters.
- (3) Submit requests for exceptions to the pricing policy to the Departmental CFO for appropriate consultation and approval, for those materials and services provided by Headquarters. A standard format as outlined on page I-5, Attachment I-1, shall be used.
- (4) Review and approve prices recommended by Heads of Field Elements for materials and services for which program responsibility is retained in accordance with page 7, paragraph 7f(3).
- (5) Consult with the Departmental CFO on matters relating to costs and prices.

b. Assistant Secretary for Defense Programs, with the concurrence of the Departmental CFO, shall develop and approve prices for plutonium.

c. Assistant Secretary for Domestic and International Energy Policy may:

- (1) Conduct preliminary meetings with foreign governments and organizations for reduced charges for research and development activities provided the following conditions are met: (a) the

Vertical line denotes change.

PSO determines that the exception from full cost recovery is made in consideration of direct benefits to a DOE program from such work and (b) the exception is approved by the Departmental CFO.

- (2) Authorize, in coordination with the appropriate Head of Field Element and responsible PSO, minor miscellaneous services or research quantities of materials, including nuclear materials distributed under 42 U.S.C. 2074 and 2094 to be furnished without charge for use at DOE-owned or controlled facilities in connection with foreign activities when it is determined that furnishing such services or materials is in the public interest and involves insignificant costs.
- d. Assistant Secretary for Nuclear Energy, with concurrence of the Departmental CFO, shall develop and approve prices for enriched Uranium-233 and Uranium-235.
- e. Departmental Chief Financial Officer (CFO), shall:
 - (1) Interpret DOE pricing policy and determine the applicability of such policy in any given case in cooperation with the appropriate PSO.
 - (2) Prior to implementation, review prices and charges developed by PSOs and Heads of Field Elements for compliance with this Order.
 - (3) Approve requests to use the exception provisions to the Department's pricing and charging policy for all materials and for services provided by Headquarters.
 - (4) Recall the authority redelegate to Heads of Field Elements to approve exceptions on a case-by-case basis, if the Departmental CFO determines that a specific request for an exception to the Department's pricing policy is of a sensitive nature and/or the request should be resolved by Headquarters.
 - (5) Furnish advisory reports and recommendations on prices to the Secretary and other organizations as considered necessary.
 - (6) Develop uniform prices for comparable materials and services that are available from two or more field organizations.

- (7) Develop principles, procedures, criteria, and formats for the preparation of cost/price studies.
- (8) Develop added factor rates and disseminate to field organizations for use in determining full cost of products, materials, and services sold or provided.
- (9) Review and approve requests for new and revised standing exceptions.

f. Heads of Field Elements.

- (1) Shall develop cost/price studies for new materials and services furnished to others by DOE. The scope of any such study shall be commensurate with the cost of the materials and/or services to be provided.
- (2) Shall develop revised cost/price studies whenever there is a significant change in cost as the result of a change in operations or other conditions. At a minimum, develop cost/price studies each fiscal year for recurring sales of materials and services producing significant amounts of revenue.
- (3) Shall develop and approve prices for materials and/or services when the prices are based on full cost recovery and based on costs originating within the operations of the particular office. When the price determination is prepared for the purpose of establishing a DOE-wide price for the material or service the cost/price study, and other documents used in establishing the price shall be furnished to the Departmental CFO and the responsible PSO at least 30 days prior to the effective date of the price. The authority to develop and approve prices may be retained by PSOs. However, this retention of authority shall be explicit and in writing. When this option is exercised, cost/price studies and recommended prices shall be submitted for approval to the PSO responsible for the program with a copy to the Departmental CFO. **If** a final price is not determined within 30 days, the responsible field organization may approve a provisional price.
- (4) Shall disseminate new and revised prices and charges to customers and to organizations and persons within and outside DOE.
- (5) Shall calculate applicable depreciation costs and rates from field organization plant and equipment records, consistent with guidance in DOE's Accounting Practices and Procedures Handbook (APPH), for use in determining the full cost of products, materials, and services sold or provided. (The APPH provides accounting systems guidance that shall be followed until it is replaced by the accounting directives (DOE 2200.4 - 2200.10.))

Vertical line denotes change.

- (6) May use the standing exceptions in this Order.
 - (7) May approve requests to use the exception provisions to the Department's pricing and charging policy for services provided by that particular office only, unless the Departmental CFO has recalled this authority pursuant to paragraph 7e(4) above.
 - (8) Shall provide the Departmental CFO with the name(s) and title(s) of the designated approving official(s) for exceptions to the Department's pricing and charging policy.
 - (9) Shall provide the Departmental CFO with a report on a quarterly basis for each exception approved during the current quarter as detailed in Chapter I and formatted in Attachment I-1.
 - (10) Shall ensure that the policies, procedures, and reporting requirements contained in this Order are carried out.
 - (11) Shall select purchasers and determine prices when sale is by competition in the open market.
- g. General. Heads of Departmental Elements may not delegate, to a non-DOE official, the authority and responsibility for the establishment of prices and charges for materials or services being provided by DOE or through a DOE contractor to a third party.

8. GENERAL PRICING POLICY.

- a. Other Federal Agencies. The policy of the Department of Energy shall be to establish prices and charges to the other Federal agencies at the Department's full cost less depreciation and the Department's added factor except: (1) when the charges are to become part of the cost of a product or service to be provided by the other Federal agency to organizations and persons outside the Federal Government or (2) when the material or service has a price established by DOE or (3) when the charges are for work involving excess data processing capacity and/or related dedicated services, e.g., application systems, programmers or analysts, software unique to a particular application, and remote terminals and modems. With respect to the latter, the Departmental policy of recovering full cost, including the DOE added factor as described in DOE 2100.8, shall apply.
- (1) Full cost (which includes both depreciation and the Department's added factor) may be charged to other Federal agencies, with approval on a case-by-case basis by the Controller, provided a full cost sale is necessary to accomplish a Congressional goal, policy, or interest.

Vertical line denotes change.

- j. Materials and services provided pursuant to a cooperative agreement, research assistance contract or grant, or made available to a DOE contractor in connection with a contract, the primary purpose of which is to procure materials or services for DOE;
 - k. Prices for byproduct energy from the Hanford New Production Reactor;
 - l. Fees established for and costs relating to the storage and disposal of radioactive waste provided under the Nuclear Waste Policy Act;
 - m. Prices determined under the provisions of DOE 2100.8; or
 - n. Costs related to temporary assignments under the Intergovernmental Personnel Act, Title 5 CFR 334.
10. USE OF EXCEPTION PROVISIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Any request or approval for an exception to full cost recovery shall also include an evaluation of the work to be performed. Work shall be accepted only if it meets the criteria outlined in DOE 4300.2B.
- a. Any request for a case-by-case exception will include a narrative justifying the exception and, where applicable, a cost/price study, an estimate of unit sales and revenues, and an estimate of the revenue lost.
 - b. Standing exceptions to the DOE full cost recovery policy are authorized in Chapter III. No further justification is required.
 - c. Before granting an exception, Heads of Field Elements will determine and document:
 - (1) The benefiting program(s) at the most practical budget and reporting classification(s) and
 - (2) The direct benefits to DOE programs, e.g., these benefits may be defined as knowledge acquired through basic or applied research on new technologies or may be demonstrated by a cost-benefit analysis.
11. DISSEMINATION OF PRICES AND CHARGES. Current prices and charges for specific materials and services are available from the DOE laboratory or organization providing the materials or services or from the responsible program office. If this office cannot be determined, inquiries regarding the appropriate contact office should be addressed to the Department of Energy, Office of Chief Financial Officer, CR-1, Washington, DC 20585.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resource Management

CHAPTER IV

BILLING

1. GENERAL. Invoices for materials and services shall be prepared and issued promptly in accordance with the terms of the applicable contract or agreement.
2. TO DOMESTIC ORGANIZATIONS. Operating contractors designated by Field Office Managers shall bill for sales or materials rendered, except that:
 - a. The DOE Oak Ridge Field Office shall bill for use-charges and consumption associated with leased enriched uranium.
 - b. The DOE Richland Field Office shall bill for use-charges and consumption associated with leased plutonium.
 - c. The processing office shall perform financial settlement for the purchase of nuclear material produced by lessees and for processing and conversion costs.
 - d. The DOE Savannah River Field Office shall bill for use-charges and consumption associated with leased heavy water.
3. TO FOREIGN GOVERNMENTS.
 - a. Field organizations shall bill for all sales or leases of nuclear material, other material, and services rendered directly to foreign governments, except those transactions for which the Departmental Chief Financial Officer (CFO) may designate the responsibility for billing to the Office of Chief Financial Officer.
 - b. Where materials are delivered to a lessee to perform work thereon prior to shipment to a foreign government, the responsible field organization bills the lessee for the materials in the same manner as is done for any other lessee.
 - c. Where the billing function has been assigned to the Office of Chief Financial Officer, the appropriate performing organization shall accrue all costs and revenues and shall transfer the receivable to Headquarters. Such receivable shall be supported by sufficient detailed cost and price information to enable Headquarters personnel to handle the transaction properly.
 - d. The DOE Oak Ridge Field Office shall bill for all uranium enriching services.
 - e. The DOE Savannah River Field Office shall bill for the lease of heavy water and related services.

Vertical line denotes change.

4. BASIS FOR BILLINGS. Unless specifically expected by the Department, charges and credits shall be made in accordance with contract terms or official schedules of charges and prices established by the Department or, if none exist, in accordance with the general pricing policy of the Department. Where charges and credits are specified in a contract, the contract provision shall apply.
 - a. Sales and Returns of Materials.
 - (1) Materials sold for which an official DOE price or charge has been established shall be billed in accordance with the price in effect at the time of delivery. If such material is returned and accepted by DOE for credit, the amount recorded to inventory shall be based on the price in effect at the time of return.
 - (2) If, at the buyer's request, DOE furnishes material ordered in a different form or specification than that listed in established schedules of prices or charges, the buyer shall be billed for the full costs of conversion to the desired form or specification, plus a use-charge on the material for the period of time required for such conversion, plus the full costs of any material consumed or lost in the conversion process.
 - b. Lease of Material. Lessees shall be financially responsible to DOE for the value of the material as determined in accordance with the terms of the applicable lease agreement in effect.
5. RECORDS. Each field organization and cost-type contractor selling or leasing materials or furnishing services shall develop procedures for accumulating charges and other information on the materials sold or leased and services rendered. These procedures, among other things, shall provide for the prompt furnishing of all necessary data and documents to the organizational unit responsible for performing the billing function. The quantity information reflected by the documents, records, and reports under DOE'S nuclear materials information system shall be used when applicable as the support for the billing of charges.

U.S. Department of Energy
Washington, D.C.

PAGE CHANGE

DOE 2110.1A Chg 2
5-18-92

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

1. PURPOSE. To transmit revised pages to DOE 2110.1A, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 7-14-88.
2. EXPLANATION OF CHANGE. This Order has been revised to reflect organizational changes set forth in SEN-6D-91, DEPARTMENTAL ORGANIZATIONAL AND MANAGEMENT ARRANGEMENTS, of 5-16-91.
3. FILING INSTRUCTIONS.

a.	<u>Remove Page</u>	<u>Dated</u>	<u>Insert Page</u>	<u>Dated</u>
	1	7-14-88	1	5-18-92
	2	7-14-88	2	7-14-88
	5	7-14-88	5	5-18-92
	6	7-14-88	6	5-18-92
	7	7-14-88	7	5-18-92
	8	10-5-88	8	5-18-92
	11 (and 12)	7-14-88	11 (and 12)	5-18-92
	I-1	7-14-88	I-2	5-18-92
	I-2	10-5-88	II-5	5-18-92
	II-5 thru	7-14-88	II-6	7-14-88
	II-10		II-7	5-18-92
			II-8	7-14-88
			II-9	5-18-92
			II-10	7-14-88
	III-3	7-14-88	III-3	7-14-88
	III-4	7-14-88	III-4	5-18-92
	IV-1	7-14-88	IV-1	5-18-92
	IV-2	7-14-88	IV-2	7-14-88

b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resources Management

DISTRIBUTION:

All Departmental Elements

INITIATED BY:

Office of Chief Financial
Officer

CHAPTER I

GENERAL INFORMATION

1. PRINCIPLES FOR COST/PRICE STUDIES.

- a. Cost/price studies shall contain sufficient information and be in a format that facilitates review by all appropriate levels of management.
- b. Normally, the cost/price study shall be a fiscal year(s) or within a fiscal year. However, if the study cannot be on a fiscal-year basis, a representative production run period and sales period may be used.
- c. In addition to production costs, a complete inventory and sales forecast in unit: and dollars shall be prepared, which shall include, at a minimum, the beginning inventory, sales in units, and ending inventory for the prior fiscal year, current fiscal year, and the budget fiscal year.
- d. Cost of materials, products, and services shall be assembled in a format that is consistent with full cost as defined in this chapter.
- e. Price recommendations shall be consistent with DOE's full cost recovery policy. Variable unit selling prices shall not be recommended unless the prices reflect DOE's production cost curve. If it is desired to encourage the sale or the use of a product, a variable cost unit selling price may be authorized. However, this may require approval of an exception to the Department's general pricing policy when the variable prices do not recover full costs.

2. DOCUMENTATION OF THE USE OF EXCEPTIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Exceptions, other than the determined standing exceptions, shall be fully documented and provide an audit trail. Documentation must be available for subsequent audit or review. Page 11, paragraph 10, details those requirements. A standard format, as outlined on page I-5, Attachment I-1, shall be used.

3. REPORTS.

- a. New Items or Price Revisions. An immediate report of the cost of, and proposed new or revised Departmental prices for, materials and services shall be submitted to the Departmental Chief Financial Officer (CFO) and to the responsible Program Secretarial Officer.

- b. Added Factor Report. An annual Added Factor Report shall be prepared in accordance with Chapter XI, paragraph 6, of the DOE Accounting Practices and Procedures Handbook. From this report added factor rates are developed for specific materials and services of the Department.
- c. Exceptions Granted. A report, as detailed in Attachment I-1, of all exceptions to the general-pricing policy approved by the Head of a Field Element during the current quarter must be furnished to the Departmental Chief Financial Officer 30 days after the close of each quarter. Standing exceptions should not be included in this report.
4. LABOR COSTS. Labor costs of Federal Government employees are composed of two factors: the first is the time it takes to do the job, and the second is the rate(s) of pay for the labor skills required. These two factors are equally important and each must be estimated as precisely as possible. For this reason, they are treated separately in the following paragraphs:
- a. Time requirements can be expressed in hours or years. A year consists of 2087 hours and for Federal Government employees it normally includes a factor of 19.7 percent for nonworking hours (annual leave earned, sick leave taken, holidays, and other leave taken). Because various methods are used to prepare labor costs, care must be taken to ensure that the 19.7 percent factor is not included in costs more than one time nor excluded from costs.
- b. Normally, the skills required to perform a task will specify Wage Board (WB) or General Schedule (GS) employees. For positions that are not occupied, step 3 of the WB schedule and step 5 of the GS schedule should be used. When a wage or salary increase is expected during the first year of performance, the amount of the increase should be included in the estimated labor costs.
- (1) Wage Board rates are expressed normally as hourly rates and will be applied to all hours worked and to all hours of annual leave earned, sick leave taken, holidays, and other leave taken to ascertain the total pay of a WB employee. Night and/or differential pay also should be included in WB labor costs.
- (2) General Schedule rates normally are expressed as annual rates of pay. To convert this annual rate of pay to an hourly rate comparable to a WB employee, the annual rate of pay must be divided by 2087 hours.

- g. No charge shall be made for irradiating fuel elements if:
- (1) The customer's fuel element is essentially similar to, and may be considered as a replacement of, a DOE fuel element and as a result of such substitution there is no reduction in performance (flux and reactivity values) of the reactor during the test period.
 - (2) There is no substantial interference with other experimental requirements or with the normal operating and service requirements of the reactor. If such fuel elements are left in the reactor beyond the time when their net reactivity contribution is positive, they shall be subject to the standard irradiation charge. The customer will be required to pay all transportation charges and any costs incurred by the operator in inspecting, handling, loading, and unloading which are over and above those normally involved for a DOE element.

12. USE OF DOE FACILITIES AND EQUIPMENT.

- a. Privately Sponsored Research and Development. Criteria for accepting privately sponsored research and development work is outlined in DOE 4300.2B.
- b. Facilities and Equipment. Unless otherwise provided for in this directive, the DOE pricing policy of full cost recovery shall apply to the use of facilities and equipment.
 - (1) Special Equipment. Use of special equipment such as cyclotrons, spectrometers, and accelerators shall be charged at a fixed rental sufficient to recover actual costs or estimated full costs. Fixed hourly or daily rates shall be prescribed for such services whenever possible. Exceptions from full cost recovery may be authorized for users of high energy and nuclear physics accelerators under the standing exception to DOE pricing policy, page III-3, paragraph 10.
 - (2) Other Equipment and Facilities.
 - (a) Charges for equipment and facilities which are neither special nor production type shall be based on commercial rent for comparable equipment and facilities, plus a flat rate or charge to cover the applicable share of the cost of indirect services rendered provided that such charges recover full costs. Where a comparable rent cannot be determined, the charge shall be based upon full costs or reasonable estimates. DOE shall ensure that the use of Government facilities does not give the user an unfair

advantage over competitors. Federal Property Management Regulation 41 CFR 109-1.5102 establishes when property may be used.

(b) Temporary use of DOE facilities normally shall be charged for on a fixed hourly or daily rate. In determining the total charge for the use of DOE facilities, each field organization and contractor shall give consideration to establishing a minimum period of time such as a day or week for which a charge will be made even though the facility may be used for a lesser period of time than the minimum established. This minimum period may vary depending upon the circumstances, such as the type and kind of facilities to be used and preparation, setup requirements, and other factors required to put the facility in readiness for use.

(3) Production Equipment. Government-owned production equipment shall be charged according to acquisition cost and age of the equipment. Determine the charge by applying a monthly rental rate to the installed acquisition cost of the production equipment according to the schedule in Figure II-1,

<u>Age of Equipment (Years)</u>	<u>Monthly Rental Rate (Percentage)</u>
0 to 2	3
Over 2 to 3	
Over 3 to 6	1 1/2
Over 6 to 10	
Over 10	3/4

Figure II-1
Schedule of Rental Rates

13. ANALYTICAL SAMPLES AND SERVICES. Prices and charges for analytical samples and services shall be available from the performing laboratory.
14. HIGH-EFFICIENCY PARTICULATE FILTERS. Prices for inspecting and testing high-efficiency particulate filters shall be available from the field organizations providing the service (Oak Ridge, Albuquerque, and Richland).
15. URANIUM ENRICHMENT SERVICES. Prices for uranium enrichment services are published in a memorandum to customers as needed.
16. SALE OF NORMAL URANIUM. The price for any sale of normal uranium is available at the Uranium Enrichment Program Office.

17. UF6 PACKAGING, HANDLING, AND CONTAINER RENTAL CHANGES. Charges shall be available from the Director of Enriching U.S. Department of Energy. DOE Oak Ridge Field Office, Oak Ridge, TN 37830
18. LEASES OF NORMAL URANIUM. Normal uranium may be leased from DOE. The use-charge rate for leased nuclear material on page II-1, paragraph 2, shall apply. The rate in effect should be applied to value of the normal uranium at the "one-time" supply agreement price.
19. PLUTONIUM AND URANYL NITRATE.
 - a. Sale of Material. Prices for the sale of plutonium and uranium 233 will be developed on request.
 - b. Lease of Material. Charges for material losses and consumption of leased plutonium and uranium 233 will be based on the standard inventory value for the material.
20. ACCESS AUTHORIZATIONS.
 - a. An access authorization or security clearance is an administrative determination by DOE that an individual is eligible for access to classified information or special nuclear material. Clearances granted by the Department are designated Q, L, Top Secret, or Secret.
 - b. Charges for access authorizations to access permittees shall be in accordance with the following procedure.
 - (1) Charges for "Q" and "L" type access authorizations shall be based upon requests for access authorization and not for access authorization granted. If a "Q" access authorization is requested for a person who already has an "L" access authorization, the employer shall be liable for the full cost of the "Q" access authorization.
 - (2) A particular individual shall be charged only once (except for reinvestigations), provided that DOE has been paid fully for that individual's authorization. No additional charge shall be made for a person when he or she moves from one private employer to another, or when he or she changes geographic location for the same employer, or when supplementary investigations are made subsequent to the original access authorization request being fully paid for by a holder of an access permit. If the individual was cleared originally for DOE work and has been employed only by

Vertical line denotes change.

DOE or one of its contractors, and if his or her access authorization is subsequently transferred to an access permit, this transfer shall be considered an access authorization request and the regular charge shall be made.

- (3) The required payment for access authorizations shall accompany each request unless the permittee has signified that he or she has elected to be billed for access authorization requests for persons on both contract and access permit work under the formulation outlined in subparagraph (7).
- (4) Payment shall be refunded or credited for access authorization requests if the access permittee notified the field organization of his or her desire to cancel such request prior to the time DOE forwards the request for investigation to the investigative agency.
- (5) Heads of Field Elements shall establish the necessary procedures to maintain a record of access authorization requests for each holder of an access permit under their administration.
- (6) Heads of Field Elements shall maintain records sufficient to determine whether DOE had been paid in full for the access authorization, or access authorization request granted or acted on under their administration.
- (7) In cases where a DOE contractor is also a holder of an access permit and DOE contractor personnel are working on both private and DOE work, the permittee may elect either to pay full costs as prescribed in subparagraph (3), or an annual charge based on the following formula:

A = number of person with both a clearance and an access permit authorization on the contract payroll during the year.

B = cost of access authorizations.

c = hours (estimated, if necessary) performed on non-DOE work by persons included in A.

D = total hours of persons included in A.

E = cost of access authorizations previously paid on personnel included in A above.

$$A \times B \times \frac{c}{D} \times E = \text{Annual Charge.}$$

Figure II-2

- (8) The charges for "L" and "Q" access authorizations shall be separated and then rounded to the nearest multiple of the current charge for each, and any remainder of 50 percent or more shall be considered a full access authorization. The amount of access authorization charges determined under the formula shall be applied as payment in full for access authorizations of specific individuals named by the contractor. If the permittee does not provide a list of individuals to whom payments were applied, the field organization shall apply the payments for "Q" cleared personnel on a chronological basis as "Q" access authorizations are granted. At the same time, the access permittee shall be notified of the allocation made by the field organization and given a reasonable time to request a change in allocation.
- (9) In cases where an individual for whom an access authorization has been fully paid transfers employment from an access permittee to DOE or to a DOE contractor, full credit shall be given to the access permittee. This credit may be used for new access authorizations for individuals replacing those who have transferred employment to DOE or DOE contractors. However, cash may not be paid to the access permittee as settlement for the credit.
- (10) The charges for "L" and "Q" access authorizations shall be developed by the Departmental Chief Financial Officer.
- (11) Refer to page III-1, paragraph 2, for standing exceptions to the DOE full cost recovery policy.

21. CONSULTANTS AND PERSONNEL SERVICES.

a. Charges to Non-Federal Entities.

- (1) When DOE employees render authorized services, charges shall be made in accordance with the following:
 - (a) Employees' salaries or wages; plus
 - (b) Employees' fringe benefits; plus
 - (c) Apply the current DOE added factor - all other to subparagraphs (a) and (b); plus
 - (d) Any other directly associated costs, such as travel and communications.
- (2) When DOE contractor employees perform authorized work for non-Federal entities whether onsite or offsite, charges shall be in accordance with the following:
 - (a) Employees' salaries or wages; plus

Vertical line denotes change.

- (b) Employees' fringe benefits; plus
- (c) Properly allocable share of contractor overhead; plus
- (d) Properly allocable share of contractor profit/fees and management allowances paid by DOE; plus
- (e) Apply the current DOE added factor - all other to subparagraphs (a), (b), (c), and (d); plus
- (f) Any other directly associated costs, such as travel and communications.

b. Charges to Other Federal Agencies.

- (1) When DOE employees render authorized services, charges shall be made in accordance with the following:

- (a) Employees' salaries or wages; plus
- (b) Employees' fringe benefits; plus
- (c) Any other directly associated costs, such as travel and communications.

- (2) When DOE contractor employees perform authorized work for other Federal agencies, whether onsite or offsite, charges shall be in accordance with the following:

- (a) Employees' salaries or wages; plus
- (b) Employees' fringe benefits; plus
- (c) Properly allocable share of contractor overhead; plus
- (d) Properly allocable share of contractor profit/fees and management allowances paid by DOE; plus
- (e) Any other directly associated costs, such as travel and communications.

- c. Organizations requesting consultations or personal services shall be notified, at the time arrangements are made for the services, of the approximate amount of the charge.

22. COMPUTER SOFTWARE DISSEMINATION.

- a. Costs of disseminating existing DOE-developed computer software shall include, but shall not be limited to, the following:

- (1) Material , labor, and overhead associated with preparation of the information for dissemination (magnetic tape, cards, paper, keypunching, computer run time; computer operators, reproduction, plus applicable overhead).
 - (2) Packaging, handling, and mailing costs.
 - (3) Depreciation.
 - (4) DOE added factor.
- b. If a request is honored for computer software which requires modification to an existing program, the full cost of modification shall be charged in addition to the above, in accordance with DOE. 2100.8.

23. REPORTS AND RELATED INFORMATION.

- a. Reports Sold to Access Permittees. Classified and limited distribution reports, available through the Office of Scientific and Technical Information (ST), Oak Ridge, TN 37831, shall be sold to access permittees at prices determined by ST.
- b. Educational Materials.
 - (1) DOE's educational booklets and other educational publications shall be available to the public free of charge in accordance with the regulations established by the Joint Committee on Printing (Government Pricing and Binding Regulation No. 24, 4-77, Title III, 39-1 to 39-3).
 - (2) When it is established to be in the interest of the Government, these materials may be offered to the public for sale by the Superintendent of Documents, U.S. Government Printing Office (GPO), or his or her designee, at prices established by GPO.
 - (3) Free distribution of DOE's educational and public information materials shall be made by the Office of Scientific and Technical Information, Oak Ridge, TN 37831.
- c. Engineering Drawings. Contractor engineering drawings are sold by the Office of Scientific and Technical Information, Oak Ridge, TN 37831.

24. REQUESTS TO DOE FOR INFORMATION.

- a. Requests Under the Privacy Act and the Freedom of Information Act.
Charges shall be in accordance with the Department's rule published in the "Federal Register. "

- b. Requests Not Under the Privacy Act or Freedom of Information Act.
Charges shall be in accordance with the Department's Freedom of Information Act rule.
25. TRANSPORTATION PROVIDED TO PRIVATE INDIVIDUALS IN DOE CHARTERED AIRCRAFT.
The charge made to private individuals who are provided transportation on aircraft-chartered by DOE shall be at comparable common carrier coach fare, except *when* the private individual accompanies a DOE employee who is authorized to travel first-class, in which case, the charge shall be at comparable common carrier first-class fare.

- d. No charge shall be made for normal losses of material. However, the borrowing institution shall be charged for other than normal losses of material.
- e. No charge shall be made for the use of DOE-owned shipping casks used to transport spent reactor fuel elements.

10. OFFICE OF ENERGY RESEARCH FACILITIES. Research facilities such as accelerators and light sources managed by the Office of Energy Research are built by the Government with the express purpose of being available for the performance of research by a broad community of qualified users on the basis of programmatic interest, scientific merit of research proposals and competence of proposers.

- a. Use of Office of Energy Research facilities by a qualified performer shall be provided on a no-charge basis for research which is of direct DOE programmatic interest and which is approved by the laboratory management, usually with the advice of its Program Advisory Committee(s). This no-charge procedure shall apply to approved experiments conducted during periods in which the facility operates in its normal mode of operation for its primary purpose. The facility manager shall determine which requests meet these criteria and report periodically to the appropriate DOE program manager. In the event of dedicated use of a facility for a purpose other than its primary purpose, the user will be charged for costs to operate the facility.
- b. Any other program which uses an Office of Energy Research facility for work which is not within the supporting program's primary purpose for the facility, but which is determined to be of direct programmatic benefit to some other Department program, shall be charged for the cost to operate the facility for that work. For work that is conducted in a mode which is parasitic or corollary to the prime mode of the facility, the program requiring the parasitic use of the facility shall be charged the incremental costs. For dedicated use that is beyond the normal operating schedule or mode of the facility, the user program shall be charged the full cost less depreciation and added factor charges.
- c. Office of Energy Research facilities may be made available to a user to conduct proprietary research. Under such circumstances, the user shall be charged a fee that realizes full cost recovery for the service provided.
- d. When there is no justification for reduced charges as identified in subparagraphs a and b above, full cost will be recovered from non-Federal users and full cost less depreciation and added factor will be recovered from Federal users.

11. MISCELLANEOUS MATERIALS AND SERVICES. Miscellaneous services and research quantities of materials other than nuclear material distributed under 42 U.S.C. 2073 and 2093 may be furnished at DOE-owned-controlled facilities without charge when it is determined that furnishing such service and materials is in the public interest and involves insignificant costs.

12. COST OF BILLING AND COLLECTING EXCEEDS THE AMOUNT COLLECTED. When the amount to be billed for materials and services is so minor that the cost of billing and collection would exceed the amount collected, billings for such amounts may be waived. In such cases, however, consideration shall be given to combining such amount with other charges, or to offset the amount against credits due the customer. When the amounts to be billed for use-charges, computed on the basis of the entire period of time of the lease, are so minor that costs of billing and collecting would exceed the amount collected, billings for such amounts may be waived.
13. LIQUIFIED GASEOUS FUELS SPILL TEST FACILITY. The purpose of this facility is to conduct research experiments which will provide knowledge and understanding of how gases are dispersed when a spill occurs, with the objective of enhancing the general public's safety and protection. This Nevada facility is managed by the DOE Nevada Field Office.
 - a. The organization users of this facility whether commercial entities, non-profit organizations, or other Federal agencies do not receive goods or services as they are usually received for other reimbursable work. The product of these experiments is the knowledge and understanding ascertained which shall be available to the user and the general public.
 - b. Users of the facility should be charged for the direct and indirect costs of their experiments. Capital costs are considered as sunk costs of the pro ram and not recovered from the users. As such, users will not be billed for depreciation and added factor costs.
14. INTERNATIONAL ATOMIC ENERGY AGENCY. The International Atomic Energy Agency (IAEA) is an essential part of the international nuclear non-proliferation regime. IAEA's safeguards programs are deemed vital to United States (U. S.) policy goals and are a requirement for U.S. exports of nuclear equipment and materials. The IAEA also promotes the peaceful uses of nuclear energy and, thereby, nuclear commerce.
 - a. In support of IAEA, the U.S. has been providing experts from DOE and its national laboratories to the IAEA's program of promoting the peaceful uses of nuclear energy by assisting other countries in nuclear-related programs.
 - b. In consideration of the continuing expected benefits to DOE's international and other nuclear related programs and the international implications, the performing organizations billing IAEA for DOE's consultation and personal services shall waive depreciation, the Department's added factor, and allocable share of indirect laboratory costs for expert services furnished by DOE contractors.

Vertical line denotes change.

CHAPTER IV

BILLING

1. GENERAL. Invoices for materials and services shall be prepared and issued promptly in accordance with the terms of the applicable contract or agreement.
2. TO DOMESTIC ORGANIZATIONS. Operating contractors designated by Field Office Managers shall bill for sales or materials rendered, except that:
 - a. The DOE Oak Ridge Field Office shall bill for use-charges and consumption associated with leased enriched uranium.
 - b. The DOE Richland Field Office shall bill for use-charges and consumption associated with leased plutonium.
 - c. The processing office shall perform financial settlement for the purchase of nuclear material produced by lessees and for processing and conversion costs.
 - d. The DOE Savannah River Field Office shall bill for use-charges and consumption associated with leased heavy water.
3. TO FOREIGN GOVERNMENTS.
 - a. Field organizations shall bill for all sales or leases of nuclear material, other material, and services rendered directly to foreign governments, except those transactions for which the Departmental Chief Financial Officer (CFO) may designate the responsibility for billing to the Office of Chief Financial Officer.
 - b. Where materials are delivered to a lessee to perform work thereon prior to shipment to a foreign government, the responsible field organization bills the lessee for the materials in the same manner as is done for any other lessee.
 - c. Where the billing function has been assigned to the Office of Chief Financial Officer, the appropriate performing organization shall accrue all costs and revenues and shall transfer the receivable to Headquarters. Such receivable shall be supported by sufficient detailed cost and price information to enable Headquarters personnel to handle the transaction properly.
 - d. The DOE Oak Ridge Field Office shall bill for all uranium enriching services.
 - e. The DOE Savannah River Field Office shall bill for the lease of heavy water and related services.

Vertical line denotes change.

4. BASIS FOR BILLINGS. Unless specifically expected by the Department, charges and credits shall be made in accordance with contract terms or official schedules of charges and prices established by the Department or, if none exist, in accordance with the general pricing policy of the Department. Where charges and credits are specified in a contract, the contract provision shall apply.
- a. Sales and Returns of Materials.
- (1) Materials sold for which an official DOE price or charge has been established shall be billed in accordance with the price in effect at the time of delivery. If such material is returned and accepted by DOE for credit, the amount recorded to inventory shall be based on the price in effect at the time of return.
- (2) If, at the buyer's request, DOE furnishes material ordered in a different form or specification than that listed in established schedules of prices or charges, the buyer shall be billed for the full costs of conversion to the desired form or specification, plus a use-charge on the material for the period of time required for such conversion, plus the full costs of any material consumed or lost in the conversion process.
- b. Lease of Material. Lessees shall be financially responsible to DOE for the value of the material as determined in accordance with the terms of the applicable lease agreement in effect.
5. RECORDS. Each field organization and cost-type contractor selling or leasing materials or furnishing services shall develop procedures for accumulating charges and other information on the materials sold or leased and services rendered. These procedures, among other things, shall provide for the prompt furnishing of all necessary data and documents to the organizational unit responsible for performing the billing function. The quantity information reflected by the documents, records, and reports under DOE's nuclear materials information system shall be used when applicable as the support for the billing of charges.

U.S. Department of Energy

Washington, D.C.

ORDER

DOE 2110.1A
7-14-88

Change 2: 5-18-92

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

-
1. PURPOSE. To establish policy for establishing prices and charges for materials and services sold or provided by the Department, either directly or through Departmental contractor's, including management and operating (M&O) contractors, to external organizations.
 2. CANCELLATION. DOE 2110.1, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 2-16-84.
 3. SCOPE. The provisions of this Order apply to all Departmental Elements and contractors performing work for the Department as provided by law and/or contract and as implemented by the appropriate contracting officer.
 4. BACKGROUND. This Order implements the Department's rule (10 CFR 1009) and is a comprehensive update of its internal pricing policy.
 5. REFERENCES.
 - a. DOE 2100.8, COST ACCOUNTING, COST RECOVERY, AND INTERAGENCY SHARING OF DATA PROCESSING FACILITIES, of 3-3-83, which prescribes policies for cost accounting, cost recovery, and interagency sharing of data processing facilities.
 - b. DOE 2200.6, FINANCIAL ACCOUNTINGS, of 10-24-88, which provides financial policy guidance for certain interagency reimbursable actions and reimbursable actions within non-Federal Government entities, including foreign and commercial entities. States, and political subdivisions.
 - c. DOE 4300.2B, NON-DEPARTMENT OF ENERGY FUNDED WORK, of 7-16-91, which establishes policy, responsibilities, and procedures for authorizing and administering non-DOE funded work performed under DOE contracts.
 - d. Title 5 CFR 334, Intergovernmental Personnel Act, which provides policy and procedures for temporary assignment of employees between Federal agencies and State, local, and Indian tribal governments, institutions of higher education and other eligible organizations.
 - e. Title 10 CFR 725, Regulations and Rulings of the Department of Energy, which establishes procedures and standards for the issuance of permits for access to restricted data.
 - f. Title 10 CFR 1009, DOE General Provisions, which outlines a general policy for pricing and charging for materials and services sold by the Department.

DISTRIBUTION:

All Departmental Elements

INITIATED BY

Office of Chief Financial Officer

Vertical line denotes change.

- g. Title 41 CFR 109-1.5102, Department of Energy Property Management Regulations, which establish policy for official use of property.
- h. Title 5 U.S.C. 552, Freedom of Information Act, which establishes policy for providing information to the public on agency rules, opinions, orders, records, and proceedings.
- i. Title 5 U.S.C. 552a, Privacy Act, which establishes policy for records maintained on individuals.
- j. Title 31 U.S.C. 1535, 1536, and 3324 Economy Act of June 1932, as amended, which authorizes agencies to place orders with other Government agencies when the head of the ordering agency determines that it is in the interest of the Government to do so.
- k. Title 31 U.S.C. 9701, Fees and Charges for Government Services and Things of Value, which establishes policy for selling services and products.
- l. Title 42 U.S.C. 2011, Atomic Energy Act 1954, as amended, which establishes the policy that atomic energy is capable of application for peaceful as well as military purposes.
- m. Title 42 U.S.C. 2061, 2053, and 2201, Atomic Energy Act of 1954, as amended, which authorizes the Department to establish prices and charges for nuclear materials and other related materials and services that are sold or provided by the Department.
- n. Title 42 U.S.C. 2073 and 2093, Atomic Energy Act of 1954, which establishes policy for domestic distribution of special nuclear material and source material respectively.
- o. Title 42 U.S.C. 2074 and 2094, Atomic Energy Act of 1954, as amended, which authorizes foreign distribution of special nuclear material.
- p. Title 42 U.S.C. 2111 and 2112, Atomic Energy Act of 1954, as amended, which establishes authority for domestic and foreign distribution of by-product material.
- q. Title 42 U.S.C. 2201, Atomic Energy Act of 1954, as amended, which provides for disposition of radioactive materials and any other property for which special disposition is in the interest of the national security.
- r. Title 42 U.S.C. 7259 (Public Law 95-91, section 649), Department of Energy Organization Act, which states that in carrying out its functions, the Department, under terms and rates for periods not exceeding 5 years

and as deemed to be in the public interest may permit the use of any real property, facility, structure, or other improvement, by public and private agencies, corporations, associations, organizations, or individuals.

- s. Public Law 85-162 (71.Stat. 410), Appropriations Act for the Atomic Energy Commission, which amended section 35 of the Atomic Energy Community Act of 1955 to establish the appraised value of the Government's interest in commercial property, where renegotiation of the lease is requested.
- t. Office of Management and Budget (OMB) Circulars:
 - (1) OMB Circular A-25, "User charges," of 9-23-59, as amended, which refers to the Federal Government's policy of recovering full cost for services rendered or material provided to recipients.
 - (2) OMB Circular A-45, "Policy Governing Charges for Rental Quarters and Related Facilities," of 10-31-64, which establishes subject policy and procedures.
 - (3) OMB Circular A-97, "Rules and Regulations Permitting Federal Agencies to Provide Special or Technical Services to State and Local Units of Government Under Title III of the Intergovernmental Cooperation Act of 1968," of 8-29-69, which covers subject rules and regulations.
 - (4) OMB Circular A-130, "Appendix II, Cost Accounting, Cost Recovery and Interagency Sharing of Information Technology Facilities," of 12-12-85, which establishes subject procedures.
- u. Latest supplement to OMB Circular A-76, "Performance of Commercial Activities" which establishes Federal policy regarding the operation of commercial activities.
- v. Comptroller General Decision B-136318, as amended by 57 Comp. Gen. 674, of 8-14-78, which states that unless they are necessary to accomplish competing congressional goals, policies, or interests, the cost comparisons and billings to requisitioning agencies under section 601 of the Economy Act of 1932, as amended, (Title 31 U.S.C. 1535-1536, 3324) should not include items of indirect cost that are not significantly related to costs incurred by the performing agency in the execution of the requisitioning agency's work and that are not funded from currently available appropriations.
- w. Joint Committee on Printing, Pricing and Binding Regulation No. 24, 4-77, Title 111, 39-1 to 39-3, which establishes quantity limitations and also procedures for free distribution in bulk for redistribution to private individuals.

6. DEFINITIONS.

- a. Allocable Cost. A cost is allocable to a particular cost objective i.e., a specific function, project, process, or organization) if the costs incurred are chargeable or assignable to such cost objectives in accordance with the relative benefits received or other equitable relationships. Subject to the foregoing, a cost is allocable if (1) it is incurred solely for materials or services sold; (2) it benefits both the customer and the Department in proportions that can be approximated through use of reasonable methods; or (3) it is necessary to the *overall* operation of the Department and is deemed to be assignable in part to materials or services sold.
- b. Byproduct Material. Any radioactive material (except special nuclear material) yielded in or made radioactive by exposure to the radiation Incident to the process for producing or utilizing special nuclear material.
- c. Charges. An accumulation of job-related costs for materials and services sold by the Department.
- d. Commercial Price. The price that a willing buyer is currently paying or would pay a willing seller for materials and services in the market.
- e. Direct Cost. Any cost that can be identified specifically with a particular final cost objective.
- f. Full Cost. All direct costs and all allocable costs of producing the material or providing the service consistent with generally accepted accounting principles. Direct costs and allocable costs may include, but are not limited to, the following cost elements:
 - (1) Direct labor (including fringe benefits), direct materials, other direct costs, processing materials and chemicals, power and other utilities, and maintenance.
 - (2) Indirect costs, i.e., common costs that cannot be directly assigned to specific cost objectives and are therefore allocated to cost objectives in a systematic cost allocation process.
 - (3) Contractor profit/fees and management allowances paid by DOE.
 - (4) Depreciation includes depreciation costs that are directly associated with facilities and equipment utilized, and allocated depreciation costs for support and general facilities and equipment.

(5) Added Factor includes general and administrative costs and other support costs that are incurred for the benefit of the Department, an organizational unit, or a material or service as a whole. The base to which the added factor percentage is to be applied includes direct costs, indirect costs, and depreciation assignable or allocable to the material or service being priced.

- g. Prices. The monetary amounts generally established and published for recurring sales of the same materials and services.
- h. Source Material. Uranium and thorium.
- i. Special Nuclear Material. Plutonium or uranium enriched in the Isotope 235, or any materials artificially enriched by any of the foregoing. Special nuclear material does not include source material.

7. RESPONSIBILITIES.

a. Program Secretarial Officers (PSOs) shall:

- (1) Determine that prices for materials and services for which they are responsible are in accordance with this Order.
- (2) Develop and approve, after appropriate consultation with the Departmental Chief Financial Officer (CFO), full cost recovery prices for materials and services provided by Headquarters.
- (3) Submit requests for exceptions to the pricing policy to the Departmental CFO for appropriate consultation and approval, for those materials and services provided by Headquarters. A standard format as outlined on page I-5, Attachment I-1, shall be used.
- (4) Review and approve prices recommended by Heads of Field Elements for materials and services for which program responsibility is retained in accordance with page 7, paragraph 7f(3).
- (5) Consult with the Departmental CFO on matters relating to costs and prices.

b. Assistant Secretary for Defense Programs, with the concurrence of the Departmental CFO, shall develop and approve prices for plutonium.

c. Assistant Secretary for Domestic and International Energy Policy may:

- (1) Conduct preliminary meetings with foreign governments and organizations for reduced charges for research and development activities provided the following conditions are met: (a) the

Vertical line denotes change.

PSO determines that the exception from full cost recovery is made in consideration of direct benefits to a DOE program from such work and (b) the exception is approved by the Departmental CFO.

(2) Authorize, in coordination with the appropriate Head of Field Element and responsible PSO, minor miscellaneous services or research quantities of materials, including nuclear materials distributed under 42 U.S.C. 2074 and 2094 to be furnished without charge for use at DOE-owned or controlled facilities in connection with foreign activities when it is determined that furnishing such services or materials is in the public interest and involves insignificant costs.

d. Assistant Secretary for Nuclear Energy, with concurrence of the Departmental CFO, shall develop and approve prices for enriched Uranium-233 and Uranium-235.

e. Departmental Chief Financial Officer (CFO), shall:

- (1) Interpret DOE pricing policy and determine the applicability of such policy in any given case in cooperation with the appropriate PSO.
- (2) Prior to implementation, review prices and charges developed by PSOs and Heads of Field Elements for compliance with this Order.
- (3) Approve requests to use the exception provisions to the Department's pricing and charging policy for all materials and for services provided by Headquarters.
- (4) Recall the authority redelegate to Heads of Field Elements to approve exceptions on a case-by-case basis, if the Departmental CFO determines that a specific request for an exception to the Department's pricing policy is of a sensitive nature and/or the request should be resolved by Headquarters.
- (5) Furnish advisory reports and recommendations on prices to the Secretary and other organizations as considered necessary.
- (6) Develop uniform prices for comparable materials and services that are available from two or more field organizations.

- (7) Develop principles, procedures, criteria, and formats for the preparation of cost/price studies.
- (8) Develop added factor rates and disseminate to field organizations for use in determining full cost of products, materials, and services sold or provided.
- (9) Review and approve requests for new and revised standing exceptions.

f. Heads of Field Elements.

- (1) Shall develop cost/price studies for new materials and services furnished to others by DOE. The scope of any such study shall be commensurate with the cost of the materials and/or services to be provided.
- (2) Shall develop revised cost/price studies whenever there is a significant change in cost as the result of a change in operations or other conditions. At a minimum, develop cost/price studies each fiscal year for recurring sales of materials and services producing significant amounts of revenue.
- (3) Shall develop and approve prices for materials and/or services when the prices are based on full cost recovery and based on costs originating within the operations of the particular office. When the price determination is prepared for the purpose of establishing a DOE-wide price for the material or service the cost/price study, and other documents used in establishing the price shall be furnished to the Departmental CFO and the responsible PSO at least 30 days prior to the effective date of the price. The authority to develop and approve prices may be retained by PSOs. However, this retention of authority shall be explicit and in writing. When this option is exercised, cost/price studies and recommended prices shall be submitted for approval to the PSO responsible for the program with a copy to the Departmental CFO. If a final price is not determined within 30 days, the responsible field organization may approve a provisional price.
- (4) Shall disseminate new and revised prices and charges to customers and to organizations and persons within and outside DOE.
- (5) Shall calculate applicable depreciation costs and rates from field organization plant and equipment records, consistent with guidance in DOE's Accounting Practices and Procedures Handbook (APPH), for use in determining the full cost of products, materials, and services sold or provided. (The APPH provides accounting systems guidance that shall be followed until it is replaced by the accounting directives (DOE 2200.4 - 2200.10.))

Vertical line denotes change.

- (6) May use the standing exceptions in this Order.
 - (7) May approve requests to use the exception provisions to the Department's pricing and charging policy for services provided by that particular office only, unless the Departmental CFO has recalled this authority pursuant to paragraph 7e(4) above.
 - (8) Shall provide the Departmental CFO with the name(s) and title(s) of the designated approving official(s) for exceptions to the Department's pricing and charging policy.
 - (9) Shall provide the Departmental CFO with a report on a quarterly basis for each exception approved during the current quarter as detailed in Chapter I and formatted in Attachment I-1.
 - (10) Shall ensure that the policies, procedures, and reporting requirements contained in this Order are carried out.
 - (11) Shall select purchasers and determine prices when sale is by competition in the open market.
- g. General. Heads of Departmental Elements may not delegate, to a non-DOE official, the authority and responsibility for the establishment of prices and charges for materials or services being provided by DOE or through a DOE contractor to a third party.

8. GENERAL PRICING POLICY.

- a. Other Federal Agencies. The policy of the Department of Energy shall be to establish prices and charges to the other Federal agencies at the Department's full cost less depreciation and the Department's added factor except: (1) when the charges are to become part of the cost of a product or service to be provided by the other Federal agency to organizations and persons outside the Federal Government or (2) when the material or service has a price established by DOE or (3) when the charges are for work involving excess data processing capacity and/or related dedicated services, e.g., application systems, programmers or analysts, software unique to a particular application, and remote terminals and modems. With respect to the latter, the Departmental policy of recovering full cost, including the DOE added factor as described in DOE 2100.8, shall apply.
- (1) Full cost (which includes both depreciation and the Department's added factor) may be charged to other Federal agencies, with approval on a case-by-case basis by the Controller, provided a full cost sale is necessary to accomplish a Congressional goal, policy, or interest.

Vertical line denotes change.

- (2) Full cost also may be charged when the statutory authority for *an* agreement with another Federal agency is other than the Economy Act and is consistent with the particular statutory authority.
- b. Organizations Outside the Federal Government. The price or charge for materials and services sold by DOE to persons and organizations outside the Federal Government shall be the Government's full cost for those materials and services, unless otherwise provided in this Order. Exceptions to this pricing and charging policy may be authorized in accordance with the following provisions:
- (1) Prices and charges for byproduct material sold pursuant to 42 U.S.C. 2111 and 2112 et seq. shall be either the full cost recovery price or the commercial price, whichever is higher, except that lower prices and charges may be established if it is determined that such lower prices and charges will provide reasonable compensation to the Government for such material, will not discourage the use of or the development of sources of supply independent of the DOE of such material, and will encourage research and development.
 - (2) prices and charges for materials and services sold pursuant to 42 U.S.C. 2201 shall be either the full cost recovery price or the commercial price, whichever is higher, except that lower prices and charges may be established if it is determined that such lower prices and charges will provide reasonable compensation to the Government and will not discourage the development of sources of supply independent of the DOE of such material.
 - (3) Charges for the use of real property or any facility, structure, or other improvement thereon may be authorized under such terms, at such rates, and for such periods not exceeding 5 years, as is deemed to be in the public interest, pursuant to 42 U.S.C. 7259.
 - (4) Pursuant to OMB Circular A-25, exceptions to the general pricing policy may be authorized under any of the following conditions:
 - (a) The incremental cost of collecting the fees (charges) would be an unduly large part of the receipts from the activity.
 - (b) The furnishing of material or service without charge is an appropriate courtesy to a foreign country or international organization, or comparable fees are set on a reciprocal basis with a foreign country.

- (c) The domestic recipient of the material or service is engaged in a nonprofit activity that promotes public safety, health, or welfare.
 - (d) Payment of full cost by a State or local government, or by a nonprofit organization would not be in the interest of the program.
 - (5) Prices and charges for materials and services provided to organizations or persons may be at less than full cost when it is determined by Heads of Field Elements on a case-by-case basis that a benefit to the Department results. In such cases, depreciation and added factor costs may be waived to organizations outside the Federal Government or, stated otherwise, it authorizes the use of the same prices and charges normally charged to other Federal agencies. Full costs, including depreciation and added factor, will be recovered for ADP services
9. EXCLUSIONS. The general pricing policy shall not apply when the amount to be priced or charged is otherwise provided for by statute, Executive order, or regulation. The provisions of this Order shall not apply to:
- a. Fees, penalties, and fines established by the Economic Regulatory Administration;
 - b. Power marketing and related activities of the Alaska, Bonneville, Southeastern, Southwestern, and Western Area Power Administrations;
 - c. Prices for crude oil and related materials and services from the Naval Petroleum and Oil Shale Reserves;
 - d. Prices for uranium enriching and other related services, source material, and special nuclear material ;
 - e. Costs incurred in processing requests for information under the Freedom of Information and Privacy Acts;
 - f. Costs relating to energy data and information provided by the Energy Information Administration;
 - g. Prices for crude oil and related materials and services from the Strategic Petroleum Reserve;
 - h. Costs relating to the disposal of excess and surplus property;
 - i. Costs for access permits for uranium enrichment technology issued in accordance with 10 CFR part 725;

- j. Materials and services provided pursuant to a cooperative agreement, research assistance contract or grant, or made available to a DOE contractor in connection with a contract, the primary purpose of which is to procure materials or services for DOE;
- k. Prices for byproduct energy from the Hanford New Production Reactor;
- l. Fees established for and costs relating to the storage and disposal of radioactive waste provided under the Nuclear Waste Policy Act;
- m. Prices determined under the provisions of DOE 2100.8; or
- n. Costs related to temporary assignments under the Intergovernmental Personnel Act, Title 5 CFR 334.

10. USE OF EXCEPTION PROVISIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Any request or approval for an exception to full cost recovery shall also include an evaluation of the work to be performed. Work shall be accepted only if it meets the criteria outlined in DOE 4300.2B.

- a. Any request for a case-by-case exception will include a narrative justifying the exception and, where applicable, a cost/price study, an estimate of unit sales and revenues, and an estimate of the revenue lost.
- b. Standing exceptions to the DOE full cost recovery policy are authorized in Chapter III. No further justification is required.
- c. Before granting an exception, Heads of Field Elements will determine and document:
 - (1) The benefiting program(s) at the most practical budget and reporting classification(s) and
 - (2) The direct benefits to DOE programs, e.g., these benefits may be defined as knowledge acquired through basic or applied research on new technologies or may be demonstrated by a cost-benefit analysis.

11. DISSEMINATION OF PRICES AND CHARGES. Current prices and charges for specific materials and services are available from the DOE laboratory or organization providing the materials or services or from the responsible program office. If this office cannot be determined, inquiries regarding the appropriate contact office should be addressed to the Department of Energy, Office of Chief Financial Officer, CR-1, Washington, DC 20585.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resource Management

DOE 2110.1A Chg 2
5-18-92

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

1. PURPOSE. To transmit revised pages to DOE 2110.1A, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 7-14-88.
2. EXPLANATION OF CHANGE. This Order has been revised to reflect organizational changes set forth in SEN-6D-91, DEPARTMENTAL ORGANIZATIONAL AND MANAGEMENT ARRANGEMENTS, of 5-16-91.
3. FILING INSTRUCTIONS.

a.	<u>Remove Page</u>	<u>Dated</u>	<u>Insert Page</u>	<u>Dated</u>
	1	7-14-88	1	5-18-92
	2	7-14-88	2	7-14-88
	5	7-14-88	5	5-18-92
	6	7-14-88	6	5-18-92
	7	7-14-88	7	5-18-92
	8	10-5-88	8	5-18-92
	11 (and 12)	7-14-88	11 (and 12)	5-18-92
	I-1	7-14-88	I-1	5-18-92
	I-2	10-5-88		5-18-92
	II-5 thru	7-14-88	II-5	5-18-92
	II-10		II-6	7-14-88
			II-7	5-18-92
			II-8	7-14-88
			II-9	5-18-92
			II-10	7-14-88
	III-3	7-14-88	III-3	7-14-88
	III-4	7-14-88	III-4	5-18-92
	IV-1	7-14-88	IV-1	5-18-92
	IV-2	7-14-88	IV-2	7-14-88

b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resources Management

DISTRIBUTION:

All Departmental Elements

INITIATED BY:

Office of Chief Financial
Officer

TABLE OF CONTENTS

<u>CHAPTER I - GENERAL INFORMATION</u>	<u>Page</u>
1. Principles for Cost/Price Studies.....	I-1
2. Documentation of the Use of Exceptions to the Department's General Pricing Policy.....	I-1
3. Reports.....	I-1
4. Labor Costs.....	I-2
5. Fringe Benefits.....	I-3
Attachment I-1 - DOE F 2110.1, "Exception to Full Cost Recovery".....	I-5
<u>CHAPTER II - COSTING AND PRICING OF SELECTED MATERIALS, PRODUCTS, AND SERVICES</u>	
1. General.....	II-1
2. Use-Charge on Leased Nuclear Material.....	II-1
3. Nuclear Fuel Preparation and Fabrication.....	II-1
4. Chemical Processing of Nuclear Materials.....	II-1
5. Processing Irradiated Reactor Fuel.....	II-2
6. Heavy Water.....	II-2
7. Conversion of Purified Plutonium Nitrate into Plutonium Metal.....	II-2
8. Base Charge for Conversion of Plutonium Nitrate to Dioxide.....	II-2
9. Conversion of U-233 Uranyl Nitrate to Oxide or Metal.....	II-2
10. Isotopes, Sources, Irradiations, and Reference Materials.....	II-3
11. Reactor Charges.....	II-4
12. Use of DOE Facilities and Equipment.....	II-5
Figure II-1 Schedule of Rental Rates.....	II-6
13. Analytical Samples and Services.....	II-6
14. High-Efficiency Particulate Filters.....	II-6
15. Uranium Enrichment Services.....	II-6
16. Sale of Normal Uranium.....	II-6
17. UF6 Packaging, Handling, and Container Rental Charges.....	II-7
18. Leases of Normal Uranium.....	II-7
19. Plutonium and Uranyl Nitrate.....	II-7
20. Access Authorizations.....	II-7
Figure II-2 Annual Change.....	II-8
21. Consultations and Personal Services.....	II-9
22. Computer Software Dissemination.....	II-10
23. Reports and Related Information.....	II-11
24. Requests to DOE for Information.....	II-11
25. Transportation Provided to Private Individuals in DOE Chartered Aircraft.....	II-12

CHAPTER III - STANDING EXCEPTIONS TO THE FULL COST RECOVERY POLICY

1.	Access Permits	III-1
2.	Access Authorizations	III-1
3.	Use Permits	III-1
4.	Assistance for the Protection of Health and Safety in the Event of Radiological Incidents	III-1
5.	Museums and Exhibits	III-1
6.	Housing, Utilities, and Commercial Property	III-2
7.	Repairs to Material and Equipment	III-2
8.	Reports and Photographs	III-2
9.	Research Reactors Operated by Nonprofit Educational and Medical Institutions	III-2
10.	Office of Energy Research Facilities	III-3
11.	Miscellaneous Materials and Services	III-3
12.	Cost of Billing and Collecting Exceeds the Amount Collected	III-4
13.	Liquified Gaseous Fuels Spill Test Facility	III-4
14.	International Atomic Energy Agency	III-4

CHAPTER IV - BILLING

1.	General	IV-1
2.	To Domestic Organizations	IV-1
3.	To Foreign Governments	IV-1
4.	Basis for Billings	IV-2
5.	Records	IV-2

CHAPTER I
GENERAL INFORMATION

1. PRINCIPLES FOR COST/PRICE STUDIES.

- a. Cost/price studies shall contain sufficient information and be in a format that facilitates review by all appropriate levels of management.
- b. Normally, the cost/price study shall be a fiscal year(s) or within a fiscal year. However, if the study cannot be on a fiscal-year basis, a representative production run period and sales period may be used.
- c. In addition to production costs, a complete inventory and sales forecast in units and dollars shall be prepared, which shall include, at a minimum, the beginning inventory, sales in units, and ending inventory for the prior fiscal year, current fiscal year, and the budget fiscal year.
- d. Cost of materials, products, and services shall be assembled in a format that is consistent with full cost as defined in this chapter.
- e. Price recommendations shall be consistent with DOE's full cost recovery policy. Variable unit selling prices shall not be recommended unless the prices reflect DOE's production cost curve. If it is desired to encourage the sale or the use of a product, a variable cost unit selling price may be authorized. However, this may require approval of an exception to the Department's general pricing policy when the variable prices do not recover full costs.

2. DOCUMENTATION OF THE USE OF EXCEPTIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Exceptions, other than the determined standing exceptions, shall be fully documented and provide an audit trail. Documentation must be available for subsequent audit or review. Page 11, paragraph 10, details those requirements. A standard format, as outlined on page I-5, Attachment I-1, shall be used.

3. REPORTS.

- a. New Items or Price Revisions. An immediate report of the cost of, and proposed new or revised Departmental prices for, materials and services shall be submitted to the Departmental Chief Financial Officer (CFO) and to the responsible Program Secretarial Officer.

- b. Added Factor Report. An annual Added Factor Report shall be prepared in accordance with Chapter XI, paragraph 6, of the DOE Accounting Practices and Procedures Handbook. From this report added factor rates are developed for specific materials and services of the Department.
 - c. Exceptions Granted. A report, as detailed in Attachment I-1, of all exceptions to the general pricing policy approved by the Head of a Field Element during the current quarter must be furnished to the Departmental Chief Financial Officer 30 days after the close of each quarter. Standing exceptions should not be included in this report.
4. LABOR COSTS. Labor costs of Federal Government employees are composed of two factors: the first is the time it takes to do the job, and the second is the rate(s) of pay for the labor skills required. These two factors are equally important and each must be estimated as precisely as possible. For this reason, they are treated separately in the following paragraphs:
- a. Time requirements can be expressed in hours or years. A year consists of 2087 hours and for Federal Government employees it normally includes a factor of 19.7 percent for nonworking hours (annual leave earned, sick leave taken, holidays, and other leave taken). Because various methods are used to prepare labor costs, care must be taken to ensure that the 19.7 percent factor is not included in costs more than one time nor excluded from costs.
 - b. Normally, the skills required to perform a task will specify Wage Board (WB) or General Schedule (GS) employees. For positions that are not occupied, step 3 of the WB schedule and step 5 of the GS schedule should be used. When a wage or salary increase is expected during the first year of performance, the amount of the increase should be included in the estimated labor costs.
 - (1) Wage Board rates are expressed normally as hourly rates and will be applied to all hours worked and to all hours of annual leave earned, sick leave taken, holidays, and other leave taken to ascertain the total pay of a WB employee. Night and/or differential pay also should be included in WB labor costs.
 - (2) General Schedule rates normally are expressed as annual rates of pay. To convert this annual rate of pay to an hourly rate comparable to a WB employee, the annual rate of pay must be divided by 2087 hours.

5. FRINGE BENEFITS. Fringe benefits are allowances and services provided by the Government to its employees as compensation in addition to the wages or salaries used in determining the basic hourly rate or annual rate of pay. For purposes of estimating the cost of a Government operation, fringe benefits will include only the normal, recurring benefit costs attributable to an ongoing operation. Costs such as termination and separation allowances of Government personnel are not fringe benefits, but rather are to be included as termination costs, as applicable, when associated with the opening or closing of a Government-operated activity.
 - a. Leave and holiday time is included in labor costs and is not included in fringe benefits.
 - b. Refer to the latest supplement to OMB Circular A-76 for current rates to be applied to annual or periodic labor costs to determine fringe benefit costs for the following categories:
 - (1) Retirement and Disability (includes employees under Civil Service Retirement System, Federal Employees Retirement System, and intermittent employees under FICA).
 - (2) Health and Life Insurance.
 - (3) Other Benefits (including work disability, unemployment programs, bonuses, and awards).
 - (4) Medicare.
 - c. For employees under the Federal Employees Retirement System also include:
 - (1) Government match for the Social Security component.
 - (2) Government match for the Savings Plan.
 - d. Additional benefits received by Government employees will be computed separately. Cost estimates will be required for offsite pay, hazardous duty pay, uniform allowances, incentive pay, cost of living differential, night differential for GS employees, in the development of individual rates for the local area. Where allowances are not uniformly distributed among local personnel, it may be necessary to compute separate rates or amounts for individual employees or employee groupings, such as GS and WB employees.

- e. Overtime premiums and premium pay for working holidays are not included as additional benefits. Overtime and holiday premiums are either indirect costs (to be included in the appropriate indirect cost pool), or other direct-costs. In either case, they are not included in the determination of additional benefits nor in the total annual or periodic labor costs. Overtime and holiday premiums are direct costs only when it is known that the work required to provide the product or service being estimated must be performed on overtime. Otherwise, overtime and holiday premiums are indirect costs because the incurrence of overtime provides equal benefit to all work scheduled. Although night and environmental differentials are considered additional benefits for GS employees, they are added to the hourly rate and included in the annual or periodic labor costs for WB employees. Firefighters' and law enforcement officers' premiums are also included in the annual or periodic labor costs in the same manner.

DOE 2110.1A
7-14-88

Attachment I-1
Page I-5 (and I-6)

DOE F 2110.1
(11-87)

U.S. DEPARTMENT OF ENERGY
EXCEPTION TO FULL COST RECOVERY

☒ Report ☐ Request

EXAMPLE

Project Title Jamaican National Energy Planning Analysis

Proposal No. Amendment No. 5 Contractor Smith & Co.

M&O Facility Atlanta, Georgia

1. Cost/Price Study:

a) DOE direct and allocable cost, excluding depreciation	<u>115,000</u>
b) Depreciation	<u>8,000</u>
c) Added factor	<u>18,500</u>
d) DOE full cost	<u>141,500</u>
e) Unbilled cost	<u>26,500</u>
f) Cost Charged (billed)	<u>115,000</u>

2. Budget and Reporting Classification of Benefiting Program: NA02

3. Benefiting DOE Program: Energy and Nuclear Power Evaluation Program

4. Authority: DOE 2110.1A, paragraph 7f(7)

5. Responsible Program Manager: Name Henry Brown

Title Assistant Manager for Project and Technology Management

6. Brief description of work and narrative justifying the exception:

See attached page

Based on determination of benefit to DOE program, I waive depreciation and DOE added factor.

Signature: John Doe, Manager, Atlanta Operations Office

Date: 7/22/88

Concurrences: George Smith, Assistant Secretary for International Affairs and Energy Emergencies

CHAPTER II

COSTING AND PRICING OF SELECTED MATERIALS,
PRODUCTS AND SERVICES

1. GENERAL. This chapter provides costing and pricing information on selected materials, products, and services available from DOE. Prices are free-on-board (f.o.b.), DOE location, unless stated otherwise.
2. USE-CHARGE ON LEASED NUCLEAR MATERIAL.
 - a. Basis for Use-Charge. Billings for use-charges shall be computed by multiplying the dollars for which the lessee is financially responsible to DOE by the DOE's published use-charge rate in effect during the" period covered. A 365-day year shall be used in computing the use-charge.
 - b. Frequency of Billings for Use-Charges. Billings for use-charges shall be made semiannually, except where the lease agreement provides otherwise. All billings shall be made as of the end of a predetermined billing period, i.e., 3-31 and 9-30 for both foreign and domestic lessees.
 - c. Transactions Involving Waiver of Use-Charges. The DOE office administering contracts containing an agreement for waiver of use-charges shall furnish the field organization administering the lease a copy of the waiver and any amendments to the agreement affecting the waiver.
3. NUCLEAR FUEL PREPARATION AND FABRICATION. Full costs shall include, at a minimum, costs relating to:
 - a. Acquisition, processing, and fabrication of fuels materials.
 - b. Transportation.
 - c. Setup time and development identified with the specific job.
 - d. Process or fabrication losses.
 - e. An amount equivalent to use-charges during the normal processing or fabrication period.
4. CHEMICAL PROCESSING OF NUCLEAR MATERIAL.
 - a. The contracting office shall account for all costs and revenues applicable to financial settlement under chemical processing and conversion contracts

or storage contracts, except for burnup and isotopic dilution (degradation) adjustments resulting from differences between provisional and final measurements which shall be accounted for by the appropriate field organization. This includes, at a minimum:

- (1) Processing charges.
- (2) Conversion charges.
- (3) Transportation charges from the processing plant to the conversion
- (4) Use-charges for the applicable processing and conversion periods.
- (5) Charges for processing and conversion losses.
- (6) Other applicable costs and charges.

b. Financial settlements with reactor operators for the payment of nuclear material, and for processing and conversion costs, shall be made by the contracting office,

5. PROCESSING IRRADIATED REACTOR FUEL. When DOE determines that it will process Irradiated reactor fuel, terms and conditions shall be as specified in notices published in the "Federal Register."
6. HEAVY WATER. The sales of heavy *water were* suspended as of 5-24-82, but heavy water may be leased.
7. CONVERSION OF PURIFIED PLUTONIUM NITRATE INTO PLUTONIUM METAL. Conversion charges and losses shall be available on request. Conversion charges shall be expressed as the cost per gram of total contained plutonium. Conversion losses shall be expressed in grams per kilogram plutonium contained in the nitrate.
8. BASE CHARGE FOR CONVERSION OF PLUTONIUM NITRATE TO DIOXIDE. Conversion charges and losses shall be available on request. Conversion charges shall be expressed as the cost per gram of plutonium delivered by DOE. Conversion losses shall be expressed as a percentage of plutonium delivered as dioxide.
9. CONVERSION OF U-233 URANYL NITRATE TO OXIDE OR METAL. Standard and special conversion charges are available on request. However, conversions are subject to availability as to quantity and decontamination factor. Conversion charges shall be expressed as to the cost per gram to convert nitrate to an oxide or to a metal in the form of a button or biscuit.

10. ISOTOPES, SOURCES, IRRADIATIONS, AND REFERENCE MATERIALS.

a. Radioisotopes.

- (1) Reactor produced isotopes shall include, at a minimum, the following costs:
 - (a) Target materials and their containers.
 - (b) Reactor operating costs.
 - (c) Net fuel costs.
 - (d) Interproject transportation, handling, and analytical work.
 - (e) Decay losses.
 - (f) Chemical processing, purification, and so forth.
- (2) No cost shall be assigned to unprocessed fission product isotopes contained in the waste storage tanks at the separation plants. All applicable costs of handling, interproject transportation, and chemical processing, as indicated above, shall be considered in determining full costs for processed fission product isotopes.
- (3) Prices for radioisotopes available from DOE are listed in the Oak Ridge National Laboratory catalog of "Isotopes" and in the Mound Facility Catalog.

- b. Stable Isotopes. Prices for individual isotopes available from DOE shall be contained in the Oak Ridge National Laboratory catalog of "Isotopes" and "The Mound Facility Stable Isotopes Catalog."
- c. Special Research Isotopes. Prices for individual isotopes can be obtained by contacting the Isotopes Distribution Office.
- d. Sources. Prices for sources can be obtained by contacting the Oak Ridge National Laboratory and Mound Facility.
- e. Irradiations. Argonne, Brookhaven, and Oak Ridge National Laboratories and the Idaho National Engineering Laboratory offer nuclear reactor irradiation services. Cyclotron irradiations are available at Brookhaven, Los Alamos Scientific National Laboratory, Westinghouse Hanford Company, Argonne, and Lawrence Berkeley Laboratory. Requests for price quotations and all orders shall be placed with the Isotope Distribution Office, Oak Ridge National Laboratory or with the Mound Facility.

- f. Certified Reference Materials. Prices for source, depleted, normal, and special nuclear reference materials available from DOE shall be contained in catalogs provided by the DOE-Chicago, New Brunswick Laboratory.

11. REACTOR CHARGES.

- a. The total of the reactor operating costs and net fuel cost normally shall be allocated to the various reactor facilities or locations used for research experiments, isotope production, and irradiation services on a time-space-flux basis. However, appropriate modifications may be made due to special conditions such as neutron absorption cross section of target material, contributions to reactivity, temperature requirements or limitations, and special research uses of major facilities in the reactor.
- b. Reactor operating costs shall include the cost of operating auxiliary facilities and depreciation on these facilities as well as the reactor. Auxiliary facilities shall include such items as steam plants, pumping stations, electrical distribution systems, retention basins, waste storage tanks, and central service shops that are needed for the operation of the reactor.
- c. Net fuel cost shall consist of the cost of the nuclear material consumed (burnup, isotope dilution (degradation), scrap recovery, and losses), fuel fabrication, transportation, fuel separation and recovery, including waste storage costs, with a credit for the material recovered or produced as a result of the reactor operation. The credit shall be based on the value of the material at the time it is recovered or produced.
- d. A utilization factor shall be used in determining unit costs to allow for unused space while the reactor is operating and for the time when the reactor is not in operation.
- e. Based on these factors, fixed or flat charges shall be established when possible.
- f. In determining the total charges for reactor facilities used for research experiments, consideration shall be given to allowing a credit for significant reactivity contributed by a customer's experiment. If such reactivity should result in a substantial fuel saving during the period of irradiation, a credit would be justified.

- g. No charge shall be made for irradiating fuel elements if:
- (1) The customer's fuel element is essentially similar to, and may be considered as a replacement of, a DOE fuel element and as a result of such substitution there is no reduction in performance (flux and reactivity values) of the reactor during the test period.
 - (2) There is no substantial interference with other experimental requirements or with the normal operating and service requirements of the reactor. If such fuel elements are left in the reactor beyond the time when their net reactivity contribution is positive, they shall be subject to the standard irradiation charge. The customer will be required to pay all transportation charges and any costs incurred by the operator in inspecting, handling, loading, and unloading which are over and above those normally involved for a DOE element.

12. USE OF DOE FACILITIES AND EQUIPMENT.

- a. Privately Sponsored Research and Development. criteria for accepting privately sponsored research and development work is outlined in DOE 4300.2B.
- b. Facilities and Equipment. Unless otherwise provided for in this directive, the pricing policy of full cost recovery shall apply to the use of facilities and equipment.
 - (1) Special Equipment. Use of special equipment such as cyclotrons, spectrometers, and accelerators shall be charged at a fixed rental sufficient to recover actual costs or estimated full costs. Fixed hourly or daily rates shall be prescribed for such services whenever possible. Exceptions from full cost recovery may be authorized for users of high energy and nuclear physics accelerators under the standing exception to DOE pricing policy, page III-3, paragraph 10.
 - (2) Other Equipment and Facilities.
 - (a) Charges for equipment and facilities which are neither special nor production type shall be based on commercial rent for comparable equipment and facilities, plus a flat rate or charge to cover the applicable share of the cost of indirect services rendered provided that such charges recover full costs. Where a comparable rent cannot be determined, the charge shall be based upon full costs or reasonable estimates. DOE shall ensure that the use of Government facilities does not give the user an unfair

advantage over competitors. Federal Property Management Regulation 41 CFR 109-1.5102 establishes when property may be used.

- (b) Temporary use of DOE facilities normally shall be charged for on a fixed hourly or daily rate. In determining the total charge for the use of DOE facilities, each field organization and contractor shall give consideration to establishing a minimum period of time such as a day or week for which a charge will be made even though the facility may be used for a lesser period of time than the minimum established. This minimum period may vary depending upon the circumstances, such as the type and kind of facilities to be used and preparation, setup requirements, and other factors required to put the facility in readiness for use.

- (3) Production Equipment. Government-owned production equipment shall be charged according to acquisition cost and age of the equipment. Determine the charge by applying a monthly rental rate to the Installed acquisition cost of the production equipment according to the schedule in Figure II-1.

<u>Age of Equipment (Years)</u>	<u>Monthly Rental Rate (Percentage)</u>
0 to 2	3
Over 2 to 3	
Over 3 to 6	1 1/2
Over 6 to 10	1
Over 10	3/4

Figure II-1
Schedule of Rental Rates

13. ANALYTICAL SAMPLES AND SERVICES. Prices and charges for analytical samples and services shall be available from the performing laboratory.
14. HIGH-EFFICIENCY PARTICULATE FILTERS. Prices for inspecting and testing high-efficiency particulate filters shall be available from the field organizations providing the service (Oak Ridge, Albuquerque, and Richland).
15. URANIUM ENRICHMENT SERVICES. Prices for uranium enrichment *services are* published in a memorandum to customers as needed.
16. SALE OF NORMAL URANIUM. The price for any sale of normal uranium is available at the Uranium Enrichment Program Office.

17. UF6 PACKAGING, HANDLING, AND CONTAINER RENTAL CHANGES. Charges shall be available from the Director of Enriching, U.S. Department of Energy, DOE Oak Ridge Field Office, Oak Ridge, TN 37830.
18. LEASES OF NORMAL URANIUM. Normal uranium may be leased from DOE. The use-charge rate for leased nuclear material on page II-1, paragraph 2, shall apply. The rate in effect should be applied to value of the normal uranium at the "one-time" supply agreement price.
19. PLUTONIUM AND URANYL NITRATE.
- a. Sale of Material. Prices for the sale of plutonium and uranium 233 will be developed on request.
 - b. Lease of Material. Charges for material losses and consumption of leased plutonium and uranium 233 will be based on the standard inventory value for the material.
20. ACCESS AUTHORIZATIONS.
- a. An access authorization or security clearance is an administrative determination by DOE that an individual is eligible for access to classified information or special nuclear material. Clearances granted by the Department are designated Q, L, Top Secret, or Secret.
 - b. Charges for access authorizations to access permittees shall be in accordance with the following procedure.
 - (1) Charges for "Q" and "L" type access authorizations shall be based upon requests for access authorization and not for access authorization granted. If a "Q" access authorization is requested for a person who already has an "L" access authorization, the employer shall be liable for the full cost of the "Q" access authorization.
 - (2) A particular individual shall be charged only once (except for reinvestigations), provided that DOE has been paid fully for that individual's authorization. No additional charge shall be made for a person when he or she moves from one private employer to another, or when he or she changes geographic location for the same employer, or when supplementary investigations are made subsequent to the original access authorization request being fully paid for by a holder of an access permit. If the individual was cleared originally for DOE work and has been employed only by

Vertical line denotes change.

DOE or one of its contractors, and if his or her access authorization is subsequently transferred to an access permit, this transfer shall be considered an access authorization request and the regular charge shall be made.

- (3) The required payment for access authorizations shall accompany each request unless the permittee has signified that he or she has elected to be billed for access authorization requests for persons on both contract and access permit work under the formulation outlined in subparagraph (7).
- (4) Payment shall be refunded or credited for access authorization requests if the access permittee notified the field organization of his or her desire to cancel such request prior to the time DOE forwards the request for investigation to the investigative agency.
- (5) Heads of Field Elements shall establish the necessary procedures to maintain a record of access authorization requests for each holder of an access permit under their administration.
- (6) Heads of Field Elements shall maintain records sufficient to determine whether DOE had been paid in full for the access authorization, or access authorization request granted or acted on under their administration.
- (7) In cases where a DOE contractor is also a holder of an access permit and DOE contractor personnel are working on both private and DOE work, the permittee may elect either to pay full costs as prescribed in subparagraph (3), or an annual charge based on the following formula:

A = number of person with both a clearance and an access permit authorization on the contract payroll during the year.

B = cost of access authorizations.

C = hours (estimated, if necessary) performed on non-DOE work by persons included in A.

D = total hours of persons included in A.

E = cost of access authorizations previously paid on personnel included in A above.

$$\frac{C}{A \times B \times D \times E} = \text{Annual Charge.}$$

Figure II-2

- (8) The charges for "L" and "Q" access authorizations shall be separated and then rounded to the nearest multiple of the current charge for each, and any remainder of 50 percent or more shall be considered a full access authorization. The amount of access authorization charges determined under the formula shall be applied as payment in full for access authorizations of specific individuals named by the contractor. If the permittee does not provide a list of individuals to whom payments were applied, the field organization shall apply the payments for "Q" cleared personnel on a chronological basis as "Q" access authorizations are granted. At the same time, the access permittee shall be notified of the allocation made by the field organization and given a reasonable time to request a change in allocation.
- (9) In cases where an individual for whom an access authorization has been fully paid transfers employment from an access permittee to DOE or to a DOE contractor, full credit shall be given to the access permittee. This credit may be used for new access authorizations for individuals replacing those who have transferred employment to DOE or DOE contractors. However, cash may not be paid to the access permittee as settlement for the credit.
- (10) The charges for "L" and "Q" access authorizations shall be developed by the Departmental Chief Financial Officer.
- (11) Refer to page III-1, paragraph 2, for standing exceptions to the DOE full cost recovery policy.

21. CONSULTANTS AND PERSONNEL SERVICES.

a. Charges to Non-Federal Entities.

- (1) When DOE employees render authorized services, charges shall be made in accordance with the following:
 - (a) Employees' salaries or wages; plus
 - (b) Employees' fringe benefits; plus
 - (c) Apply the current DOE added factor - all other to subparagraphs (a) and (b); plus
 - (d) Any other directly associated costs, such as travel and communications.
- (2) When DOE contractor employees perform authorized work for non-Federal entities whether onsite or offsite, charges shall be in accordance with the following:
 - (a) Employees' salaries or wages; plus

Vertical line denotes change.

- (b) Employees' fringe benefits; plus
- (c) Properly allocable share of contractor overhead; plus
- (d) Properly allocable share of contractor profit/fees and management allowances paid by DOE; plus
- (e) Apply the current DOE added factor - all other to subparagraphs (a), (b), (c), and (d); plus
- (f) Any other directly associated costs, such as travel and communications.

b. Charges to Other Federal Agencies.

- (1) When DOE employees render authorized services, charges shall be made in accordance with the following:
 - (a) Employees' salaries or wages; plus
 - (b) Employees' fringe benefits; plus
 - (c) Any other directly associated costs, such as travel and communications.
- (2) When DOE contractor employees perform authorized work for other Federal agencies, whether onsite or offsite, charges shall be in accordance with the following:
 - (a) Employees' salaries or wages; plus
 - (b) Employees' fringe benefits; plus
 - (c) Properly allocable share of contractor overhead; plus
 - (d) Properly allocable share of contractor profit/fees and management allowances paid by DOE; plus
 - (e) Any other directly associated costs, such as travel and communications.

- c. Organizations requesting consultations or personal services shall be notified, at the time arrangements are made for the services, of the approximate amount of the charge.

22. COMPUTER SOFTWARE DISSEMINATION.

- a. Costs of disseminating existing DOE-developed computer software shall include, but shall not be limited to, the following:

CHAPTER I

GENERAL INFORMATION

1. PRINCIPLES FOR COST/PRICE STUDIES.

- a. Cost/price studies shall contain sufficient information and be in a format that facilitates review by all appropriate levels of management.
- b. Normally, the cost/price study shall be a fiscal year(s) or within a fiscal year. However, if the study cannot be on a fiscal-year basis, a representative production run period and sales period may be used.
- c. In addition to production costs, a complete inventory and sales forecast in units and dollars shall be prepared, which shall include, at a minimum, the beginning inventory, sales in units, and ending inventory for the prior fiscal year, current fiscal year, and the budget fiscal year.
- d. Cost of materials, products, and services shall be assembled in a format that is consistent with full cost as defined in this chapter.
- e. Price recommendations shall be consistent with DOE's full cost recovery policy. Variable unit selling prices shall not be recommended unless the prices reflect DOE's production cost curve. If it is desired to encourage the sale or the use of a product, a variable cost unit selling price may be authorized. However, this may require approval of an exception to the Department's general pricing policy when the variable prices do not recover full costs.

2. DOCUMENTATION OF THE USE OF EXCEPTIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Exceptions, other than the determined standing exceptions, shall be fully documented and provide an audit trail. Documentation must be available for subsequent audit or review. Page 11, paragraph 10, details those requirements. A standard format, as outlined on page I-5, Attachment I-1, shall be used.

3. REPORTS.

- a. New Items or Price Revisions. An immediate report of the cost of, and proposed new or revised Departmental prices for, materials and services shall be submitted to the Departmental Chief Financial Officer (CFO) and to the responsible Program Secretarial Officer.

- b. Added Factor Report. An annual Added Factor Report shall be prepared in accordance with Chapter XI, paragraph 6, of the DOE Accounting Practices and Procedures Handbook. From this report added factor rates are developed for specific materials and services of the Department.
 - c. Exceptions Granted. A report, as detailed in Attachment I-1, of all exceptions to the general pricing policy approved by the Head of a Field Element during the current quarter must be furnished to the Departmental Chief Financial Officer 30 days after the close of each quarter. Standing exceptions should not be included in this report.
4. LABOR COSTS. Labor costs of Federal Government employees are composed of two factors: the first is the time it takes to do the job, and the second is the rate(s) of pay for the labor skills required. These two factors are equally important and each must be estimated as precisely as possible. For this reason, they are treated separately in the following paragraphs:
- a. Time requirements can be expressed in hours or years. A year consists of 2087 hours and for Federal Government employees it normally includes a factor of 19.7 percent for nonworking hours (annual leave earned, sick leave taken, holidays, and other leave taken). Because various methods are used to prepare labor costs, care must be taken to ensure that the 19.7 percent factor is not included in costs more than one time nor excluded from costs.
 - b. Normally, the skills required to perform a task will specify Wage Board (WB) or General Schedule (GS) employees. For positions that are not occupied, step 3 of the WB schedule and step 5 of the GS schedule should be used. When a wage or salary increase is expected during the first year of performance, the amount of the increase should be included in the estimated labor costs.
 - (1) Wage Board rates are expressed normally as hourly rates and will be applied to all hours worked and to all hours of annual leave earned, sick leave taken, holidays, and other leave taken to ascertain the total pay of a WB employee. Night and/or differential pay also should be included in WB labor costs.
 - (2) General Schedule rates normally are expressed as annual rates of pay. To convert this annual rate of pay to an hourly rate comparable to a WB employee, the annual rate of pay must be divided by 2087 hours.

Vertical line denotes change.

- b. Added Factor Report. An annual Added Factor Report shall be prepared in accordance with Chapter XI, paragraph 6, of the DOE Accounting Practices and Procedures Handbook. From this report added factor rates are developed for specific materials and services of the Department.
 - c. Exceptions Granted. A report, as detailed in Attachment I-1, of all exceptions to the general Pricing policy approved by the Head of a Field Element during the current quarter must be furnished to the Controller 30 days after the close of each quarter. Standing exceptions should not be included In this report.
4. LABOR COSTS. Labor costs of Federal Government employees are composed of two factors: the first is the time it takes to do the job, and the second is the rate(s) of pay for the labor skills required. These two factors are equally important and each must be estimated as precisely as possible. For this reason, they are treated separately in the following paragraphs:
- a. Time requirements can be expressed in hours or years. A year consists of 2087 hours and for Federal Government employees it normally includes a factor of 19.7 percent for nonworking hours (annual leave earned, sick leave taken, holidays, and other leave taken). Because various methods are used to prepare labor costs, care must be taken to ensure that the 19.7 percent factor is not included in costs more than one time nor excluded from costs. .
 - b. Normally the skills required to perform a task will specify Wage Board (WB) or General Schedule (GS) employees. For occupied positions the actual grade and step should be used normally. For positions that are not occupied, step 3 of the WB schedule and step 5 of the GS schedule should be used. When a wage or salary increase is expected during the first year of performance, the amount of the increase should be included in the estimated labor costs.
 - (1) Wage Board rates are expressed normally as hourly rates and will be applied to all hours worked and to all hours of annual leave earned, sick leave taken, holidays, and other leave taken to ascertain the total pay of a WB employee. Night and/or differential pay also should be included in WB labor costs.
 - (2) General Schedule rates normally are expressed as annual rates of pay. To convert this annual rate of pay to an hourly rate comparable to a WB employee, the annual rate of pay must be divided by 2087 hours.

CHAPTER I
GENERAL INFORMATION

1. PRINCIPLES FOR COST/PRICE STUDIES.

- a. Cost/price studies shall contain sufficient information and be in a format that facilitates review by all appropriate levels of management.
- b. Normally, the cost/price study shall be a fiscal year(s) or within a fiscal year. However, if the study cannot be on a fiscal-year basis, a representative production run period and sales period may be used.
- c. In addition to production costs, a complete inventory and sales forecast in units and dollars shall be prepared, which shall include, at a minimum, the beginning inventory, sales in units, and ending inventory for the prior fiscal year, current fiscal year, and the budget fiscal year.
- d. Cost of materials, products, and services shall be assembled in a format that is consistent with full cost as defined in this chapter.
- e. Price recommendations shall be consistent with DOE's full cost recovery policy. Variable unit selling prices shall not be recommended unless the prices reflect DOE's production cost curve. If it is desired to encourage the sale or the use of a product, a variable cost unit selling price may be authorized. However, this may require approval of an exception to the Department's general pricing policy when the variable prices do not recover full costs;

2. DOCUMENTATION OF THE USE OF EXCEPTIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Exceptions, other than **the determined** standing exceptions, shall be fully documented and provide **an audit trail.** Documentation must be available for subsequent audit or review. Page 11, paragraph 10, details those requirements. A standard format, as outlined on page I-5, Attachment I-1, shall be used.

3. REPORTS.

- a. New Items or Price Revisions. An immediate report of the cost of, and proposed new or revised Departmental prices for, materials and services shall be submitted to the Controller, and to the responsible program office.

CHAPTER IV

BILLING

1. GENERAL. Invoices for materials and services shall be prepared and issued promptly in accordance with the terms of the applicable contract or agreement.
2. TO DOMESTIC ORGANIZATIONS. Operating contractors designated by Field Office Managers shall bill for sales or materials rendered, except that:
 - a. The DOE Oak Ridge Field Office shall bill for use-charges and consumption associated with leased enriched uranium.
 - b. The DOE Richland Field Office shall bill for use-charges and consumption associated with leased plutonium.
 - c. The processing office shall perform financial settlement for the purchase of nuclear material produced by lessees and for processing and conversion costs.
 - d. The DOE Savannah River Field Office shall bill for use-charges and consumption associated with leased heavy water.
3. TO FOREIGN GOVERNMENTS.
 - a. Field organizations shall bill for all sales or leases of nuclear material, other material, and services rendered directly to foreign governments, except those transactions for which the Departmental Chief Financial Officer (CFO) may designate the responsibility for billing to the Office of Chief Financial Officer.
 - b. Where materials are delivered to a lessee to perform work thereon prior to shipment to a foreign government, the responsible field organization bills the lessee for the materials in the same manner as is done for any other lessee.
 - c. Where the billing function has been assigned to the Office of Chief Financial Officer, the appropriate performing organization shall accrue all costs and revenues and shall transfer the receivable to Headquarters. Such receivable shall be supported by sufficient detailed cost and price information to enable Headquarters personnel to handle the transaction properly.
 - d. The DOE Oak Ridge Field Office shall bill for all uranium enriching services.
 - e. The DOE Savannah River Field Office shall bill for the lease of heavy water and related services.

Vertical line denotes change.

4. BASIS FOR BILLINGS. Unless specifically expected by the Department, charges and credits shall be made in accordance with contract terms or official schedules of charges and prices established by the Department or, if none exist, in accordance with the general pricing policy of the Department. Where charges and credits are specified in a contract, the contract provision shall apply.
 - a. Sales and Returns of Materials.
 - (1) Materials sold for which an official DOE price or charge has been established shall be billed in accordance with the price in effect at the time of delivery. If such material is returned and accepted by DOE for credit, the amount recorded to inventory shall be based on the price in effect at the time of return.
 - (2) If, at the buyer's request, DOE furnishes material ordered in a different form or specification than that listed in established schedules of prices or charges, the buyer shall be billed for the full costs of conversion to the desired form or specification, plus a use-charge on the material for the period of time required for such conversion, plus the full costs of any material consumed or lost in the conversion process.
 - b. Lease of Material. Lessees shall be financially responsible to DOE for the value of the material as determined in accordance with the terms of the applicable lease agreement in effect.
5. RECORDS. Each field organization and cost-type contractor selling or leasing materials or furnishing services shall develop procedures for accumulating charges and other information on the materials sold or leased and services rendered. These procedures, among other things, shall provide for the prompt furnishing of all necessary data and documents to the organizational unit responsible for performing the billing function. The quantity information reflected by the documents, records, and reports under DOE's nuclear materials information system shall be used when applicable as the support for the billing of charges.

U.S. Department of Energy
Washington, D.C.

PAGE CHANGE

DOE 2110.1A Chg 2

5-18-92

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

1. PURPOSE. To transmit revised pages to DOE 2110.1A, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 7-14-88.
2. EXPLANATION OF CHANGE. This Order has been revised to reflect organizational changes set forth in SEN-6D-91, DEPARTMENTAL ORGANIZATIONAL AND MANAGEMENT ARRANGEMENTS, of 5-16-91.
3. FILING INSTRUCTIONS.

a.	<u>Remove Page</u>	<u>Dated</u>	<u>Insert Page</u>	<u>Dated</u>
	1	7-14-88	1	5-18-92
	2	7-14-88	2	7-14-88
	5	7-14-88	5	5-18-92
	6	7-14-88	6	5-18-92
	7	7-14-88	7	5-18-92
		10-5-88	8	5-18-92
	11 (and 12)	7-14-88	11 (and 12)	5-18-92
	I-1	7-14-88	I-1	5-18-92
	I-2	10-5-88		5-18-92
	II-5 thru	7-14-88	II-5	5-18-92
	11-10		II-6	7-14-88
			II-7	5-18-92
			II-8	7-14-88
			II-9	5-18-92
			II-10	7-14-88
	III-3	7-14-88	III-3	7-14-88
	III-4	7-14-88	III-4	5-18-92
	IV-1	7-14-88	IV-1	5-18-92
	IV-2	7-14-88	IV-2	7-14-88

b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resources Management

DISTRIBUTION:

All Departmental Elements

INITIATED BY:

Office of Chief Financial
Officer

U.S. Department of Energy

Washington, D.C.

ORDER

DOE 2110.1A

7-14-88

Change 2: 5-18-92

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

1. PURPOSE. To establish policy for establishing prices and charges for materials and services sold or provided by the Department, either directly or through Departmental contractors, including management and operating (M&O) contractors, to external organizations.
2. CANCELLATION. DOE 2110.1, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 2-16-84.
3. SCOPE. The Provisions of this Order apply to all Departmental Elements and contractors performing work for the Department as provided by law and/or contract and as implemented by the appropriate contracting officer.
4. BACKGROUND. This Order implements the Department's rule (10 CFR 1009) and is a comprehensive update of its internal pricing policy.
5. REFERENCES.
 - a. DOE 2100.8, COST ACCOUNTING, COST RECOVERY, AND INTERAGENCY SHARING OF DATA PROCESSING FACILITIES, of 3-3-83, which prescribes policies for cost accounting, cost recovery, and interagency sharing of data processing facilities.
 - b. DOE 2200.6, FINANCIAL ACCOUNTINGS, of 10-24-88, which provides financial policy guidance for certain interagency reimbursable actions and reimbursable actions within non-Federal Government entities, including foreign and commercial entities, States, and political subdivisions.
 - c. DOE 4300.2B, NON-DEPARTMENT OF ENERGY FUNDED WORK, of 7-16-91, which establishes policy, responsibilities, and procedures for authorizing and administering non-DOE funded work performed under DOE contracts.
 - d. Title 5 CFR 334, Intergovernmental Personnel Act, which provides policy and procedures for temporary assignment of employees between Federal agencies and State, local, and Indian tribal governments, institutions of higher education and other eligible organizations.
 - e. Title 10 CFR 725, Regulations and Rulings of the Department of Energy, which establishes procedures and standards for the issuance of permits for access to restricted data.
 - f. Title 10 CFR 1009, DOE General Provisions, which outlines a general policy for pricing and charging for materials and services sold by the Department.

DISTRIBUTION:

All Departmental Elements

INITIATED BY:

Office of Chief Financial Officer

Vertical line denotes change.

- g. Title 41 CFR 109-1.5102, Department of Energy Property Management Regulations, which establish policy for official use of property.
- h. Title 5 U.S.C. 552, Freedom of Information Act, which establishes policy for providing information to the public on agency rules, opinions, orders, records, and proceedings.
- i. Title 5 U.S.C. 552a, Privacy Act, which establishes policy for records maintained on individuals.
- j. Title 31 U.S.C. 1535, 1536, and 3324 Economy Act of June 1932, as amended, which authorizes agencies to place orders with other Government agencies when the head of the ordering agency determines that it is in the interest of the Government to do so.
- k. Title 31 U.S.C. 9701, Fees and Charges for Government Services and Things of Value, which establishes policy for selling services and products.
- l. Title 42 U.S.C. 2011, Atomic Energy Act 1954, as amended, which establishes the policy that atomic energy is capable of application for peaceful as well as military purposes.
- m. Title 42 U.S.C. 2061, 2053, and 2201, Atomic Energy Act of 1954, as amended, which authorizes the Department to establish prices and charges for nuclear materials and other related materials and services that are sold or provided by the Department.
- n. Title 42 U.S.C. 2073 and 2093, Atomic Energy Act of 1954, which establishes policy for domestic distribution of special nuclear material and source material respectively.
- o. Title 42 U.S.C. 2074 and 2094, Atomic Energy Act of 1954, as amended, which authorizes foreign distribution of special nuclear material.
- p. Title 42 U.S.C. 2111 and 2112, Atomic Energy Act of 1954, as amended, which establishes authority for domestic and foreign distribution of by-product material.
- q. Title 42 U.S.C. 2201, Atomic Energy Act of 1954, as amended, which provides for disposition of radioactive materials and any other property for which special disposition is in the interest of the national security.
- r. Title 42 U.S.C. 7259 (Public Law 95-91, section 649), Department of Energy Organization Act, which states that in carrying out its functions, the Department, under terms and rates for periods not exceeding 5 years

(5) Added Factor includes general and administrative costs and other support costs that are incurred for the benefit of the Department, an organizational unit, or a material or service as a whole. The base to which the added factor percentage is to be applied includes direct costs, indirect costs, and depreciation assignable or allocable to the material or service being priced.

g. Prices. The monetary amounts generally established and published for recurring sales of the same materials and services.

h. Source Material. Uranium and thorium.

i. Special Nuclear Material. Plutonium or uranium enriched in the Isotope 235, or any materials artificially enriched by any of the foregoing. Special nuclear material does not include source material.

7. RESPONSIBILITIES.

a. Program Secretarial Officers (PSOs) shall:

(1) Determine that prices for materials and services for which they are responsible are in accordance with this Order.

(2) Develop and approve, after appropriate consultation with the Departmental Chief Financial Officer (CFO), full cost recovery prices for materials and services provided by Headquarters.

(3) Submit requests for exceptions to the pricing policy to the Departmental CFO for appropriate consultation and approval, for those materials and services provided by Headquarters. A standard format as outlined on page 1-5, Attachment I-1, shall be used.

(4) Review and approve prices recommended by Heads of Field Elements for materials and services for which program responsibility is retained in accordance with page 7, paragraph 7f(3).

(5) Consult with the Departmental CFO on matters relating to costs and prices.

b. Assistant Secretary for Defense Programs, with the concurrence of the Departmental CFO, shall develop and approve prices for plutonium.

c. Assistant Secretary for Domestic and International Energy Policy may:

(1) Conduct preliminary meetings with foreign governments and organizations for reduced charges for research and development activities provided the following conditions are met: (a) the

Vertical line denotes change.

PSO determines that the exception from full cost recovery is made in consideration of direct benefits to a DOE program from such work and (b) the exception is approved by the Departmental CFO.

(2) Authorize, in coordination with the appropriate Head of Field Element and responsible PSO, minor miscellaneous services or research quantities of materials, including nuclear materials distributed under 42 U.S.C. 2074 and 2094 to be furnished without charge for use at DOE-owned or controlled facilities in connection with foreign activities when it is determined that furnishing such services or materials is in the public interest and involves insignificant costs.

d. Assistant Secretary for Nuclear Energy, with concurrence of the Departmental CFO, shall develop and approve prices for enriched Uranium-233 and Uranium-235.

e. Departmental Chief Financial Officer (CFO), shall:

- (1) Interpret DOE pricing policy and determine the applicability of such policy in any given case in cooperation with the appropriate PSO.
- (2) Prior to implementation, review prices and charges developed by PSOs and Heads of Field Elements for compliance with this Order.
- (3) Approve requests to use the exception provisions to the Department's pricing and charging policy for all materials and for services provided by Headquarters.
- (4) Recall the authority redelegate to Heads of Field Elements to approve exceptions on a case-by-case basis, if the Departmental CFO determines that a specific request for an exception to the Department's pricing policy is of a sensitive nature and/or the request should be resolved by Headquarters.
- (5) Furnish advisory reports and recommendations on prices to the Secretary and other organizations as considered necessary.
- (6) Develop uniform prices for comparable materials and services that are available from two or more field organizations.

(7) Develop principles, procedures, criteria, and formats for the preparation of cost/price studies.

(8) Develop added factor rates and disseminate to field organizations for use in determining full cost of products, materials, and services sold or provided.

(9) Review and approve requests for new and revised standing exceptions.

f. Heads of Field Elements.

(1) Shall develop cost/price studies for new materials and services furnished to others by DOE. The scope of any such study shall be commensurate with the cost of the materials and/or services to be provided.

(2) Shall develop revised cost/price studies whenever there is a significant change in cost as the result of a change in operations or other conditions. At a minimum, develop cost/price studies each fiscal year for recurring sales of materials and services producing significant amounts of revenue.

(3) Shall develop and approve prices for materials and/or services when the prices are based on full cost recovery and based on costs originating within the operations of the particular office. When the price determination is prepared for the purpose of establishing a DOE-wide price for the material or service the cost/price study, and other documents used in establishing the price shall be furnished to the Departmental CFO and the responsible PSO at least 30 days prior to the effective date of the price. The authority to develop and approve prices may be retained by PSOs. However, this retention of authority shall be explicit and in writing. When this option is exercised, cost/price studies and recommended prices shall be submitted for approval to the PSO responsible for the program with a copy to the Departmental CFO. **If** a final price is not determined within 30 days, the responsible field organization may approve a provisional price.

(4) Shall disseminate new and revised prices and charges to customers and to organizations and persons within and outside DOE.

(5) Shall calculate applicable depreciation costs and rates from field organization plant and equipment records, consistent with guidance in DOE's Accounting Practices and Procedures Handbook (APPH), for use in determining the full cost of products, materials, and services sold or provided. (The APPH provides accounting systems guidance that shall be followed until it is replaced by the accounting directives (DOE 2200.4 - 2200.10.))

- (6) May use the standing exceptions in this Order.
- (7) May approve requests to use the exception provisions to the Department's pricing and charging policy for services provided by that particular office only, unless the Departmental CFO has recalled this authority pursuant to paragraph 7e(4) above.
- (8) Shall provide the Departmental CFO with the name(s) and title(s) of the designated approving official(s) for exceptions to the Department's pricing and charging policy.
- (9) Shall provide the Departmental CFO with a report on a quarterly basis for each exception approved during the current quarter as detailed in Chapter I and formatted in Attachment I-1.
- (10) Shall ensure that the policies, procedures, and reporting requirements contained in this Order are carried out.
- (11) Shall select purchasers and determine prices when sale is by competition in the open market.

9" General. Heads of Departmental Elements may not delegate, to a non-DOE official, the authority and responsibility for the establishment of prices and charges for materials or services being provided by DOE or through a DOE contractor to a third party.

8. GENERAL PRICING POLICY.

- a. Other Federal Agencies. The policy of the Department of Energy shall be to establish prices and charges to the other Federal agencies at the Department's full cost less depreciation and the Department's added factor except: (1) when the charges are to become part of the cost of a product or service to be provided by the other Federal agency to organizations and persons outside the Federal Government or (2) when the material or service has a price established by DOE or (3) when the charges are for work involving excess data processing capacity and/or related dedicated services, e.g., application systems, programmers or analysts, software unique to a particular application, and remote terminals and modems. With respect to the latter, the Departmental policy of recovering full cost, including the DOE added factor as described in DOE 2100.8, shall apply.
 - (1) Full cost (which includes both depreciation and the Department's added factor) may be charged to other Federal agencies, with approval on a case-by-case basis by the Controller, provided a full cost sale is necessary to accomplish a Congressional goal, policy, or interest.

- j. Materials and services provided pursuant to a cooperative agreement, research assistance contract or grant, or made available to a DOE contractor in connection with a contract, the primary purpose of which is to procure materials or services for DOE;
 - k. Prices for byproduct energy from the Hanford New Production Reactor;
 - l. Fees established for and costs relating to the storage and disposal of radioactive waste provided under the Nuclear Waste Policy Act;
 - m. Prices determined under the provisions of DOE 2100.8; or
 - n. Costs related to temporary assignments under the Intergovernmental Personnel Act, Title 5 CFR 334.
10. USE OF EXCEPTION PROVISIONS TO THE DEPARTMENT'S GENERAL PRICING POLICY. Any request or approval for an exception to full cost recovery shall also include an evaluation of the work to be performed. Work shall be accepted only if it meets the criteria outlined in DOE 4300.26.
- a. Any request for a case-by-case exception will include a narrative justifying the exception and, where applicable, a cost/price study, an estimate of unit sales and revenues, and an estimate of the revenue lost.
 - b. Standing exceptions to the DOE full cost recovery policy are authorized in Chapter III. No further justification is required.
 - c. Before granting an exception, Heads of Field Elements will determine and document:
 - (1) The benefiting program(s) at the most practical budget and reporting classification(s) and
 - (2) The direct benefits to DOE programs, e.g., these benefits may be defined as knowledge acquired through basic or applied research on new technologies or may be demonstrated by a cost-benefit analysis.
11. DISSEMINATION OF PRICES AND CHARGES. Current prices and charges for specific materials and services are available from the DOE laboratory or organization providing the materials or services or from the responsible program office. If this office cannot be determined, inquiries regarding the-appropriate contact office should be addressed to the Department of Energy, Office of Chief Financial Officer, CR-1, Washington, DC 20585.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resource Management

U.S. Department of Energy

Washington, D.C.

ORDER

DOE 2110.1A

7-14-88

Change 2: 5-18-92

SUBJECT: PRICING OF DEPARTMENTAL MATERIALS AND SERVICES

-
1. PURPOSE. To establish policy for establishing prices and charges for materials and services sold or provided by the Department, either directly or through Departmental contractors, including management and operating (M&O) contractors, to external organizations.
 2. CANCELLATION. DOE 2110.1, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 2-16-84.
 3. SCOPE. The provisions of this Order apply to all Departmental Elements and contractors performing work for the Department as provided by law and/or contract and as implemented by the appropriate contracting officer.
 4. BACKGROUND. This Order implements the Department's rule (10 CFR 1009) and is a comprehensive update of its internal pricing policy.
 5. REFERENCES.
 - a. DOE 2100.8, COST ACCOUNTING, COST RECOVERY, AND INTERAGENCY SHARING OF DATA PROCESSING FACILITIES, of 3-3-83, which prescribes policies for cost accounting, cost recovery, and interagency sharing of data processing facilities.
 - b. DOE 2200.6, FINANCIAL ACCOUNTINGS, of 10-24-88, which provides financial policy guidance for certain interagency reimbursable actions and reimbursable actions within non-Federal Government entities, including foreign and commercial entities. States, and political subdivisions.
 - c. DOE 4300.2B, NON-DEPARTMENT OF ENERGY FUNDED WORK, of 7-16-91, which establishes policy, responsibilities, and procedures for authorizing and administering non-DOE funded work performed under DOE contracts.
 - d. Title 5 CFR 334, Intergovernmental Personnel Act, which provides policy and procedures for temporary assignment of employees between Federal agencies and State, local, and Indian tribal governments, institutions of higher education and other eligible organizations.
 - e. Title 10 CFR 725, Regulations and Rulings of the Department of Energy, which establishes procedures and standards for the issuance of permits for access to restricted data.
 - f. Title 10 CFR 1009, DOE General Provisions, which outlines a general policy for pricing and charging for materials and services sold by the Department.

DISTRIBUTION:

All Departmental Elements

INITIATED BY:

Office of Chief Financial Officer

Vertical line denotes change.

- g. Title 41 CFR 109-1.5102, Department of Energy Property Management Regulations , which establish policy for official use of, property.
- h. Title 5 U.S.C. 552, Freedom of Information Act, which establishes policy for providing information to the public on agency rules, opinions, orders, records, and proceedings.
- i. Title 5 U.S.C. 552a, Privacy Act, which establishes policy for records maintained on individuals.
- j. Title 31 U.S.C. 1535, 1536, and 3324 Economy Act of June 1932, as amended, which authorizes agencies to place orders with other Government agencies when the head of the ordering agency determines that it is in the interest of the Government to do so.
- k. Title 31 U.S.C. 9701, Fees and Charges for Government Services and Things of Value, which establishes policy for selling services and products.
- l. Title 42 U.S.C. 2011, Atomic Energy Act 1954, as amended, which establishes the policy that atomic energy is capable of application for peaceful as well as military purposes.
- m. Title 42 U.S.C. 2061, 2053, and 2201, Atomic Energy Act of 1954, as amended, which authorizes the Department to establish prices and charges for nuclear materials and other related materials and services that are sold or provided by the Department.
- n. Title 42 U.S. C. 2073 and 2093, Atomic Energy Act of 1954, which establishes policy for domestic distribution of special nuclear material and source material respectively.
- o. Title 42 U.S.C. 2074 and 2094, Atomic Energy Act of 1954, as amended, which authorizes foreign distribution of special nuclear material.
- p. Title 42 U.S.C. 2111 and 2112, Atomic Energy Act of 1954, as amended, which establishes authority for domestic and foreign distribution of by-product material.
- q. Title 42 U.S.C. 2201, Atomic Energy Act of 1954, as amended, which provides for disposition of radioactive materials and any other property for which special disposition is in the interest of the national security.
- r. Title 42 U.S.C. 7259 (Public Law 95-91, section 649), Department of Energy Organization Act, which states that in carrying out its functions, the Department, under terms and rates for periods not exceeding 5 years

CHAPTER III

STANDING EXCEPTIONS TO THE FULL COST RECOVERY POLICY

1. ACCESS PERMITS. An access permit is a permit issued by DOE authorizing access by the named permittee to Restricted Data applicable to civil uses of atomic energy in accordance with the terms and conditions stated on the permit. No charge shall be made for access permits issued by DOE with the exception of enrichment technology access permits which are charged in accordance with 10 CFR 725.
2. ACCESS AUTHORIZATIONS. No charges shall be made for access authorizations when:
 - a. An access authorization is transferred from a study agreement to an access permit held by the same organization. However, the access authorization shall not be considered as one for which DOE has been paid when the individual transfers to another organization.
 - b. The access authorization is for an employee or staff member of an accredited, nonprofit educational institution having, at a minimum, a 2-year program of college level studies, and the work sponsored by the permittee related to the civilian application of nuclear energy. However, such an access authorization should not be considered as one for which DOE has been paid when the individual transfers to another organization.
 - c. An access authorization is granted to obtain full and free competition.
3. USE PERMITS. No charge shall be made for the preparation of a permit which authorizes the use of DOE facilities or services as distinguished from a charge for use of the facilities or services.
4. ASSISTANCE FOR THE PROTECTION OF HEALTH AND SAFETY IN THE EVENT OF RADIOLOGICAL INCIDENTS. Charges shall not be made to outside organizations for the services of DOE radiological emergency assistance team personnel or the use of DOE resources needed to cope with radiological health and safety hazards resulting from incidents associated with DOE and DOE contractor operations, licensed activities, transportation, or other activities involving radioactive materials. However, DOE may determine that it is appropriate to request reimbursement of such assistance when DOE resources are requested by another Federal agency or a State or local government in accordance with agreements which provide for reimbursement to DOE.
5. MUSEUMS AND EXHIBITS. No charges shall be made for admission to DOE museums and exhibits.

6. HOUSING, UTILITIES, AND COMMERCIAL PROPERTY. Charges for rental quarters and related utility services shall be governed by requirements of OMB Circular A-45. The sale of utility services, not related to rental quarters, to non-Federal entities is made at full cost recovery. Rental rates for commercial properties shall be established normally by competitive bids. However, rental rates on commercial property may be negotiated in certain cases in accordance with Public Law 85-162 (71 Stat. 410).
7. REPAIRS TO MATERIAL AND EQUIPMENT. Charges for the following types of reimbursable work performed in DOE facilities shall be determined as follows:
 - a. Repairs on Privately Owned Trucks. Where privately owned trucks used to transport material for DOE require emergency repairs, and the Head of the Field' Element determines that performing such work is in the interest of DOE, the charge for the work done in DOE shops shall include material, labor, and shop overhead (including depreciation) costs.
 - b. Work on Materials Supplied by Vendors Which Have Not Met Specifications. The charges for such work shall be based on the costs of labor, material, and overhead (including depreciation) of the shop or cost center in which the work is performed. When such cost is in excess of what it would have cost the vendor to do the work in his plant, the cognizant contracting officer may negotiate charges for performing the work when such work is performed by, and in the interest of, DOE
8. REPORTS AND PHOTOGRAPHS. No charges shall be made for reports or photographs furnished:
 - a. Other Federal agencies under exchange agreements.
 - b. Research institutions and universities under exchange agreements.
 - c. Publishers when furnished for review purposes.
 - d. Foreign governments under agreements for cooperation under the 42 U.S.C. 2011 et seq., or under approved cooperation programs.
9. RESEARCH REACTORS OPERATED BY NONPROFIT EDUCATIONAL AND MEDICAL INSTITUTIONS. The following provisions shall apply to nonprofit educational and medical institutions acquiring or possessing nuclear reactors:
 - a. Use-charges on nuclear materials and heavy water shall be waived.
 - b. Burnup charges on nuclear materials shall be waived.
 - c. The fabrication of fuel elements, preparation of fuel solutions, processing of fuel after use, and acquisition of neutron sources shall be provided without charge.

- d. No charge shall be made for normal losses of material. However, the borrowing institution shall be charged for other than normal losses of material.
- e. No charge shall be made for the use of DOE-owned shipping casks used to transport spent reactor fuel elements.

10. OFFICE OF ENERGY RESEARCH FACILITIES. Research facilities such as accelerators and light sources managed by the Office of Energy Research are built by the Government with the express purpose of being available for the performance of research by a broad community of qualified users on the basis of programmatic interest, scientific merit of research proposals and competence of proposers.

- a. Use of Office of Energy Research facilities by a qualified performer shall be provided on a no-charge basis for research which is of direct DOE programmatic interest and which is approved by the laboratory management, usually with the advice of its Program Advisory Committee(s). This no-charge procedure shall apply to approved experiments conducted during periods in which the facility operates in its normal mode of operation for its primary purpose. The facility manager shall determine which requests meet these criteria and report periodically to the appropriate DOE program manager. In the event of dedicated use of a facility for a purpose other than its primary purpose, the user will be charged for costs to operate the facility.
- b. Any other program which uses an Office of Energy Research facility for work which is not within the supporting program's primary purpose for the facility, but which is determined to be of direct programmatic benefit to some other Department program, shall be charged for the cost to operate the facility for that work. For work that is conducted in a mode which is parasitic or corollary to the prime mode of the facility, the program requiring the parasitic use of the facility shall be charged the incremental costs. For dedicated use that is beyond the normal operating schedule or mode of the facility, the user program shall be charged the full cost less depreciation and added factor charges.
- c. Office of Energy Research facilities may be made available to a user to conduct proprietary research. Under such circumstances, the user shall be charged a fee that realizes full cost recovery for the service provided.
- d. When there is no justification for reduced charges as identified in subparagraphs a and b above, full cost will be recovered from non-Federal users and full cost less depreciation and added factor will be recovered from Federal users.

11. MISCELLANEOUS MATERIALS AND SERVICES. Miscellaneous services and research quantities of materials other than nuclear material distributed under 42 U.S.C. 2073 and 2093 may be furnished at DOE-owned-controlled facilities without charge when it is determined that furnishing such service and materials is in the public interest and involves insignificant costs.

12. COST OF BILLING AND COLLECTING EXCEEDS THE AMOUNT COLLECTED. When the amount to be billed for materials and services is so minor that the cost of billing and collection would exceed the amount collected, billings for such amounts may be waived. In such cases, however, consideration shall be given to combining such amount with other charges, or to offset the amount against credits due the customer. When the amounts to be billed for use-charges, computed on the basis of the entire period of time of the lease, are so minor that costs of billing and collecting would exceed the amount collected, billings for such amounts may be waived.
13. LIQUIDIFIED GASEOUS FUELS SPILL TEST FACILITY. The purpose of this facility is to conduct research experiments which will provide knowledge and understanding of how gases are dispersed when a spill occurs, with the objective of enhancing the general public's safety and protection. This Nevada facility is managed by the DOE Nevada Field Office.
- a. The organization users of this facility whether commercial entities, non-profit organizations, or other Federal agencies do not receive goods or services as they are usually received for other reimbursable work. The product of these experiments is the knowledge and understanding ascertained which shall be available to the user and the general public.
 - b. Users of the facility should be charged for the direct and indirect costs of their experiments. Capital costs are considered as sunk costs of the program and not recovered from the users. As such, users will not be billed for depreciation and added factor costs.
14. INTERNATIONAL ATOMIC ENERGY AGENCY. The International Atomic Energy Agency (IAEA) is an essential part of the international nuclear non-proliferation regime. IAEA's safeguards programs are deemed vital to United States (U. S.) policy goals and are a requirement for U.S. exports of nuclear equipment and materials. The IAEA also promotes the peaceful uses of nuclear energy and, thereby, nuclear commerce.
- a. In support of IAEA, the U.S. has been providing experts from DOE and its national laboratories to the IAEA's program of promoting the peaceful uses of nuclear energy by assisting other countries in nuclear-related programs.
 - b. In consideration of the continuing expected benefits to DOE's international and other nuclear related programs and the international implications, the performing organizations billing IAEA for DOE's consultation and personal services shall waive depreciation, the Department's added factor, and allocable share of indirect laboratory costs for expert services furnished by DOE contractors.

Vertical line denotes change.