



Department of Energy

Oak Ridge Operations Office
P.O. Box 2001
Oak Ridge, Tennessee 37831—

August 9, 2004

Mr. Greg Turner
Chief Financial Officer
UT-Battelle, LLC
P.O. Box 2008
Oak Ridge, Tennessee 37831-6231

Dear Mr. Turner:

DE-AC05-00OR22725: REIMBURSEMENT AUTHORIZATION NUMBER 10 – REQUEST FOR REVISION

Enclosed is approved Reimbursement Authorization (RA) Number 10 that you requested on April 1, 2004, as a result of changes to your compensation system, benefit plans, and to correct errors in the Appendix A. During our review of your request, we saw that language regarding “retiree medical plan vesting and eligibility for early retirement” was included in your request as language that had already been approved by the Department of Energy (DOE). This language was proposed in RA Number 5, but was not approved. By September 7, 2004, please identify all costs incurred associated with “retiree medical plan vesting and eligibility for early retirement” while your system erroneously identified these as an approved benefit under Appendix A.

We do not approve the request to revise Section 4.1.c, Company Service Credit, to include severance eligibility at this time. We did not receive sufficient business reasons for revising this subsection. Additional information supporting the revision, such as a business case and industry benchmarks, should be presented to DOE if you would like us to reconsider this request.

Enclosed is the signed DOE Form AD-36 approving your request. If you have any questions regarding this matter, please contact Reece Davis at 576-0664.

Sincerely,

A handwritten signature in black ink, appearing to read "George J. Malosh".

George J. Malosh
ORNL Site Manager

Enclosure

DOE Form AD-36 (4-91) <p style="text-align: center;">U. S. Department of Energy REIMBURSEMENT AUTHORIZATION</p>	No. <p style="text-align: center;">RA No. 10</p>
Pages and Sections shown below	

Project Operations and Research	Location Oak Ridge, Tennessee
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Contractor UT-Battelle, LLC

Contract No. DE-AC05-00OR22725	Date of Contract April 1, 2000
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The following modifications to the Advance Understanding on Personnel Costs (Appendix A) is approved as an allowable cost, effective: January 1, 2004

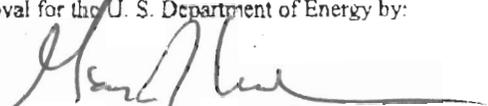
The attached page is a sample of the page to be replaced in Appendix A. Upon approval of this RA (No.10), Appendix A will be reissued in its entirety on the Web.

The contractor has a period of 60 days to transition completion of the changes resulting from this revised R.A. No. 10.

The following highlights the changes incorporated by this R.A.:

<u>Page</u>	<u>Section</u>	<u>Description</u>
3-2	3.2.2a	To revise ORNL's market policy for nonexempt salary structure to match average salaries in the competitive market at the beginning of the plan year.
3-4	3.2.4a	To eliminate the reference to salary grades that became obsolete with the current compensation system
3-6	3.2.4e	To correct an error regarding overtime pay for nonexempt employees working overtime on a holiday and to eliminate further reference to the obsolete salary grades.
4-2	4.1.c	To correct an error for those employees transferring from UT or Battelle to retain their hire-in date for purposes of "severance eligibility."
4-3	4.3	To revise the "Short Term Disability Pay for Salaried Employees."
4-8	4.10	To revise the Group Insurance Plans cost for active employees.

NOTE NOT APPROVED

Approval for the U. S. Department of Energy by:  Mr. George J. Malosh, ORNL Site Manager	Date 8/9/04
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