

**APPENDIX H
ADVANCE UNDERSTANDINGS
FOR
NAVAL PETROLEUM RESERVES IN CALIFORNIA
MEDICAL AND DENTAL COVERAGE**

1. GENERAL

- a. On February 5, 1998, the United States Naval Petroleum Reserves in California (NPRC) ceased to be owned by the United States and operated by a DOE Management and Operating (M&O) contractor. The NPRC M&O contractor employees who either retired or were displaced were provided certain benefits to be funded by DOE, including medical and dental coverage. As such, DOE/NV and DOE Headquarters Office of Fossil Energy entered into a Memorandum of Agreement (MOA) for the purpose of providing a mechanism for NPRC M&O contractor employees to access post retirement and post employment medical benefits that will not be settled upon the termination of the NPRC M&O contract. This MOA may be terminated by mutual agreement, or by either party upon 180-day written notice to the other party. If the MOA is terminated, DOE will provide guidance to Bechtel Nevada on the disposition of sponsorship and administrative responsibilities of the medical and dental plans.
- b. Bechtel Nevada shall offer medical and dental plans for the benefit of retired and displaced NPRC M&O contractor employees.
- c. Costs are allowable, subject to other limitations in the contract, in connection with the administration of the medical and dental plans. Details of these plans are included in the Plan Document and Summary Plan Descriptions on file with and approved by the Contracting Officer.

2. REPORTING REQUIREMENTS

Annual cost estimate reports will be provided to the Director, Human Resources.

3. ACCOUNTING REQUIREMENTS

Bechtel Nevada will establish separate departments under current vendor contracts to separately identify, accumulate, and report all costs incurred for the benefit of retired and displaced NPRC M&O contractor employees.

4. FUNDING

Bechtel Nevada is authorized to utilize its Contract letter of credit to draw down the amount necessary to cover expenditures and administration costs for providing medical and dental coverage for the benefit of retired and displaced NPRC M&O contractor employees subject to the availability of specified fossil energy funding obligated in the contract for this purpose.

5. TERMINATION OF THE DOE CONTRACT

- a. In the event the Contract is terminated and Bechtel Nevada responsibilities pass to a successor Contractor, sponsorship and administrative responsibilities of the medical and dental plans shall pass to the successor Contractor and Bechtel Nevada shall fully cooperate in the transfer of responsibilities.
- b. In the event the Contract is terminated without a replacement Contractor, the Contracting Officer shall arrange for the transfer of the sponsorship and administrative responsibilities of the medical and dental plans. Bechtel Nevada shall fully cooperate in the transfer of responsibilities.